

ALASKA RETIREMENT MANAGEMENT BOARD

AUDIT COMMITTEE
November 30, 2022

STATE OF ALASKA
ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE MEETING
November 30, 2022 – 9:00 a.m.

Atwood Conference Center, Rooms 102/104
550 W. 7th Ave., Anchorage, AK

Call In (Audio Only): 1-907-202-7104

Code: 157 887 146#

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. A. Approval of Agenda**
B. Approval of Minutes – September 14, 2022
C. Approval of Minutes – October 10, 2022
- V. Public / Member Participation, Communications and Appearances**
*(Three Minute Limit. Callers may need to press *6 to unmute.)*
- VI. Reports**
 - A. Division of Retirement and Benefits Audited Financial Statements**
Elizabeth Stuart & Melissa Beedle, KPMG
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - B. GASB 68/75 PERS & TRS Allocation Schedules for Participating Employers**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - C. Internal Audit Report**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - D. Report on Delinquent/ Late Filing Employers**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
- VII. Committee meeting with Independent Auditors**
- VIII. Periodic Self-Assessment**
- IX. Review Committee Charter**
- X. Future Meetings**
 - A. Calendar Review**
 - B. Agenda Items**
 - C. Requests / Follow-Ups**
- XI. Other Matters to Properly Come Before the Committee**
- XII. Public / Members Comment**
*(Three Minute Limit. Callers may need to press *6 to unmute.)*
- XIII. Adjournment**

**ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE MEETING
HYBRID/TEAMS**

**September 14, 2022
9:00 a.m.**

**Originating at:
Atwood Conference Center
550 West 7th Avenue, 1st Floor
Anchorage, Alaska 99501**

Committee Members Present:

Michael Williams, Chair
Allen Hippler
Lorne Bretz

Donald Krohn
Bob Williams

Other Trustees Present:

Deven Mitchell
Sandra Ryan
Dennis Moen

Department of Revenue Staff Present:

Zach Hanna, Chief Investment Officer
Pamela Leary, Director, Treasury Division
Scott Jones, Investment Operations, Performance & Analytics
Ryan Kauzlarich, Assistant Comptroller
Michelle Prebula, Investment Officer
Chris Madsen, Administrative Operations Manager
Grant Ficek, Business Analyst
Alysia Jones, Board Liaison

Department of Law Staff Present:

Ben Hofmeister, Assistant Attorney General

Department of Administration Staff Present:

Hans Zigmund, Deputy Commissioner

Department of Administration, Division of Retirement & Benefits Present:

Ajay Desai, Director
Kevin Worley, Chief Financial Officer
Jim Puckett, Chief Pension Officer

Investment Advisory Council Present:

Ruth Ryerson

KPMG

Elizabeth Stuart, Audit Partner

Nolan Huysmans, Senior Associate
Melissa Beedle, Audit Manager

Public Present:

Tom Klaameyer, NEA Alaska President

PROCEEDINGS

CALL TO ORDER

CHAIR MIKE WILLIAMS called the Audit Committee of the Alaska Retirement Management Board to order and asked for a roll call.

MS. JONES called the roll and noted other members of the Retirement Board present, as well as guests from the Department of Revenue and the Department of Administration, Investment Advisory Counsel, auditors from KPMG, and others online.

PUBLIC METING NOTICE

CHAIR MIKE WILLIAMS asked to confirm that the public meeting notice was met.

MS. JONES replied yes.

APPROVAL OF THE AGENDA

CHAIR MIKE WILLIAMS asked for any additions or changes to the agenda from members of the committee. Hearing none, he asked for any objection to adopting the agenda, as noted. There being no objection, the agenda was approved.

APPROVAL OF MINUTES

CHAIR MIKE WILLIAMS moved to the committee minutes of June 15, 2022, and asked for any additions or corrections. He asked for a motion.

MOTION: A motion to accept the minutes of June 15, 2022, was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE BRETZ.

There being no objection, the MOTION was APPROVED.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

CHAIR MIKE WILLIAMS asked if there was anyone in the room present who wished to address the committee. There being none, he moved to Reports.

REPORTS

FY22 ARMB AUDITED FINANCIAL STATEMENTS

CHAIR MIKE WILLIAMS recognized Beth Stuart, Nolan Huysmans, and Melissa Beedle.

MS. STUART stated that she is the audit partner with KPMG, and that it was Nolan Huysmans' first time coming to a trustee meeting. He worked on the account for the past several years, including the census testing around the state for the retirement system audit a couple years ago. She continued that this year he primarily focused on the invested assets side of the audit. She then introduced Melissa Beedle, who is online, and is a team manager with KPMG located in

Juneau. Melissa worked on the retirement systems and the Treasury account for more than ten years. Ms. Stuart continued that the audit plan had been presented a couple of months ago and described the approach for the audit, the scope of it, what may be the more significant risks and audit areas of focus. She continued with a mid-audit status update from an overview perspective. Mr. Huysmans focused on the testing of invested assets of the Board, which went well. Confirmations from custodian banks were received, and also statements with values as of June 30th. Because the market was tough in the last quarter of the fiscal year, that adjustment will be a downward adjustment in value of the same amount. She moved to the retirement systems, working through the planning process. The risk assessment and analysis of distributions, contributions made to the plan were completed. Data and analytics were used to import the full population of distributions and contributions made on a per-participant basis that identified outliers and helped focus the audit work. She stated that, on the testing done, there are no concerns or exceptions, and KPMG received great cooperation from the Division in getting that information for that report. She talked about testing health claims which involved getting information from the claims processors, and it is going along as expected. She added that everything is on track, and the team is working hard. There are five people in the office working through the audit.

A brief discussion ensued on the National Guard system and some of the issues of data. CFO Worley commented that he had met with the deputy commissioner at the Department of Military and Veterans Affairs to set up of a Memorandum of Understanding/ Memorandum of Agreement that will document specifically what information is required from the National Guard on an annual basis. A follow up meeting is scheduled for this Thursday.

MS. STUART followed up on the new auditor reporting standards for this year. The audit report will look a bit different. KPMG is required to centralize review of all of the audit reports which will be reviewed by a governmental retirement system specialist who will look at all of the governmental retirement system audits done as a firm. She continued that there are no unexpected, uncorrected misstatements, and KPMG does not expect any. Also, there are no modifications to the audit at this point. She finished up her presentation and asked for any questions or comments.

CHAIR MIKE WILLIAMS asked if the report was on track for October.

MS. STUART replied yes.

CHAIR MIKE WILLIAMS thanked Ms. Stuart for her report and moved to the Division of Retirement Benefits.

DRB AUDIT UPDATE

CHAIR MIKE WILLIAMS recognized CFO Worley.

CFO WORLEY asked Ms. Leary to talk about the invested assets report.

MS. LEARY reported that they were down to six private equity firms not having submitted their information. There was a cutoff extended through August for that lag to capture all the information accurately. She did not think that there would be any adjustment, and that they were in a good spot. She stated that the portfolio team and the asset management team, in particular,

Ryan Kauzlarich, have knuckled down and got all the information needed to the auditors, and it is a very clean audit process.

MR. WORLEY stated that he had the audit timeline. He explained that it was used by the Division of Retirement and Benefits for scheduling and making sure the time frames are met. He reiterated, from the June meeting, that the Division of Retirement and Benefits had an October 15th deadline to provide audited financial statements to the Division of Finance, which is the State accounting office responsible for the annual comprehensive financial report. He reported that they were on track.

CHAIR MIKE WILLIAMS asked for any questions. There being none, he moved to the Internal Audit Report.

INTERNAL AUDIT REPORT

MR. WORLEY stated that, as reported in June, the State Social Security administrator left her position in May, and he continued that the position was currently vacant. He reported that there was one audit position currently on paternity leave, so the amount of work was spotty. He stated that there will be some changes in the audit process, and they will be spending next month on that. He explained the difficulty finding and filling positions. He added that the rest of the report showed what has been completed at this time.

REPORT ON DELINQUENT/LATE FILING EMPLOYERS

MR. WORLEY stated that his final report was what was going on for employers. Listed are all the employers that were delinquent as of Tuesday, August 30th. The TRS employers as of June 1 was incorrect; they all should be August 30th. He continued that there are expected delays in school districts because they are on a fiscal year, and they do not deal with teacher work during July and August.

CHAIR MIKE WILLIAMS asked at what point did DRB step in, and what corrective action was necessary.

MR. WORLEY used the City of Nenana as an example of being late on the payroll submissions. He explained that there was quite a bit of turnover with the city due to the mayor problems, board or council issues. They did get caught up and indicated they would like to talk about alternative payment methods, or possibly terminating. They are a small employer.

TRUSTEE BRETZ stated that the report said delinquent reporters. He asked if the contributions were received and just the reports were late, or do they come together.

MR. WORLEY replied that they were contributions and reports. Interest is assessed or delayed interest, delinquent charges for those employers.

CHAIR MIKE WILLIAMS reviewed the future meetings with the video conference on October 10. He asked for any future agenda items or requests for agenda items on future meetings. There being none, he asked for any other matters to come before the Audit Committee. He thanked members of the Administration and KPMG for the reports, and he appreciated the thorough work in the presentations. He asked for any trustee comments or any other members of

the public wishing to address the committee. There being none, he asked for a motion to adjourn.

MOTION: A motion to adjourn the Audit Committee meeting was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE HIPPLER.

There being no objection, the MOTION was APPROVED.

CHAIR MIKE WILLIAMS adjourned the meeting.

(Audit Committee Adjourned at 9:35 a.m.)

DRAFT

**ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE MEETING
HYBRID/TEAMS**

**October 10, 2022
10:00 a.m.**

**Originating at:
Alaska Retirement Management Board Offices
333 Willoughby Avenue
Juneau, Alaska 99801**

Committee Members Present:

Michael Williams, Chair
Allen Hippler
Lorne Bretz

Donald Krohn
Bob Williams

Other Trustees Present:

Commissioner Deven Mitchell
Sandra Ryan

Department of Revenue Staff Present:

Zach Hanna, Chief Investment Officer
Pamela Leary, Director, Treasury Division
Alysia Jones, Board Liaison

Department of Administration Staff Present:

Hans Zigmund, Deputy Commissioner

Department of Administration, Division of Retirement & Benefits Present:

Kevin Worley, Chief Financial Officer
Christina Maiquis, Accounting Supervisor

KPMG

Elizabeth Stuart, Audit Partner
Melissa Beedle, Audit Manager

Buck

David Kershner, Principal, Consulting Actuary

PROCEEDINGS

CALL TO ORDER

CHAIR MIKE WILLIAMS called the Audit Committee of the Alaska Retirement Management Board to order, and asked for a roll call.

PUBLIC MEETING NOTICE

CHAIR MIKE WILLIAMS asked to confirm that the public meeting notice was met.

MS. JONES replied, yes, it had.

APPROVAL OF THE AGENDA

CHAIR MIKE WILLIAMS asked for any additions or changes to the agenda from members of the committee. Hearing none, he asked for any objection to adopting the agenda as noted. There being no objection, the agenda was approved.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

CHAIR MIKE WILLIAMS asked if there was anyone in the room present who wished to address the committee. There being none, he asked if there were any members of the public online who wished to address the Audit Committee. There being none, he moved to reports.

DIVISION OF RETIREMENT AND BENEFITS

CHAIR MIKE WILLIAMS moved to the review of draft financial statements.

MS. STUART stated that she was Beth Stuart, partner with KPMG. They were continuing work on the audit procedures, and were tracking as originally scheduled, with the expectation of issuing the audit opinion later this week.

MS. BEEDLE stated that she had nothing to add.

MR. WORLEY moved to the first topic, which was the Deferred Compensation Plan. He stated that things were going well, and he went through a couple of highlights. He asked for any comments.

CHAIR MIKE WILLIAMS asked for any questions or comments. There being none, he asked Mr. Worley to continue.

MR. WORLEY moved to the second financial statement, which was the Supplemental Benefits System. It was similar to the Deferred Compensation Plan, and we have the audit opinion, management discussion and analysis, and he gave a short background. He pointed out that during the course of the year there were reports from Empower which showed all of the investment options available to participants. There were only two positive gains: the stable value fund and the money market account. The rest had losses. He briefly overviewed the Judicial Retirement System. The required supplementary information was based on fair value of assets versus what was in the funding statements or the actuarial evaluation reports from Buck, which were adopted in June each year. He opened the Judicial Retirement System report for comments.

CHAIR MIKE WILLIAMS asked the trustees on the committee for any questions. There being none, he asked Mr. Worley to continue.

TRUSTEE BOB WILLIAMS asked for clarification in terms of the actual returns being negative, not estimated.

MR. WORLEY read off the rate of returns for the Judicial Retirement System. He moved to the Teachers' Retirement System, which was similar to the Judicial Retirement System. He went through the decreases and investment losses, and then moved to the Public Employees' Retirement System, also similar to the Teachers' Retirement Plan.

CHAIR MIKE WILLIAMS noted, for the record, that the percentages are gross of those because there was supplemental data in the report that showed net of fees on the returns.

MR. WORLEY thanked the Chair for the clarification and pointed out that with PERS and TRS the net pension liabilities were underfunded. Whether we are looking at the value of assets or actuarial value of assets on the health care trust, there was overfunding in all three for PERS and for TRS. He continued to the last item, which was the National Guard. When last discussed, it was mentioned that Chief Pension Officer Puckett was going to meet with the National Guard groups. It was very well attended by management of DMVA, superiors from each of the impacted guard units, and they came to a good understanding which will be documented in the memorandum of understanding in terms of census data from the National Guard for each of the three branches that participated. He added that this year there will be a similar audit opinion to last year where the financial information was tied out; but the issue of concern was that of the audit of the total pension liability. The total pension liability cannot be audited, so there will be an exception or clause within the audit opinion about that.

MS. STUART stated that the description was accurate.

MR. WORLEY continued that the National Guard was similar to what was seen in PERS, TRS, and JRS. In this case, there is an overall decline in the net position of the National Guard plan of a \$5.7 million decrease, or a drop of 11.5 percent. Overall, the plan had a negative 6.29 percent return.

CHAIR MIKE WILLIAMS asked, based on what had been explained, given that the audit evidence in the future shows that this corrective action takes place, if that would likely lead to an opinion that was not qualified.

MS. STUART replied that we would need to see how the corrective action played out. A lot of the information missing was historical information. The Guard could make changes prospectively, but it would be hard to retrospectively collect information. She stated that a scope limitation would be issued on the audit, so a qualified audit opinion.

CHAIR MIKE WILLIAMS asked for any other questions. He stated that it was hopeful for an improvement of reporting in the future. It seemed like there was a breakdown on two fronts: on just collecting data and information on current employees, and not having a way to track when people leave and go somewhere else. He asked if it was fair to say that the improvements would look at getting better tracking data for current employees and would probably not impact

the quality of the data on whether people that left are staying in the National Guard in a different state or location.

MR. WORLEY replied that the current information that staff had identified as broken has been resolved. The second part about folks moving out of state and members going to another Guard. They were told that there is access to the Veterans Administration and people that work for the State can access that information. That was the biggest problem. They were given solutions with the hope that they would work for next year.

TRUSTEE BOB WILLIAMS cautioned because it was tricky. There are people who left the State that are accruing service without paying into a system. The fact that there may be some way to track that or have an awareness of what the future liabilities would be was encouraging. He looked forward to further updates on this good news.

MR. WORLEY concluded his report.

CHAIR MIKE WILLIAMS asked if there was anything else from KPMG to report to the committee at this meeting.

MS. STUART replied that there was nothing further to report.

CHAIR MIKE WILLIAMS asked the trustees for any questions for KPMG. There being none, he moved to the future meetings review. We are set for the November 30th meeting. He asked for any additions or changes to the 2023 meeting schedule or the remainder of 2022. He asked for any future agenda items that the committee members wish to add, or any other request from the committee members. He continued to any other matters to properly come before the committee. He reopened for any public or member comments and asked if there were any members of the public or plan participants that wished to make comments. Hearing no one, he asked for any business to come before the board.

TRUSTEE BOB WILLIAMS stated that he learned some new information about the National Guard, and it was much more positive than anticipated, which was encouraging. He added that it was good to see everyone.

CHAIR MIKE WILLIAMS asked for a motion to adjourn the meeting.

MOTION: A motion to adjourn the meeting was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE KROHN.

There being no objection, the MOTION was APPROVED.

(Audit Committee meeting adjourned at 10:36 a.m.)



Alaska Retirement Management Board Discussion with Those Charged with Governance

Audit results for the year ending June 30, 2022

November 30, 2022

Audit results: Overview

<p>Outstanding matters</p> <p>None</p>	<p>Deficiencies</p> <p>Ongoing material weakness related to census data at the National Guard and Naval Militia Retirement System</p>	<p>Auditors' report</p> <p>PERS – Unmodified TRS – Unmodified JRS – Unmodified NGNMRS – Qualified DCP – Unmodified SBS – Unmodified Invested Assets - Unmodified</p>
<p>Uncorrected Misstatements</p> <p>Ongoing uncorrected misstatement related to the timing of the valuation reporting for the Invested Assets private portfolio – this relates to the ARMB Invested Assets report only.</p>	<p>Corrected Misstatements</p> <p>None</p>	<p>Other</p> <p>No other matters</p>

Summary: Audit results required communications and other matters

		Response
Audit results	Outstanding matters	None
	Significant unusual transactions	No significant unusual transactions identified during the audit.
	Uncorrected audit misstatements	See slide 5.
	Corrected audit misstatements	No corrected misstatements identified during the audit.
	Financial presentation and disclosure omissions	No matters to communicate.
	Non-GAAP policies and practices	No matters to communicate.
	Material weaknesses and significant deficiencies in internal control	See slide 6.
	Changes to our risk assessment and planned audit strategy	No matters to report.
	Significant accounting policies and practices	No matters to report.
	Significant accounting estimates	See slide 7
	Significant financial statement disclosures	See slide 8
	Related parties	No matters to report.
	Going concern	No matters to report.
Other information	See slide 9	

Summary: Audit results required communications and other matters

		Response
Audit results	Subsequent events	No matters to report.
	Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
	Noncompliance with laws and regulations	No matters to report.
	Significant difficulties encountered during the audit	No matters to report.
	Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
	Management's consultation with other accountants	No matters to report.
	Difficult or contentious matters for which the auditor consulted	No matters to report.
	Disagreements with management	No matters to report.
	Other significant matters	No matters to report.
	Written communications	Management representation letters, including summary of uncorrected misstatements and internal control deficiency letter, were distributed along with the letter to the audit committee in October.

Uncorrected audit misstatements

This misstatement relates to the ARMB Invested Assets report only

Account	Increase (decrease) to invested assets	Increase (decrease) to investment income	As a % of reported
Private equity investments	\$(64,799,777)		(1.28)%
Private equity investment income		\$(64,799,777)	(13.34)%
Real Assets	\$(22,781)		(.001)%
Real Assets Income		\$(22,781)	(.004)%
Total investment income			(4.8)%

Material weaknesses and significant deficiencies in internal control

Material weaknesses		
Description	Potential effects	Status
The Division of Retirement & Benefits did not design control activities to validate the census data for National Guard and Naval Militia Retirement System	The total pension liability for this system could be over or under stated as a result of inaccurate census data being used to calculate the amount.	Material weakness communicated in previous audits that has not yet been remediated.

Significant deficiencies		
Description	Potential effects	Status
None identified		

Significant accounting estimates

Description of significant accounting estimates

- Valuation of private investments

Audit findings

Management's process used to develop the estimates

- Management receives periodic capital statements from external fund managers. These capital statements are the starting point to estimate fair value of each private investment and are adjusted for any contributions or distributions made during the period and any other factors management believes impact fair value.

Significant assumptions used that have a high degree of subjectivity

- None

Indicators of possible management bias

- There were no indicators of possible management bias identified during our audit of this estimate.

Conclusions

- We determined that the methods used by management and the valuations recorded by management are reasonable and not affected by indicators of management bias.

Significant financial statement disclosures

Description of significant financial statement disclosures	Audit findings
<ul style="list-style-type: none"> • The net pension (asset)/liability and net OPEB (asset)/liability disclosures are considered significant financial statement disclosures. These disclosures are prepared using management's specialist, Buck, to calculate the amount of the total pension and OPEB (assets)/liabilities based upon actuarial methods described in GASB Statements No. 67 and 74 and assumptions adopted by the ARMB. • Significant assumptions used that have a high degree of subjectivity are: <ul style="list-style-type: none"> • Rate of return • Mortality rates • Discount rate 	<p>Qualitative aspects</p> <ul style="list-style-type: none"> • As part of our testing, we involved a KPMG actuary to assist in our determination of the reasonableness of the assumptions. • The information contained within the disclosures are prescribed by GASB and consistent with prior years. • There were no indications that these estimates or the disclosures were prepared with management bias.

Other information

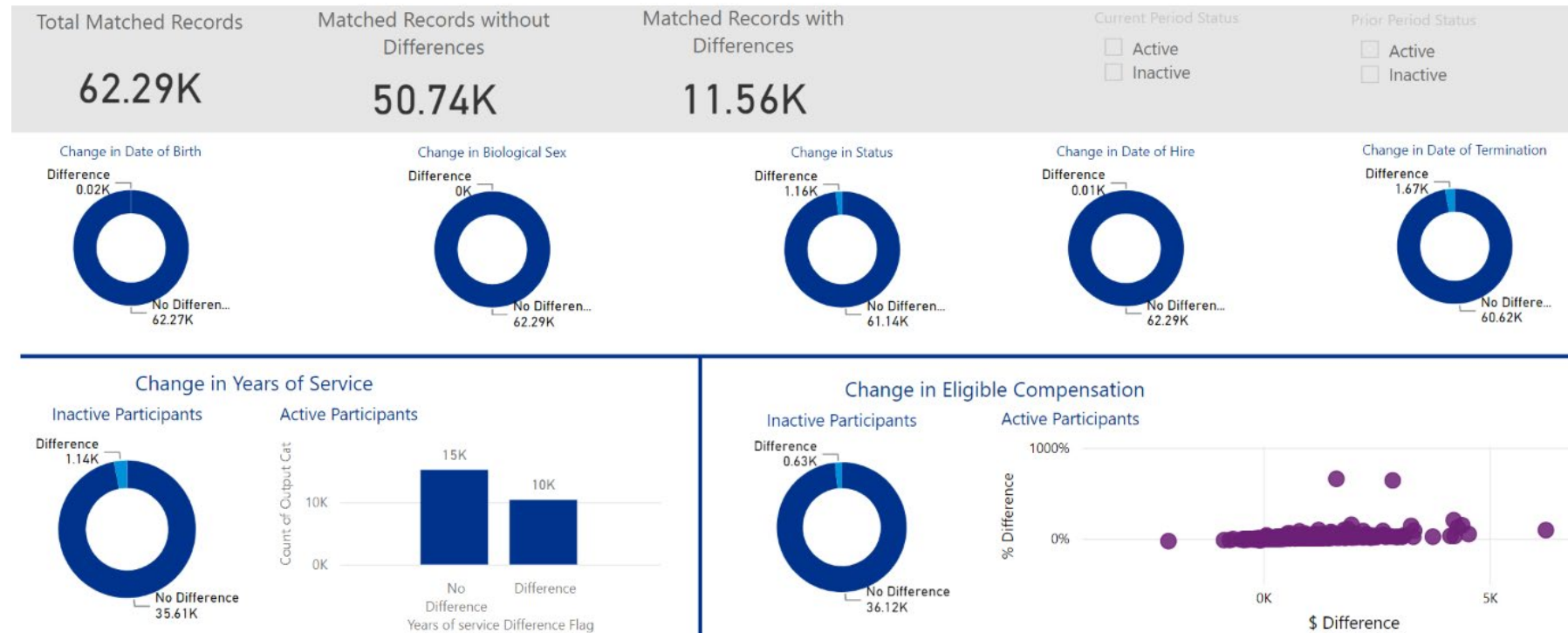
Other information	Procedures performed
PERS and TRS Annual Comprehensive Financial Reports	We will obtain copies of these reports prior to their issuance and review the financial information contained within to ensure consistency with the understanding we gained during our audit process.

Census data insights - PERS

The census information included on this slide shows the comparison of the 2020 census data for active and retired members and the 2021 census data that is used in the actuarial valuation and the GASB 67 and 74 valuations.



Census Data Visualization - Matched Records

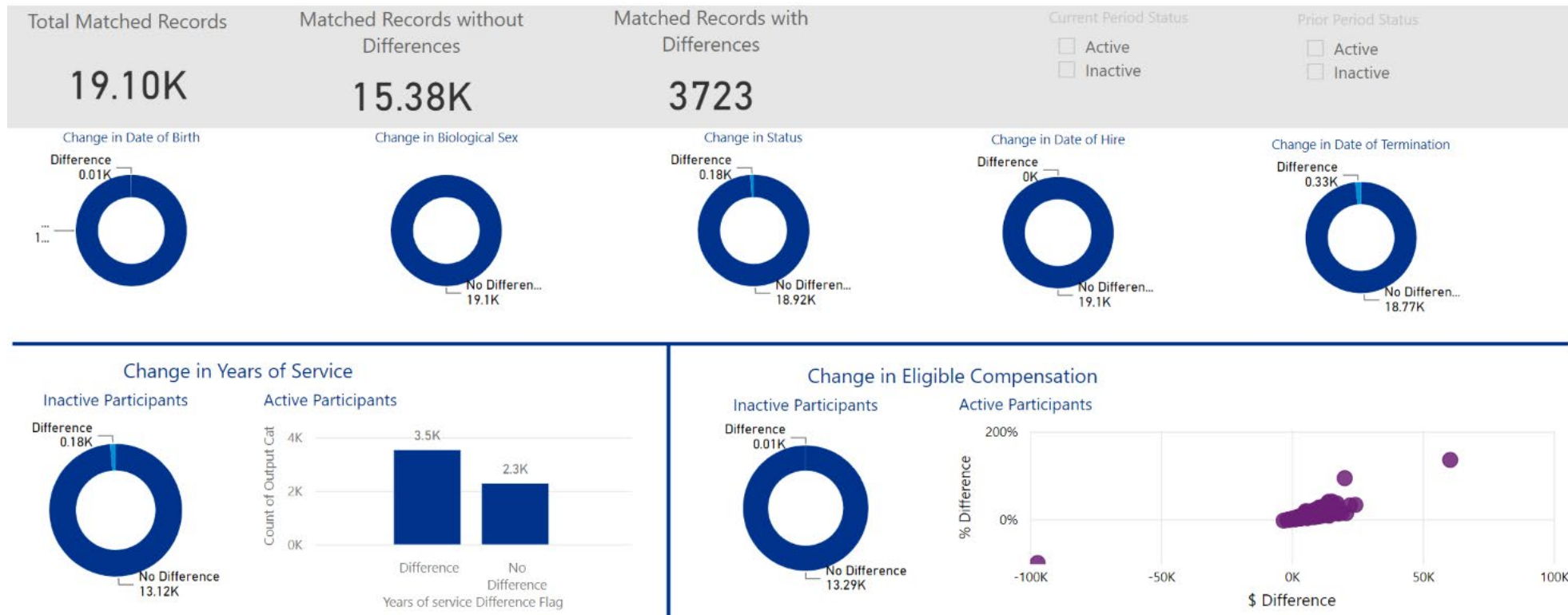


Census data insights - TRS

The census information included on this slide shows the comparison of the 2020 census data for active and retired members and the 2021 census data that is used in the actuarial valuation and the GASB 67 and 74 valuations.



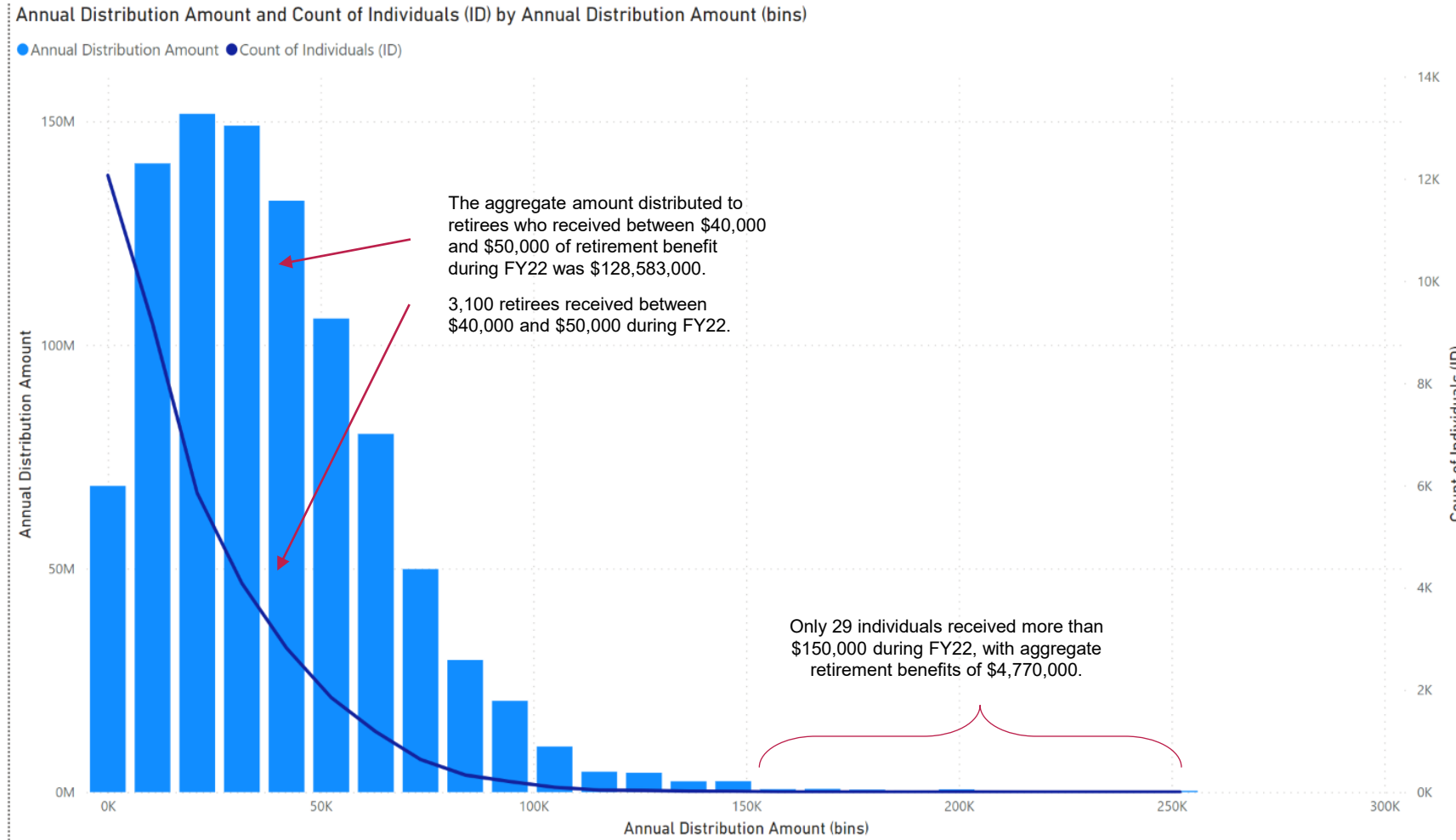
Census Data Visualization - Matched Records





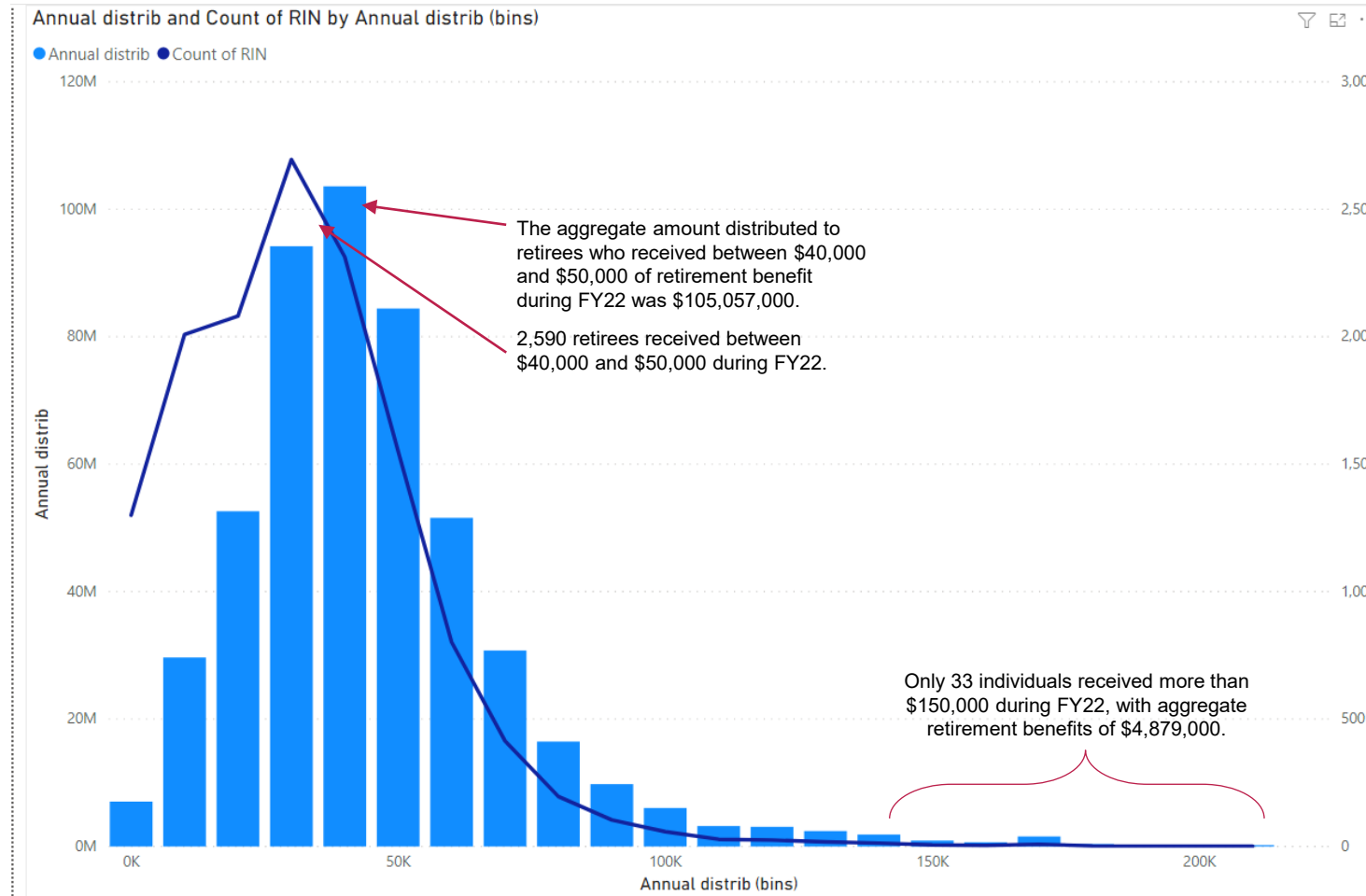
Pension plan benefit insights - PERS

The distribution information on the following pages reflect System retirement benefit payments, distributed by the amount an individual beneficiary received on an annual basis. The bars represent the total dollars distributed by range (for example, individuals who received less than \$10,000, between \$10,000 and \$20,000, between \$20,000 and \$30,000). The line represents the number of individuals who received annual benefit payments within that range.





Pension plan benefit insights - TRS





Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

This presentation to those charged with governance is intended solely for the information and use of those charged with governance and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.





kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2022

(With summarized financial information for June 30, 2021)

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Table of Contents

	Page(s)
Independent Auditors' Report	1–3
Management's Discussion and Analysis (Unaudited)	4–14
Basic Financial Statements:	
Combining Statement of Fiduciary Net Position	15
Combining Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17–37
Required Supplementary Information (Unaudited):	
Schedule of Changes in Employer Net Pension Liability and Related Ratios – Defined Benefit Pension Plan	38
Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan	39
Schedule of Investment Returns – Defined Benefit Pension Plan	40
Schedule of Changes in Employer Net OPEB (Asset) Liability and Related Ratios – Alaska Retiree Healthcare Trust Plan	41
Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan	42
Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan	43
Schedule of Changes in Employer Net OPEB Asset and Related Ratios – Occupational Death and Disability Plan	44
Schedule of Employer Contributions – Occupational Death and Disability Plan	45
Schedule of Investment Returns – Occupational Death and Disability Plan	46
Schedule of Changes in Employer Net OPEB (Asset) Liability and Related Ratios – Retiree Medical Plan	47
Schedule of Employer Contributions – Retiree Medical Plan	48
Schedule of Investment Returns – Retiree Medical Plan	49
Notes to Required Supplementary Information (Unaudited)	50–61
Supplemental Schedules:	
Schedule 1 – Schedules of Administrative and Investment Deductions	62
Schedule 2 – Schedules of Payments to Consultants Other Than Investment Advisors	63



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

Independent Auditors' Report

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

Opinion

We have audited the combining financial statements of the State of Alaska Public Employees' Retirement System (the System), a component unit of the State of Alaska, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Financial Statements section of our report. We are required to be independent of the System 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.



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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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.

Report on Summarized Comparative Information

We have previously audited the System's 2021 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements for the year ended June 30, 2022. The supplemental schedules listed in the table of contents for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been



subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 20, 2021 which expressed an unmodified opinion. The supplemental schedules listed in the table of contents for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information was subjected to the audit procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

KPMG LLP

Anchorage, Alaska
October 14, 2022

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

This section presents management's discussion and analysis (MD&A) of the State of Alaska Public Employees' Retirement System's (the System) financial position and performance for the years ended June 30, 2022 and 2021. 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, 2022 and 2021. Information for fiscal year 2020 is presented for comparative purposes.

Financial Highlights

The System's financial highlights for the year ended June 30, 2022 were as follows:

- The System's fiduciary net position restricted for pension benefits, postemployment healthcare benefits, and individuals decreased by \$2.2 billion.
- The System's plan member and employer contributions increased by \$9.6 million when compared to fiscal year 2021.
- The State of Alaska (the State) directly appropriated \$97.7 million to the System.
- The System's net investment income decreased \$7.4 billion when compared to fiscal year 2021, to a loss of \$1.6 billion.
- The System's pension benefit expenditures totaled \$953.5 million.
- The System's postemployment healthcare benefit expenditures totaled \$486.4 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 benefits, postemployment healthcare benefits, and individuals. 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, 2022.

Combining statement of changes in fiduciary net position – This statement presents how the System's net position restricted for pension benefits, postemployment healthcare benefits, and individuals changed during the fiscal year ended June 30, 2022. This statement presents contributions and investment income during the period. Deductions for pension and postemployment healthcare benefits, refunds, and operating deductions are also presented.

The above statements represent resources available for investment and payment of benefits as of June 30, 2022, and the sources and uses of those funds during fiscal year 2022.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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 12 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

System net position (In thousands)					
Description	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 286,503	251,009	35,494	14.1 %	\$ 193,689
Contributions receivable	13,223	12,363	860	7.0	12,148
Due from State of Alaska General Fund	23,385	18,175	5,210	28.7	16,722
Due from Retiree Health Fund	—	2	(2)	(100.0)	—
Other accounts receivable	13,445	5,363	8,082	150.7	137
Investments	22,202,613	24,437,912	(2,235,299)	(9.1)	19,195,879
Other assets	982	984	(2)	(0.2)	982
Total assets	<u>22,540,151</u>	<u>24,725,808</u>	<u>(2,185,657)</u>	<u>(8.8)</u>	<u>19,419,557</u>
Liabilities:					
Claims payable	40,109	39,972	137	0.3	35,336
Accrued expenses	8,110	7,148	962	13.5	2,977
Forfeiture payable to employers	171	151	20	13.2	653
Securities lending collateral payable	39,071	57,659	(18,588)	(32.2)	23,049
Total liabilities	<u>87,461</u>	<u>104,930</u>	<u>(17,469)</u>	<u>(16.6)</u>	<u>62,015</u>
Net position	<u>\$ 22,452,690</u>	<u>24,620,878</u>	<u>(2,168,188)</u>	<u>(8.8)%</u>	<u>\$ 19,357,542</u>

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Condensed Financial Information (continued)

Changes in system net position (In thousands)					
Description	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Net position, beginning of year	\$ 24,620,878	19,357,542	5,263,336	27.2 %	\$ 19,066,303
Additions:					
Contributions – employers and plan members	820,183	810,572	9,611	1.2	770,926
Contributions – nonemployer State of Alaska	97,700	101,383	(3,683)	(3.6)	79,487
Net investment income (loss)	(1,613,903)	5,748,837	(7,362,740)	(128.1)	777,393
Employer group waiver plan	54,191	52,416	1,775	3.4	33,212
Medicare retiree drug subsidy	595	189	406	214.8	—
Pharmacy rebates	47,415	37,936	9,479	25.0	48,035
Pharmacy management allowance	134	189	(55)	(29.1)	—
Other income	292	1,309	(1,017)	(77.7)	625
Total additions (deductions)	(593,393)	6,752,831	(7,346,224)	(108.8)	1,709,678
Deductions:					
Pension and postemployment healthcare benefits	1,439,873	1,385,828	54,045	3.9	1,325,783
Refunds of contributions	101,571	69,986	31,585	45.1	59,891
Administrative	33,351	33,681	(330)	(1.0)	32,765
Total deductions	1,574,795	1,489,495	85,300	5.7	1,418,439
Increase (decrease) in net position	(2,168,188)	5,263,336	(7,431,524)	(141.2)	291,239
Net position, end of year	\$ 22,452,690	24,620,878	(2,168,188)	(8.8)%	\$ 19,357,542

Financial Analysis of the System

The statements of fiduciary net position as of June 30, 2022 and 2021 show net position restricted for pension benefits, postemployment healthcare benefits, and individuals of \$22,452,690,000 and \$24,620,878,000, 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 a decrease in the System's net position restricted for pension benefits, postemployment healthcare benefits, and individuals of \$2,168,188,000 or 8.8% from fiscal year 2021 to 2022 and an increase of \$5,263,336,000 or 27.2% from fiscal year 2020 to 2021. Over the long term, plan member, employer, and nonemployer contributions, as well as investment income earned, are anticipated to sufficiently fund the pension benefit and postemployment healthcare costs of the System.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

During the 32nd Alaska State Legislature and as part of the State's Fiscal Year 2022 Operating Budget, House Bill 69 appropriated \$97,699,500 from the General Fund and the Budget Reserve Fund to the Department of Administration for deposit in the Defined Benefit Pension fund. The amount of the appropriation allocated to the State as an employer is included in Contributions – Employer. The remaining appropriation is reported as Contributions – Nonemployer State of Alaska.

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 2022 and 2021, the Board adopted the following asset allocation for the Defined Benefit Pension Plan (DB Plan), Alaska Retiree Healthcare Trust (ARHCT Plan), and Defined Contribution Retirement Pension Plan's (DCR Plan) occupational death and disability fund, retiree medical plan, and health reimbursement arrangement fund:

	2022		2021	
	Pension and Healthcare Trusts		Pension and Healthcare Trusts	
	Allocation	Range	Allocation	Range
Broad domestic equity	27.0%	± 6%	28.0%	± 6%
Global equity (ex-U.S.)	18.0	± 4	19.0	± 4
Fixed income	21.0	± 10	22.0	± 10
Opportunistic	6.0	± 4	6.0	± 4
Real assets	14.0	± 7	13.0	± 7
Private equity	14.0	± 6	12.0	± 6
Total	<u>100.0%</u>		<u>100.0%</u>	
Expected return 20-year geometric mean	6.88%		7.13%	
Projected standard deviation	13.89		13.55	

For fiscal years 2022 and 2021, the DB Pension Plan's investments generated a (4.08%) and 27.62% rate of return, respectively. For fiscal years 2022 and 2021, the Alaska Retiree Healthcare Trust Plan's investments generated a (4.08%) and 27.71% rate of return, respectively.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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:

	Additions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Contributions – employers	\$ 626,286	622,103	4,183	0.7%	\$ 587,288
Contributions – plan members	193,897	188,469	5,428	2.9%	183,638
Contributions – nonemployer					
State of Alaska	97,700	101,383	(3,683)	(3.6)	79,487
Net investment income (loss)	(1,613,903)	5,748,837	(7,362,740)	(128.1)	777,393
Employer group waiver plan	54,191	52,416	1,775	3.4	33,212
Medicare retiree drug subsidy	595	189	406	214.8	—
Pharmacy rebates	47,415	37,936	9,479	25.0	48,035
Pharmacy Management Allowance	134	189	(55)	(29.1)	—
Other income	292	1,309	(1,017)	(77.7)	625
Total	<u>\$ (593,393)</u>	<u>6,752,831</u>	<u>(7,346,224)</u>	<u>(108.8)%</u>	<u>\$ 1,709,678</u>

The System's employer contributions increased from \$622,103,000 in fiscal year 2021 to \$626,286,000 in fiscal year 2022, an increase of \$4,183,000 or 0.7%. The System's employer contributions increased from \$587,288,000 in fiscal year 2020 to \$622,103,000 in fiscal year 2021, an increase of \$34,815,000 or 5.9%. The increase in employer contributions for both fiscal year 2022 and 2021 are attributed to increases in member salaries.

The State provided \$97,700,000 and \$101,383,000 for fiscal years 2022 and 2021, respectively, in nonemployer contributions per Alaska Statute (AS) 39.35.280. The employer on-behalf amount (or additional State contributions as defined in AS 39.35.280) is calculated by the System's actuary. It is based on projected payroll and the difference between the actuarially determined contribution rate and the statutory effective rate. The employer effective contribution rate of 22.00% is established in AS 39.35.255(a).

The System's net investment income in fiscal year 2022 decreased by \$7,362,740,000 or 128.1% from amounts in fiscal year 2021. The System's net investment income in fiscal year 2021 increased by \$4,971,444,000 or 639.5% from amounts in fiscal year 2020. The investment returns received in fiscal year 2022 were lower than the returns seen in fiscal year 2021, causing a difference in investment returns when comparing 2022 and 2021. 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.

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 2022, the Plan received \$54,191,000 in EGWP funds from the Center of Medicare and Medicaid Services (CMS) through the EGWP Plan Sponsor, OptumRx, compared to fiscal year

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

2021 receipts of \$52,416,000, and fiscal year 2020 receipts of \$33,212,000. The increases each year is due to increased prescription drug usage as well as increased costs of those same prescription drugs that resulted in higher EGWP funds paid to the Plan.

Pharmacy rebates are reimbursed to the Plan by the third-party administrators. During fiscal year 2022, the Plan received \$47,15,000 in pharmacy rebates compared to \$37,936,000 from fiscal year 2021,. In fiscal year 2020, the Plan received \$48,035,000. The Plan negotiated higher rebates beginning in calendar year 2021, however, those higher rebates were transmitted to the Plan during fiscal year 2022, which resulted in slightly higher collections due to timing of receipt of those funds..

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

	Year ended		
	2022	2021	2020
Plan returns	(4.08)%	27.62 %	3.83 %
Broad domestic equity	(11.74)	42.69	2.62
Global equity (ex-U.S.)	(20.96)	38.54	(3.59)
Fixed income	(6.96)	2.20	7.31
Opportunistic	(10.58)	23.86	0.52
Real assets	14.29	9.86	2.06
Private equity	26.25	50.67	10.47
Actuarially assumed rate of return	7.25	7.38	7.38

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

	Year ended		
	2022	2021	2020
Plan returns	(4.08)%	27.71 %	3.90 %
Broad domestic equity	(11.73)	42.69	2.62
Global equity (ex-U.S.)	(20.95)	38.57	(3.59)
Fixed income	(7.04)	2.20	7.37
Opportunistic	(10.58)	23.86	0.51
Real assets	14.41	10.00	2.36
Private equity	26.25	50.67	10.52
Actuarially assumed rate of return	7.25	7.38	7.38

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Benefits and Other Deductions

The primary deduction of the DB Plan is the payment of pension and other postemployment benefits, primarily healthcare. The primary deduction of the DCR Plan is the refund of contributions. These benefit payments, healthcare claims paid, refunds of contributions, and the cost of administering the System comprise the cost of operations as follows:

	Deductions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Pension benefits	\$ 953,511	921,899	31,612	3.4%	\$ 885,252
Postemployment benefits	486,362	463,929	22,433	4.8	440,531
Refunds of contributions	101,571	69,986	31,585	45.1	59,891
Administrative	33,351	33,681	(330)	(1.0)	32,765
Total	\$ 1,574,795	1,489,495	85,300	5.7%	\$ 1,418,439

The System's DB pension benefit payments in 2022 increased \$31,612,000 or 3.4% from fiscal year 2021, which increased \$36,647,000 or 4.1% from fiscal year 2020. The increase in pension benefits in fiscal year 2022 is the result of a continued increase in the number of retirees and an increase in average pension benefits.

The System's postemployment healthcare benefit payments in fiscal year 2022 increased \$22,433,000 or 4.8% from fiscal year 2021, which increased \$23,398,000 or 5.3% from fiscal year 2020. During fiscal year 2022, the System saw an increase in postemployment benefits as the number of retirees in the DB Plan continues to increase. The increase in retirees is offset by those retirees who transition over to Medicare due to age, and costs shift from the System to Medicare. The System continues to look at ways for cost containment while providing benefits applicable to the plan.

The System's refund of contributions increased \$31,585,000 or 45.1% from fiscal year 2021 to 2022 and increased \$10,095,000 or 16.9% from fiscal year 2020 to 2021. The increase in refunds is primarily in the DCR Plan, where refunds increased \$30,390,000 between fiscal year 2021 to 2022 and increased \$12,259,000 between fiscal year 2020 to 2021. Increases in DCR Plan refunds are attributed to the increase in the number of DCR Plan member accounts and higher member balances being refunded. The System continues to look at ways to retain member contributions by emphasizing the low investment costs to members to maintain funds within the DCR Plan, with a number of investment options available.

The System's administrative costs in fiscal year 2022 decreased \$330,000 or 1.0% from fiscal year 2021 and increased \$916,000 or 2.8% from fiscal year 2020. The decreased administrative cost in fiscal years 2022 is related to reductions on contractual costs charged to the System. For fiscal year 2021, the increase in costs are related to a capital project for a retirement system replacement.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Net Pension Liability

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, requires the DB Plan to report the total pension liability, fiduciary net position, and net pension 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 liability, or the unfunded portion of the total pension liability.

The components of the net pension liability of the participating employers of the Plan as of June 30 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 15,912,991	15,580,808
Plan fiduciary net position	<u>(10,816,140)</u>	<u>(11,912,309)</u>
Employers' net pension liability	<u>\$ 5,096,851</u>	<u>3,668,499</u>
Plan fiduciary net position as a percentage of the total pension liability	67.97 %	76.46 %

Net OPEB (Asset) Liability

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, requires the DB Other Postemployment Benefit (OPEB) Plans to report the total OPEB liability, fiduciary net position, and net OPEB liability for each plan. 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 OPEB 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 Plans. The difference between the total OPEB liability and fiduciary net position is the net OPEB liability (asset), or the unfunded (overfunded) portion of the total OPEB liability.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2022 were as follows (in thousands):

	Alaska Retiree Healthcare Trust Plan (ARHCT Plan)	Occupational Death and Disability (ODD Plan)	Retiree Medical Plan (RMP)
Total OPEB liability	\$ 6,901,568	17,620	172,956
Plan fiduciary net position	<u>(8,869,134)</u>	<u>(61,458)</u>	<u>(207,686)</u>
Employers' net OPEB asset	<u>\$ (1,967,566)</u>	<u>(43,838)</u>	<u>(34,730)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	128.51 %	348.80 %	120.08 %

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2021 were as follows (in thousands):

	Alaska Retiree Healthcare Trust Plan (ARHCT Plan)	Occupational Death and Disability (ODD Plan)	Retiree Medical Plan (RMP)
Total OPEB liability	\$ 7,218,787	16,072	177,713
Plan fiduciary net position	<u>(9,784,141)</u>	<u>(60,146)</u>	<u>(204,555)</u>
Employers' net OPEB asset	<u>\$ (2,565,354)</u>	<u>(44,074)</u>	<u>(26,842)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	135.54 %	374.23 %	115.10 %

Funding

Retirement benefits are financed by accumulations from employers, plan members, State nonemployer contributions, and income earned on System investments:

- The employer contribution rate is adopted and set by the Board annually based on actuarial determinations made by the System's consulting actuary as reviewed by the Board's contracted actuary. AS 39.35.255(a) sets the employer effective contribution rate at 22.00%. The difference between the actuarially determined contribution rate adopted by the Board and the statutory employer effective rate is paid by the State as a direct appropriation per AS 39.35.280.
- AS 39.35.280 provides that additional State contributions are made each July 1 or as soon after July 1 for the ensuing fiscal year that when combined with the total employer contributions are sufficient to pay the System's past service liability at the contribution rate adopted by the Board for that fiscal year.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

- Plan member contributions are set by AS 39.35.160 for the DB Plan and AS 39.35.730 for the DCR Plan.
- The Board works with an external consultant to determine the proper asset allocation strategy.

Legislation

During fiscal year 2022, the 32nd Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute First Special Session House Bill 69, Section 73(b), appropriates \$97.7 million from the General Fund to the Department of Administration for deposit in the System's defined benefit plan account as partial payment of the participating employers' contribution for fiscal year ending June 30, 2022.

This appropriation is to fund the difference between the statutory employer required contribution of 22% paid by participating employers for both defined benefit and defined contribution members and the actuarially determined contribution rate adopted by the Board for that fiscal year. This additional state contribution is specified in AS 39.35.280 – Additional State Contributions.

Senate Bill 55 (SB 55), an Act relating to employer contributions to the System, made changes to Alaska Statute (AS) 39.35.255 that indicated the State of Alaska, as a participating employer, shall contribute to the System every payroll period an amount sufficient to pay the full actuarially determined employer normal cost, all contributions required under AS 39.30.370 (HRA) and AS 39.35.750 (all DCR costs – employer match, ODD, RMP), and past service costs for members at the contribution rate adopted by the Board under AS 37.10.220 for the fiscal year for that payroll period. The State of Alaska, as an employer, will pay the full actuarial determined employer contribution rate adopted by the Board for each fiscal year effective July 1, 2021.

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

Fiscal year 2022 had negative investment returns. Net investment income decreased from a gain of \$5,748,837,000 in fiscal year 2021, to a loss of \$1,613,903 in fiscal year 2022, a decrease of \$7,362,740,000 or 128.1%. During fiscal year 2022, the System's actual rate of return on investments was below the 7.38% actuarially assumed rate of return. 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 consulting actuary recommended a decrease from the System's actuarially determined contribution rate of 30.11% in fiscal year 2022 to 24.79% in fiscal year 2023. Additionally, the Board discussed not contributing the healthcare normal cost contribution rate of 2.84% since the Alaska Retiree HealthCare Trust is well above 100% funded. After the Board's actuarial committee discussed the healthcare trusts overfunding, they voted to not contribute the normal cost rate for fiscal year 2023. The Board adopted the fiscal year 2023 actuarially determined contribution rate of 24.79%, which represented a decrease of 5.32%. The statutory employer effective contribution rate remains at 22% for fiscal years 2023 and 2022. With the passage of SB 55, the State of Alaska as an employer will pay full actuarial rate beginning July 1, 2021.

The June 30, 2021 and 2020 actuarial valuation reports for the DB Plan reported funding ratios based on valuation assets of 85.5% and 79.3% respectively, as well as unfunded liabilities of \$3.2 billion and \$4.6 billion, respectively.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

For fiscal years 2023 and 2022, the DCR Plan's employer contribution rate was established by AS 39.35.255(a) at 22.00%, except for the State of Alaska as modified by SB 55. The DCR Plan's actuarially determined occupational death and disability rate was adopted by the Board for fiscal years 2023 and 2022 to be 0.68% for peace officers/firefighters; and 0.31% and 0.30%, respectively, for all others. The DCR Plan retiree medical plan actuarially determined contribution rate was adopted by the Board for fiscal years 2023 and 2022 to be 1.07% and 1.10%, respectively.

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 Public Employees' 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

**STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Combining Statement of Fiduciary Net Position

June 30, 2022

(With summarized financial information for June 30, 2021)

(In thousands)

	Defined benefit pension	Defined contribution pension	Other postemployment benefit plans				System total June 30, 2022	System total June 30, 2021
			Alaska Retiree Healthcare Trust	Occupational death and disability	Retiree medical	Health reimbursement arrangement		
Assets:								
Cash and cash equivalents:								
Short-term fixed-income pool	\$ 135,403	2,157	96,067	835	2,748	8,944	246,154	192,574
Empower money market fund – non-participant directed	—	1,278	—	—	—	—	1,278	776
Securities lending collateral	20,439	—	16,841	115	387	1,289	39,071	57,659
Total cash and cash equivalents	155,842	3,435	112,908	950	3,135	10,233	286,503	251,009
Receivables:								
Contributions	13,223	—	—	—	—	—	13,223	12,363
Due from State of Alaska General Fund	9,076	8,438	1,915	298	867	2,791	23,385	18,175
Due from Retiree Health Fund	—	—	—	—	—	—	—	2
Other accounts receivable	164	—	13,248	—	33	—	13,445	5,363
Total receivables	22,463	8,438	15,163	298	900	2,791	50,053	35,903
Investments, at fair value:								
Fixed-income securities:								
Alternative fixed income pool	293,460	—	242,343	1,660	5,617	18,671	561,751	555,087
Barclays aggregate bond fund	1,620,742	—	1,338,431	9,172	31,024	103,115	3,102,484	3,234,644
Opportunistic fixed income pool	386,188	—	318,920	2,186	7,392	24,570	739,256	—
US Treasury fixed income pool	—	—	—	—	—	—	—	809,893
Total fixed-income securities	2,300,390	—	1,899,694	13,018	44,033	146,356	4,403,491	4,599,624
Broad domestic equity:								
Large cap pool	2,406,109	—	1,986,998	13,617	46,058	153,081	4,605,863	5,737,244
Small cap pool	212,001	—	175,074	1,201	4,058	13,488	405,822	486,170
Total broad domestic equity	2,618,110	—	2,162,072	14,818	50,116	166,569	5,011,685	6,223,414
Global equity ex-U.S.:								
International equity pool	1,421,227	—	1,173,607	8,041	27,199	90,402	2,720,476	3,429,837
Emerging markets equity pool	318,049	—	262,649	1,800	6,088	20,235	608,821	728,617
Total global equity ex-U.S.	1,739,276	—	1,436,256	9,841	33,287	110,637	3,329,297	4,158,454
Opportunistic:								
Alternative beta pool	122,703	—	101,330	694	2,349	7,807	234,883	209,012
Alternative equity pool	111,333	—	91,940	630	2,131	7,083	213,117	261,744
Other opportunities pool	1,515	—	1,251	9	29	96	2,900	13,720
Tactical allocation strategies pool	394,238	—	325,567	2,231	7,547	25,082	754,665	841,031
Total opportunistic	629,789	—	520,088	3,564	12,056	40,068	1,205,565	1,325,507
Private equity pool	1,779,516	—	1,469,549	10,070	34,063	113,216	3,406,414	3,374,963
Real assets:								
Real estate pools	635,511	—	525,920	3,604	12,191	40,518	1,217,744	1,032,616
Real estate investment trust pool	177,771	—	146,806	1,006	3,403	11,310	340,296	363,888
Infrastructure private pool	281,576	—	232,529	1,594	5,390	17,914	539,003	501,265
Energy pool	22,431	—	18,524	127	429	1,427	42,938	41,819
Farmland pool	339,577	—	280,427	1,921	6,500	21,605	650,030	605,056
Timber pool	135,315	—	111,745	766	2,590	8,609	259,025	246,658
Total real assets	1,592,181	—	1,315,951	9,018	30,503	101,383	3,049,036	2,791,302
Other investment funds:								
Participant directed at fair value:								
Collective investment funds	—	517,247	—	—	—	—	517,247	621,217
Pooled investment funds	—	1,160,373	—	—	—	—	1,160,373	1,227,154
Participant directed at contract value:								
Synthetic investment contracts	—	119,505	—	—	—	—	119,505	116,277
Total other investment funds	—	1,797,125	—	—	—	—	1,797,125	1,964,648
Total investments	10,659,262	1,797,125	8,803,610	60,329	204,058	678,229	22,202,613	24,437,912
Other assets								
	15	—	967	—	—	—	982	984
Total assets	10,837,582	1,808,998	8,932,648	61,577	208,093	691,253	22,540,151	24,725,808
Liabilities:								
Claims payable	—	—	40,109	—	—	—	40,109	39,972
Accrued expenses	1,003	495	6,564	4	20	24	8,110	7,148
Forfeitures payable to employers	—	171	—	—	—	—	171	151
Securities lending collateral payable	20,439	—	16,841	115	387	1,289	39,071	57,659
Total liabilities	21,442	666	63,514	119	407	1,313	87,461	104,930
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals								
	\$ 10,816,140	1,808,332	8,869,134	61,458	207,686	689,940	22,452,690	24,620,878

See accompanying notes to financial statements.

**STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2022
(With summarized financial information for June 30, 2021)

(In thousands)

	Defined benefit pension	Defined contribution pension	Other postemployment benefit plans			System total June 30, 2022	System total June 30, 2021	
			Alaska Retiree Healthcare Trust	Occupational death and disability	Retiree medical			Health reimbursement arrangement
Additions (Reductions):								
Contributions:								
Employers	\$ 415,538	71,983	64,990	5,769	16,920	51,086	626,286	622,103
Plan members	66,412	127,485	—	—	—	—	193,897	188,469
Nonemployer State of Alaska	97,700	—	—	—	—	—	97,700	101,383
Total contributions	579,650	199,468	64,990	5,769	16,920	51,086	917,883	911,955
Investment income (loss):								
Net appreciation (depreciation) in fair value	(829,657)	(265,899)	(682,785)	(4,641)	(15,687)	(52,214)	(1,850,883)	5,549,974
Interest	41,436	—	34,039	220	746	2,489	78,930	65,254
Dividends	111,867	—	93,059	603	2,043	6,812	214,384	186,645
Total investment income (loss)	(676,354)	(265,899)	(555,687)	(3,818)	(12,898)	(42,913)	(1,557,569)	5,801,873
Less investment expense	28,523	2,754	23,216	152	517	1,680	56,842	53,586
Net investment income (loss) before securities lending activities	(704,877)	(268,653)	(578,903)	(3,970)	(13,415)	(44,593)	(1,614,411)	5,748,287
Securities lending income	333	—	274	2	6	20	635	688
Less securities lending expense	67	—	55	—	1	4	127	138
Net income from securities lending activities	266	—	219	2	5	16	508	550
Net investment income (loss)	(704,611)	(268,653)	(578,684)	(3,968)	(13,410)	(44,577)	(1,613,903)	5,748,837
Other income:								
Employer group waiver plan	—	—	54,052	—	139	—	54,191	52,416
Medicare retiree drug subsidy	—	—	594	—	1	—	595	189
Pharmacy rebates	—	—	47,329	—	86	—	47,415	37,936
Pharmacy management allowance	—	—	134	—	—	—	134	189
Miscellaneous income (expense)	187	(36)	125	—	—	16	292	1,309
Total other income	187	(36)	102,234	—	226	16	102,627	92,039
Total additions (reductions)	(124,774)	(69,221)	(411,460)	1,801	3,736	6,525	(593,393)	6,752,831
Deductions:								
Pension and postemployment benefits	953,055	—	485,327	456	505	530	1,439,873	1,385,828
Refunds of contributions	9,302	92,269	—	—	—	—	101,571	69,986
Administrative	9,038	5,925	18,220	33	100	35	33,351	33,681
Total deductions	971,395	98,194	503,547	489	605	565	1,574,795	1,489,495
Net increase (decrease)	(1,096,169)	(167,415)	(915,007)	1,312	3,131	5,960	(2,168,188)	5,263,336
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals:								
Balance, beginning of year	11,912,309	1,975,747	9,784,141	60,146	204,555	683,980	24,620,878	19,357,542
Balance, end of year	\$ 10,816,140	1,808,332	8,869,134	61,458	207,686	689,940	22,452,690	24,620,878

See accompanying notes to financial statements.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(1) Description

The State of Alaska Public Employees' Retirement System (PERS or the System) is a component unit of the State of Alaska (the State). The System is administered by the Division of Retirement and Benefits within the Department of Administration. 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 PERS or Teachers' Retirement System (TRS), two trustees who are PERS members, and two trustees who are TRS members.

PERS acts as the common investment and administrative agency for the following multiple-employer plans:

<u>Plan name</u>	<u>Type of plan</u>
Defined Benefit Pension Plan	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB)	
Alaska Retiree Healthcare Trust (ARHCT) Plan	Cost-sharing, Defined Benefit OPEB
Occupational Death and Disability (ODD) Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan (RMP)	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

At June 30, 2022, the number of participating local government employers and public organizations, including the State, was as follows:

	<u>Defined Benefit Pension</u>	<u>Defined Contribution Pension</u>	<u>OPEB plans</u>
State of Alaska	1	1	1
Municipalities	72	73	73
School districts	52	52	52
Other	25	25	25
Total employers	<u>150</u>	<u>151</u>	<u>151</u>

Inclusion in the plans is a condition of employment for eligible State employees, except as otherwise provided for judges, elected officers, and certain employees of the Alaska Marine Highway System. Any local government in the State may elect to have its permanent general and peace officer and firefighter employees covered by the System.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Defined Benefit Pension Plan

(a) General

The Defined Benefit Pension (DB) Plan provides pension benefits for eligible State and local government employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. With the passage of Senate Bill 141, the DB Plan is closed to all new members effective July 1, 2006.

The DB Plan's membership consisted of the following at June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	37,265
Inactive plan members entitled to but not yet receiving benefits	4,924
Inactive plan members not entitled to benefits	10,138
Active plan members	8,996
Total DB Plan membership	61,323

(b) Pension Benefits

Members hired prior to July 1, 1986, with five or more paid-up years of credited service, are entitled to monthly pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members first hired after June 30, 1986, the normal and early retirement ages are 60 and 55, respectively. Members with 30 or more years of credited service (20 years for peace officers and firefighters) may retire at any age and receive a normal benefit.

The normal monthly pension benefit is based on years of service and average monthly compensation. For members hired prior to July 1, 1996, and all peace officers and firefighters, the average monthly compensation is based upon the members' three highest, consecutive years' salaries. For all other members hired after June 30, 1996, average monthly compensation is based upon the members' five highest, consecutive years' salaries.

The benefit related to all years of credited service prior to July 1, 1986, and for years of service through a total of 10 years for general members, is equal to 2.00% of the member's average monthly compensation for each year of service. The benefit for each year over 10 years of service subsequent to June 30, 1986 is equal to 2.25% of the member's average monthly compensation for the second 10 years and 2.50% for all remaining years of service. For peace officers and firefighters, the benefit for years of service through a total of 10 years is equal to 2.00% of the member's average monthly compensation and 2.50% for all remaining years of service.

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

Married members must receive their benefits in the form of a joint and survivor annuity unless their spouse consents to another form of benefit or another person is eligible for benefits under a qualified domestic relations order.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

The DB Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

(c) Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and adopted by the Board as a contribution rate that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional contribution rate to finance any unfunded accrued liability. The DB Plan's members' contribution rates are 7.50% for peace officers and firefighters, 9.60% for some school district employees, and 6.75% for general DB Plan members, as required by statute. The statutory employer effective contribution rate is 22.00% of annual payroll, which for fiscal year 2022 is allocated 15.54% to the DB Pension Plan and 6.46% to the DB ARHCT Plan as determined by the actuary of the Plan. Alaska Statute (AS) 39.35.280 provides that the State, as a nonemployer contributing entity, contributes each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contribution rate is sufficient to pay the System's actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement Pension (DCR) Plan payroll. The DBUL amount for employers is computed as the difference between:

- (A) The amount calculated for the statutory employer effective contribution rate of 22.00% on eligible salary (except for the State of Alaska which pays the full actuarially determined contribution rate) less
- (B) The total of the employer contributions for:
 - (1) The defined contribution employer matching amount
 - (2) Major medical
 - (3) Occupational death and disability
 - (4) Health reimbursement arrangement.
- (C) But not less than zero.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds. For fiscal year 2022, the DBUL is allocated 100.00% to the DB Pension Plan and 0.00% to the DB ARHCT Plan.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(d) Refunds

DB Plan member contributions may be voluntarily or, under certain circumstances, involuntarily refunded to the member or a garnishing agency 60 days after termination of employment. Voluntary refund rights are forfeited on July 1 following the member's 75th birthday or within 50 years of the member's last termination date. Members who have had contributions refunded forfeit all retirement benefits, including postemployment healthcare benefits. Members are allowed to reinstate refunded service due to involuntary refunds by repaying the total involuntary refunded balance and accrued interest. Members are allowed to reinstate voluntarily refunded service by repaying the voluntarily refunded balance and accrued interest. Balances previously refunded to members accrue interest at the rate of 7.0% per annum compounded semiannually.

Defined Contribution Retirement Pension Plan

(a) General

The DCR Plan provides retirement benefits for eligible employees hired after July 1, 2006. Additionally, certain active members of the DB Plan were eligible to transfer to the DCR Plan if that member had not vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

At June 30, 2022, membership in the DCR Plan consisted of 2,492 peace officer and firefighter members and 22,913 other members.

(b) Retirement Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

(c) Contributions

State statutes require an 8.0% contribution rate for DCR Plan members. Employers are required to contribute 5.0% of the member's compensation.

(d) Participant Distributions and Refunds of Contributions

A member is eligible to request a refund of contributions from their account 60 days after termination of employment.

(e) Participant Accounts

Participant accounts under the DCR Plan are self-directed with respect to investment options.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record-keeping/administrative fees consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account and applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the recordkeeper and by the State. The investment management fees are netted out of the funds' performance.

Defined Benefit Other Postemployment Benefit Plans

(a) Alaska Retiree Healthcare Trust Plan

Beginning July 1, 2007, the ARHCT Plan, a healthcare trust fund of the State, was established. The ARHCT Plan is self-funded and provides major medical coverage to retirees of the DB Plan. The System retains the risk of loss of allowable claims for eligible members. The ARHCT Plan began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund.

Membership in the plan consisted of the following at June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	37,265
Inactive plan members entitled to but not yet receiving benefits	4,924
Inactive plan members not entitled to benefits	10,138
Active plan members	8,996
Total DB Plan membership	61,323

(i) OPEB Benefits

Major medical benefits to cover medical expenses are provided to retirees and their surviving spouses at no premium cost for all members hired before July 1, 1986 (Tier 1), and disabled retirees. Members hired after June 30, 1986 (Tier 2), and their surviving spouses with 5 years of credited service (or 10 years of credited service for those first hired after June 30, 1996 [Tier 3]) must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members with between 5 and 10 years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than 5 years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers and their surviving spouses with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(ii) *Contributions*

Employer contribution rates are actuarially determined and adopted by the Board. The 2022 statutory employer effective contribution rate is 22.00% of member's compensation, with 6.46% specifically allocated to ARHCT Plan.

(b) Occupational Death and Disability Plan

The Occupational Death and Disability Plan (ODD) provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. Members in the Death and Disability Plan consisted of the following at June 30, 2022:

Active plan members	25,405
Participating employers	151
Open claims	15

(i) *Death Benefits*

If (1) the death of an employee occurs before the employee's retirement and before the employee's normal retirement date, (2) the proximate cause of death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties, and (3) the injury or hazard is not the proximate result of willful negligence of the employee, then a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

If an active general DB Plan member dies from occupational causes, the spouse may receive a monthly pension equal to 40% of the DB Plan member's salary. If an active peace officer or firefighter DB Plan member dies from occupational causes, the spouse may receive a monthly pension equal to 50% of the DB Plan member's salary or 75% of the member's retirement benefit calculated as if the member had survived until normal retirement age, whichever is greater. When death is due to occupational causes and there is no surviving spouse, the DB Plan member's dependent child(ren) may receive the monthly pension until they are no longer dependents. If the member does not have a spouse or dependent children at the time of death, a lump-sum death benefit is payable to the named beneficiary(ies). The amount of the occupational death pension changes on the date the DB Plan member's normal retirement would have occurred if the DB Plan member had lived. The new benefit is based on the DB Plan member's average monthly compensation at the time of death and the credited service, including service that would have accrued if the DB Plan member had lived and continued to work until normal retirement. If the death was from nonoccupational causes and the DB Plan member was vested, the spouse may receive a monthly 50% joint and survivor option benefit based on the member's credited service and average monthly compensation at the time of death. If the DB Plan member is not married or vested, a lump-sum death benefit is payable to the named beneficiary(ies).

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

The monthly survivor's pension benefit for survivors of DCR Plan employees who were not peace officers or firefighters is 40% of the employee's monthly compensation in the month in which the employee dies. The monthly survivor's pension for survivors of employees who were peace officers or firefighters is 50% of the monthly compensation in the month in which the employee dies. While the monthly survivor's pension is being paid, the employer shall make contributions on behalf of the employee's beneficiaries based on the deceased employee's gross monthly compensation at the time of occupational death.

(ii) Disability Benefits

Active DB Plan members who become permanently disabled due to occupational or nonoccupational causes receive disability benefits until normal retirement age, or when the service requirement for normal retirement is met. Although there are no minimum service requirements for DB Plan members to be eligible for occupational disability, DB Plan members must be vested to receive nonoccupational disability benefits. The monthly occupational disability benefit is equal to 40% of the DB Plan member's salary at the time of the disability. The nonoccupational disability benefit is based on the DB Plan member's service and salary at the time of disability. At normal retirement age, a disabled general DB Plan member receives normal retirement benefits. A peace officer or firefighter DB Plan member may elect to receive normal retirement benefits calculated under the occupational disability benefit rules.

A DCR Plan member is eligible for an occupational disability benefit if employment is terminated because of a total and apparently permanent occupational disability before the member's normal retirement date. The occupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment.

(iii) Contributions

An employer shall contribute to each member's account based on the member's compensation. For fiscal year 2022, the rates are 0.68% for occupational death and disability for peace officers and firefighters and 0.31% for occupational death and disability for all other members.

(c) Retiree Medical Plan

The RMP is established under AS 39.35.880 – Medical Benefits. The Department of Administration, Division of Retirement and Benefits, which administers the System's health plans, finalized the Retiree Medical Plan for members eligible for the DCR Plan's health benefits plan in July 2016. The RMP provides major medical coverage to retirees of the DCR Plan. The RMP is self-insured. Members are not eligible to use the plan until they have at least 10 years of service and are Medicare age eligible.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Membership in the RMP was as follows at June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	120
Inactive plan members entitled to but not yet receiving benefits	2,423
Inactive plan members not entitled to benefits	18,044
Active plan members	25,405
Total RMP membership	45,992

(i) *OPEB Benefits*

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical coverage, to cover medical expenses, takes effect on the first day of the month following the date of the RMP administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors, and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement account until the account balance becomes insufficient to pay the premiums; at this time, the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical coverage for an eligible member or surviving spouse who is:

- (1) Not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) Eligible for Medicare is the following percentage of the premium:
 - (a) 30% if the member had 10 or more, but less than 15, years of service
 - (b) 25% if the member had 15 or more, but less than 20, years of service
 - (c) 20% if the member had 20 or more, but less than 25, years of service
 - (d) 15% if the member had 25 or more, but less than 30, years of service
 - (e) 10% if the member had 30 or more years of service.

(ii) *Contributions*

Employer contribution rates are actuarially determined and adopted by the Board. The 2022 employer effective contribution rate is 1.07% of member's compensation.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Defined Contribution Other Postemployment Benefit Plan

(a) General

The Health Reimbursement Arrangement (HRA) Plan is established under AS 39.30.300. The Department of Administration, Division of Retirement and Benefits administers the System's health plans. The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006, at which time contributions by employers began.

Membership in the plan was as follows as of June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	169
Inactive plan members entitled to but not yet receiving benefits	2,423
Inactive plan members not entitled to benefits	18,044
Active plan members	25,405
Total HRA Plan membership	46,041

(b) OPEB Benefits

Persons who meet the eligibility requirements of AS 39.35.870 are eligible for reimbursements from the individual account established for a member under the HRA Plan but do not have to retire directly from the System.

The Plan Administrator may deduct the cost of monthly premiums from the HRA individual account for the RMP insurance on behalf of an eligible person who elected the retiree major medical insurance under AS 39.35.880. Upon application of an eligible person, the HRA Plan administrator shall reimburse the costs for medical care expenses defined in 26 USC 213(d). Reimbursement is limited to the medical expenses of (1) an eligible member, the spouse of an eligible member, and the dependent children of an eligible member; or (2) a surviving spouse and the dependent children of an eligible member dependent on the surviving spouse. When the member's individual account balance is exhausted, any deductions from the HRA individual account end. If all eligible persons die before exhausting the member's individual account, the account balance reverts to the HRA Plan.

(c) Contributions

An employer shall contribute to the HRA Plan trust fund an amount equal to 3.00% of the average annual compensation of all employees in the TRS and PERS. The administrator maintains a record of each member to account for employer contributions on behalf of that member. The 2022 contribution amount was an annual contribution not to exceed \$2,168 and was required for every pay period in which the employee was enrolled in the DCR Plan, regardless of the compensation paid during the year. An amount less than \$2,168 would be deposited to a member's account if that member worked less than a full year.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(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 and refunds 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) Defined Benefit Pension and OPEB 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.

(d) Defined Contribution Participant-directed Investments

The Board contracts with an external investment manager, through the Treasury, who is given the authority to invest in a wholly owned pooled environment to accommodate 14 participant-directed funds. Additionally, the Board contracts with external managers who manage a mix of collective investment funds and synthetic investment contracts. Income for the pooled investment and collective investment funds is credited to the fund's net asset value on a daily basis and allocated to pool participants daily on a pro rata basis.

Collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by the DCR Plan. The unit value is determined by the Trustees based on fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Pooled participant-directed investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by the DCR Plan. The unit value is determined by the Trustees based on fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis. Underlying assets comprise domestic and international stocks, investment-grade bonds, federally guaranteed mortgages, money market instruments, and other cash equivalent instruments with maturities of less than one year, which include but are not limited to commercial paper, asset-backed securities, banker acceptances, certificates of

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

deposit with ratings of A1/P1 or better as well as obligations of the U.S. government and its agencies, and repurchase agreements collateralized by U.S. Treasury instruments.

Synthetic Investment Contracts (SICs) are included in the Plan's statements at contract value. The Board's investment manager entered into the investment contracts, on behalf of the Board, with four financial institutions who provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. They are fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration.

(e) Contributions Receivable

Contributions from the System's members and employers applicable to payrolls received through July 15 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.

(f) Due from State of Alaska General Fund

Amounts due from 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 Employer Group Waiver Plan (EGWP) rebates, Medicare Part D Retiree Drug Subsidy (RDS) 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 an accrual basis.

(h) Administrative Costs

Administrative costs are paid from contributions. The Board has established a funding policy objective that the required contributions be sufficient to pay the plan administrative expenses, normal costs, and past service costs.

(i) Federal Income Tax Status

The DB Plan and DCR Plan are qualified plans under Sections 401(a) and 414(d) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a).

(j) Reclassifications

The System made certain reclassifications to the 2021 balances in the accompanying supplemental schedules to make them consistent with the 2022 presentation.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(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. Additionally, Treasury manages a mix of pooled investment funds, collective investment funds and SICs for the DCR participant-directed pension plans under the Board's fiduciary responsibility.

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.

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, 2022 for the DB Pension Plan is (6.00)%, the ARHCT Plan is (6.03)%, the ODD Plan is (6.30)%, and the RMP is (6.28)%.

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>

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(4) Net Pension Liability – Defined Benefit Pension Plan

The components of the net pension liability of the participating employers at June 30, 2022 were as follows (in thousands):

Total pension liability	\$	15,912,991
Plan fiduciary net position		<u>(10,816,140)</u>
Employers' net pension liability	\$	<u>5,096,851</u>
Plan fiduciary net position as a percentage of the total pension liability		67.97%

(a) Actuarial Assumptions

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

Inflation	2.50% per year
Salary increases	For Peace Officer/Firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.75%.
Mortality - Peace Officer / Firefighter	<p>Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Mortality - Others Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time.

Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Other Please see the experience study report dated July 15, 2022.

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, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%).

Asset class	Long-term expected real rate of return
Domestic equity	6.51%
Global equity (ex-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(b) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and 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 4.09% as of June 30, 2022.

(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, 2022, calculated using the discount rate of 7.25%, 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 (in thousands):

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net pension liability	\$ 6,861,457	5,096,851	3,608,924

(5) Net OPEB Asset

The components of the net OPEB asset of the participating employers for each Plan at June 30, 2022 were as follows (in thousands):

	ARHCT Plan	ODD Plan	RMP
Total OPEB liability	\$ 6,901,568	17,620	172,956
Plan fiduciary net position	(8,869,134)	(61,458)	(207,686)
Employers' net OPEB asset	\$ (1,967,566)	(43,838)	(34,730)
Plan fiduciary net position as a percentage of the total OPEB liability	128.51%	348.80%	120.08%

(a) Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For All Others, increases range from 6.75% to 2.85% based on service.
Investment rate of return	7.25%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.75%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT Plan and RMP)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 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.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Peace officer/firefighter (ODD Plan)	<p>Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Mortality All Others (ARHCT Plan and RMP)	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

All Others (ODD Plan)	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
(ARHCT Plan and ODD)	<p>Deaths are assumed to result from occupational causes 35% of the time.</p>
Other	<p>Please see the experience study report dated July 15, 2022.</p>

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

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

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

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

postretirement healthcare plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%):

Asset class	Long-term expected real rate of return
Broad domestic equity	6.51%
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 7.25%. 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 4.09% as of June 30, 2022.

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

The following presents the net OPEB asset as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the System's net OPEB liability (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 (in thousands):

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
ARHCT Plan	\$ (1,169,018)	(1,967,566)	(2,637,220)
ODD Plan	(41,295)	(43,838)	(45,827)
RMP	6,388	(34,730)	(66,086)

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

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

The following presents the net OPEB asset as of June 30, 2022, calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation report, as well as what the System's net OPEB liability (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 (in thousands):

	<u>1.00% decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1.00% increase</u>
ARHCT Plan	\$ (2,715,997)	(1,967,566)	(1,073,795)
ODD Plan	N/A	N/A	N/A
RMP	(70,392)	(34,730)	13,304

(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 ARHCT and Retiree Medical 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 (in thousands):

	<u>2022</u>	<u>2021</u>
Total, beginning of year	\$ 39,972	35,336
Healthcare benefits	485,832	463,224
Benefits paid	<u>(485,695)</u>	<u>(458,588)</u>
Total, end of year	<u>\$ 40,109</u>	<u>39,972</u>

(7) 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 and the RMP. The enhanced EGWP leverages increased federal subsidies to the ARHCT Plan and the RMP 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 and RMP 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.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(8) 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.

(9) 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.

The System was a defendant in a class action lawsuit against the State alleging that the passage of Senate Bill (SB) 141 violated the Alaska Constitution by extinguishing a former member's ability to re-enter the PERS / TRS defined benefits plan. According to SB 141, a PERS / TRS defined benefit former member would have to re-employ into an eligible defined benefit position by June 30, 2010 or lose that former member's status (tier standing). If that former member re-entered the workforce in a valid PERS / TRS position but after June 30, 2010, that person would become a defined contribution retirement plan member, rather than reinstated into their prior defined benefit status (tier standing). The lawsuit challenged the effect of SB 141 as an unconstitutional diminishment of a promised defined benefit.

In April 2021, the Alaska Supreme Court found that a former member's ability to reinstate PERS / TRS status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Court held that not allowing former members to buy back into PERS / TRS defined benefit status resulted in an unconstitutional diminishment. This decision could lead to an increase in the number of employees previously believed to be ineligible for the defined benefit plan by operation of SB 141 for PERS / TRS. The case was returned to the Superior Court and the Department of Law filed a motion for final judgment. The Superior Court granted the motion for final judgment, awarded judgment on attorney's fees, and ordered the Division to notify class members by the end of May 2022 of their right to seek reinstatement into the defined benefit plan and the procedures to do so.

The Division continues to determine the impact of this decision on PERS and TRS. The Division is working with impacted former members who meet the requirements to re-establish their position in the defined benefits plan. However, it is unclear exactly how many former members will seek to reinstate to the defined benefits plan or the precise impact the reintroduction of those former members to the defined benefits plan will cost.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

**STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net Pension Liability and Related Ratios – Defined Benefit Pension Plan

Last 10 Fiscal Years

(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability:										
Service cost	\$ 119,376	130,592	141,556	157,708	170,816	184,411	172,304	184,712	160,828	167,203
Interest	1,120,832	1,107,399	1,079,549	1,118,574	1,108,068	1,072,312	1,049,226	1,020,947	940,786	927,692
Differences between expected and actual experience	(172,703)	(97,514)	81,120	(243,120)	(302,874)	(184,252)	(118,947)	10,791	—	56,229
Changes of assumptions	227,035	—	—	502,790	—	—	—	541,390	—	—
Benefit payments, including refunds of member contributions	(962,357)	(930,006)	(895,523)	(848,019)	(812,877)	(777,187)	(742,174)	(696,542)	(651,917)	(634,187)
Net change in total pension liability	332,183	210,471	406,702	687,933	163,133	295,284	360,409	1,061,298	449,697	516,937
Total pension liability – beginning	15,580,808	15,370,337	14,963,635	14,275,702	14,112,569	13,817,285	13,456,876	12,395,578	11,945,881	11,428,944
Total pension liability – ending (a)	15,912,991	15,580,808	15,370,337	14,963,635	14,275,702	14,112,569	13,817,285	13,456,876	12,395,578	11,945,881
Plan fiduciary net position:										
Contributions – employer	415,538	414,741	350,028	350,601	299,665	263,597	235,360	226,136	206,204	179,976
Contributions – member	66,412	70,614	74,514	79,609	84,956	89,345	96,024	100,036	106,565	110,808
Contributions – nonemployer entity (State)	97,700	101,383	79,487	67,857	72,719	99,167	88,586	1,000,000	176,794	164,087
Total net investment income (loss)	(704,611)	2,794,112	378,119	540,088	725,310	1,048,006	(49,967)	253,311	1,207,484	738,656
Benefit payments, including refunds of member contributions	(962,357)	(930,006)	(895,523)	(848,019)	(812,877)	(777,187)	(742,175)	(696,542)	(651,917)	(610,247)
Administrative expenses	(9,038)	(8,232)	(7,017)	(7,429)	(6,250)	(7,526)	(7,243)	(7,553)	(8,223)	(7,120)
Other income	187	536	148	23	25	38	240	36	49	28
Net change in plan fiduciary net position	(1,096,169)	2,443,148	(20,244)	182,730	363,548	715,440	(379,175)	875,424	1,036,956	576,188
Plan fiduciary net position – beginning	11,912,309	9,469,161	9,489,405	9,306,675	8,943,127	8,227,687	8,606,862	7,731,438	6,694,482	6,118,294
Plan fiduciary net position – ending (b)	10,816,140	11,912,309	9,469,161	9,489,405	9,306,675	8,943,127	8,227,687	8,606,862	7,731,438	6,694,482
Plan's net pension liability (a)–(b)	\$ 5,096,851	3,668,499	5,901,176	5,474,230	4,969,027	5,169,442	5,589,598	4,850,014	4,664,140	5,251,399
Plan fiduciary net position as a percentage of the total pension liability	67.97 %	76.46 %	61.61 %	63.42 %	65.19 %	63.37 %	59.55 %	63.96 %	62.37 %	56.04 %
Covered payroll	\$ 831,409	893,910	956,120	1,033,526	1,096,605	1,166,107	1,251,066	1,328,384	1,405,197	1,470,540
Net pension liability as a percentage of covered payroll	613.04 %	410.39 %	617.20 %	529.67 %	454.37 %	443.31 %	446.79 %	365.11 %	331.92 %	357.11 %

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

STATE OF ALASKA
PUBLIC EMPLOYEES' 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

(In thousands)

<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>
2022	\$ 502,772	513,238	(10,466)	831,409	61.73 %
2021	495,499	516,123	(20,624)	893,910	57.74 %
2020	429,322	429,515	(193)	956,120	44.92 %
2019	414,243	418,458	(4,215)	1,033,526	40.49 %
2018	395,663	372,383	23,280	1,096,605	33.96 %
2017	368,766	362,764	6,002	1,166,107	31.11 %
2016	566,615	323,946	242,669	1,251,066	25.89 %
2015	529,264	1,226,136	(696,872)	1,328,384	92.30 %
2014	358,718	382,998	(24,280)	1,405,197	27.26 %
2013	382,889	344,063	38,826	1,470,540	23.40 %

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

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Defined Benefit Pension Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.00)%
2021	29.77 %
2020	4.03 %
2019	5.88 %
2018	8.26 %
2017	12.99 %
2016	(0.36)%
2015	3.12 %
2014	18.43 %

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

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

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 73,661	82,428	95,615	119,782	110,333	114,109
Interest	523,716	535,241	577,711	684,429	647,310	623,599
Change in benefit terms	(63,712)	—	—	—	—	—
Differences between expected and actual experience	(60,449)	(80,821)	(88,229)	(147,463)	(149,287)	(28,042)
Changes of assumptions	(391,276)	(290,836)	(766,624)	(965,602)	259,497	—
Benefit payments, including refunds of member contributions	(453,211)	(440,234)	(407,069)	(420,429)	(413,273)	(405,872)
EGWP rebates	54,052	52,356	33,177	7,066	—	—
Net change in total OPEB liability	(317,219)	(141,866)	(555,419)	(722,217)	454,580	303,794
Total OPEB liability – beginning	7,218,787	7,360,653	7,916,072	8,638,289	8,183,709	7,879,915
Total OPEB liability – ending (a)	6,901,568	7,218,787	7,360,653	7,916,072	8,638,289	8,183,709
Plan fiduciary net position:						
Contributions – employer	64,990	68,191	107,298	102,266	85,731	124,541
Contributions – EGWP rebates	54,052	52,356	33,177	7,066	—	—
Contributions – RDS	594	189	—	20,481	5,965	—
Total net investment income	(578,684)	2,294,391	318,157	449,098	598,342	859,980
	(459,048)	2,415,126	458,632	578,911	690,038	984,521
Benefit payments	(485,327)	(462,977)	(439,785)	(444,143)	(422,378)	(405,872)
Pharmacy rebates	47,329	37,901	48,006	36,921	20,268	—
Pharmacy management allowance	134	189	—	—	—	—
Administrative Services Only (ASO) fees	(15,347)	(15,347)	(15,290)	(13,207)	(11,163)	—
Net benefit payments	(453,211)	(440,234)	(407,069)	(420,429)	(413,273)	(405,872)
Administrative expenses, excluding ASO fees	(2,873)	(4,859)	(6,203)	(3,665)	(3,822)	(15,960)
Other	125	597	459	874	106	43,009
Net change in plan fiduciary net position	(915,007)	1,970,630	45,819	155,691	273,049	605,698
Plan fiduciary net position – beginning	9,784,141	7,813,511	7,767,692	7,612,001	7,338,952	6,733,254
Plan fiduciary net position – ending (b)	8,869,134	9,784,141	7,813,511	7,767,692	7,612,001	7,338,952
Plan's net OPEB (asset) liability (a)–(b)	\$ (1,967,566)	(2,565,354)	(452,858)	148,380	1,026,288	844,757
Plan fiduciary net position as a percentage of the total OPEB liability	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%
Covered payroll	\$ 831,409	893,910	956,120	1,033,526	1,096,605	1,166,107
Net OPEB (asset) liability as a percentage of covered payroll	(236.65%)	(286.98%)	(47.36%)	14.36%	93.59%	72.44%

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

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

Last 10 Fiscal Years

(In thousands)

<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>
2022	\$ 75,091	64,990	10,101	831,409	7.82 %
2021	101,330	68,191	33,139	893,910	7.63 %
2020	114,783	107,298	7,485	956,120	11.22 %
2019	99,083	102,266	(3,183)	1,033,526	9.89 %
2018	71,251	85,731	(14,480)	1,096,605	7.82 %
2017	133,845	124,541	9,304	1,166,107	10.68 %
2016	790,824	193,564	597,260	1,251,066	15.47 %
2015	782,258	171,028	611,230	1,328,384	12.87 %
2014	783,827	340,458	443,369	1,405,197	24.23 %
2013	612,792	373,205	239,587	1,470,540	25.38 %

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

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.03)%
2021	30.00 %
2020	4.16 %
2019	6.03 %
2018	8.35 %
2017	12.69 %

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB Liability and Related Ratios – Occupational Death and Disability Plan

(In thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 5,456	5,133	4,808	3,870	3,565	3,419
Interest	1,572	1,458	1,244	1,205	1,275	977
Differences between expected and actual experience	(5,014)	(4,919)	(3,022)	(3,252)	(5,625)	(470)
Changes in assumptions	(10)	—	—	(528)	—	—
Benefit payments, including refunds of member contributions	(456)	(431)	(479)	(398)	(392)	(313)
Net change in total OPEB liability	1,548	1,241	2,551	897	(1,177)	3,613
Total OPEB liability – beginning	16,072	14,831	12,280	11,383	12,560	8,947
Total OPEB liability – ending (a)	17,620	16,072	14,831	12,280	11,383	12,560
Plan fiduciary net position:						
Contributions – employers	5,769	5,334	4,387	4,083	2,215	2,196
Total net investment income	(3,968)	13,182	1,658	2,036	2,233	2,938
Benefit payments	(456)	(431)	(479)	(398)	(392)	(313)
Administrative expenses	(33)	(32)	—	(1)	—	(18)
Other	—	2	—	—	—	—
Net change in plan fiduciary net position	1,312	18,055	5,566	5,720	4,056	4,803
Plan fiduciary net position – beginning	60,146	42,091	36,525	30,805	26,749	21,946
Plan fiduciary net position – ending (b)	61,458	60,146	42,091	36,525	30,805	26,749
Plan's net OPEB asset (a)–(b)	\$ (43,838)	(44,074)	(27,260)	(24,245)	(19,422)	(14,189)
Plan fiduciary net position as a percentage of the total OPEB liability	348.80 %	374.23 %	283.80 %	297.43 %	270.62 %	212.97 %
Covered payroll	\$ 1,575,906	1,460,483	1,353,078	1,256,848	1,133,799	1,040,377
Net OPEB asset as a percentage of covered payroll	(2.78)%	(3.02)%	(2.01)%	(1.93)%	(1.71)%	(1.36)%

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions – Occupational Death and Disability Plan

Last 10 Fiscal Years

(In thousands)

<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>
2022	\$	5,617	5,769	(152)	1,575,906	0.37 %
2021		5,266	5,334	(68)	1,460,483	0.37 %
2020		4,321	4,387	(66)	1,353,078	0.32 %
2019		3,944	4,083	(139)	1,256,848	0.32 %
2018		2,190	2,215	(25)	1,133,799	0.20 %
2017		2,226	2,196	30	1,040,377	0.21 %
2016		2,601	3,104	(503)	867,000	0.36 %
2015		2,337	2,790	(453)	778,980	0.36 %
2014		2,080	2,372	(292)	678,840	0.35 %
2013		1,328	1,541	(213)	590,380	0.26 %

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

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Occupational Death and Disability Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.30)%
2021	29.55 %
2020	4.28 %
2019	6.22 %
2018	8.06 %
2017	11.97 %

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB (Asset) Liability and Related Ratios – Retiree Medical Plan

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 16,428	15,100	15,726	13,465	12,269	10,394
Interest	14,317	12,079	11,651	10,093	7,916	6,425
Change in benefit terms	(2,376)	—	—	—	—	—
Differences between expected and actual experience	(406)	2,233	42	(1,340)	(724)	(46)
Change of assumptions	(32,415)	(184)	(20,884)	7,303	6,623	—
Benefit payments	(444)	(237)	(69)	(109)	(41)	—
EGWP rebates	139	60	34	10	—	—
Net change in total OPEB liability	(4,757)	29,051	6,500	29,422	26,043	16,773
Total OPEB liability – beginning	177,713	148,662	142,162	112,740	86,697	69,924
Total OPEB liability – ending (a)	172,956	177,713	148,662	142,162	112,740	86,697
Plan fiduciary net position:						
Contributions – employer	16,920	18,559	17,846	11,736	11,657	12,280
Contributions – EGWP rebates	139	60	35	10	—	—
Contributions – RDS	1	—	—	9	—	—
Total net investment income	(13,410)	44,619	5,546	6,591	6,919	8,506
	3,650	63,238	23,427	18,346	18,576	20,786
Benefit payments	(505)	(247)	(98)	(128)	(41)	—
Pharmacy rebates	86	35	29	19	—	—
ASO fees	(25)	(25)	—	—	—	—
Net benefit payments	(444)	(237)	(69)	(109)	(41)	—
Administrative expenses, excluding ASO fees	(75)	(22)	(27)	(14)	(4)	(12)
Other	—	7	—	—	2	1
Net change in plan fiduciary net position	3,131	62,986	23,331	18,223	18,533	20,775
Plan fiduciary net position – beginning	204,555	141,569	118,238	100,015	81,482	60,707
Plan fiduciary net position – ending (b)	207,686	204,555	141,569	118,238	100,015	81,482
Plan's net OPEB (asset) liability (a)–(b)	\$ (34,730)	(26,842)	7,093	23,924	12,725	5,215
Plan fiduciary net position as a percentage of the total OPEB liability	120.08 %	115.10 %	95.23 %	83.17 %	88.71 %	93.98 %
Covered payroll	\$ 1,575,906	1,460,483	1,353,078	1,256,848	1,133,799	1,040,377
Net OPEB (asset) liability as a percentage of covered payroll	(2.20)%	(1.84)%	0.52 %	1.90 %	1.12 %	0.50 %

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions – Retiree Medical Plan

Last 10 Fiscal Years

(In thousands)

<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>
2022	\$	16,565	16,920	(355)	1,575,906	1.07 %
2021		18,326	18,559	(233)	1,460,483	1.27 %
2020		17,725	17,846	(121)	1,353,078	1.32 %
2019		11,451	11,736	(285)	1,256,848	0.93 %
2018		11,654	11,657	(3)	1,133,799	1.03 %
2017		12,506	12,280	226	1,040,377	1.18 %
2016		16,907	16,184	723	867,000	1.87 %
2015		15,190	14,552	638	778,980	1.87 %
2014		3,937	3,708	229	678,840	0.55 %
2013		3,365	3,195	170	590,380	0.54 %

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

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Required Supplementary Information (Unaudited)
Schedule of Investment Returns – Retiree Medical Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.28)%
2021	29.54 %
2020	4.33 %
2019	6.21 %
2018	7.89 %
2017	11.93 %

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
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(1) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck. The significant actuarial methods and assumptions used in the defined benefit pension and postemployment healthcare benefit plan valuation as of June 30, 2021 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.

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 equals the change in UAAL at June 30, 2018 due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the difference between actual and expected UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

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 assumed retirement age 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.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (b) Valuation of assets – The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY15, 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 audited financial statements.
- (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.). 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 – Rates based upon the 2013–2017 actual experience. Inflation 2.50% per year and productivity 0.25% per year.
- (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) Mortality (pre-commencement) – Mortality rates based upon the 2013–2017 actual experience. 100% of male and female of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 75% of the time for Peace Officer/Firefighters, and 40% of the time for Others.
- (i) Mortality (post-commencement) – Mortality rates based upon the 2013–2017 actual experience. 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (j) Total turnover – Select and ultimate rates based upon the 2013–2017 actual experience
- (k) Disability – Incidence rates based on the 2013–2017 actual experience. Disability rates cease once a member is eligible for retirement. Post-disability mortality in accordance with the RP-2014 disability table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Disabilities are assumed to be occupational 75% of the time for Peace Officer/Firefighters, 40% of the time for Others.

- (l) Retirement – Retirement rates based on the 2013–2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date. The modified cash refund annuity is valued as a three-year certain and life annuity.
- (m) Spouse age difference – Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.
- (n) Percent married for pension – For others, 75% of male members and 70% female members are assumed to be married. For peace officer/firefighters, 85% of male members and 60% of female members are assumed to be married.
- (o) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. For others, 65% of male members and 60% female members are assumed to be married and cover a dependent spouse. For peace officer/firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse.
- (p) 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).
- (q) Contribution refunds – For all others, 5% of terminating members with vested benefits are assumed to have their contributions refunded. For peace officers/firefighters, 10% of terminating members with vested benefits are assumed to have their contributions refunded; 100% of those with non-vested benefits are assumed to have their contributions refunded.
- (r) 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.
- (s) Active rehire assumption – The normal cost used for determining contribution rates and in the projections includes a rehire assumption to account for anticipated rehires. The normal cost includes the following assumptions (which were developed based on the five years of rehire loss experience

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

through June 30, 2017). For projections, these assumptions were assumed to grade to zero uniformly over a 20-year period. Pension – 18.77% and Healthcare – 17.09%.

- (t) Re-employment option – All re-employed retirees are assumed to return to work under the standard option.
- (u) Active data adjustment – No adjustment was made to reflect participants who terminate employment before the valuation date and are subsequently rehired after the valuation date.
- (v) Alaska Cost of Living Allowance (COLA) – Of those benefit recipients who are eligible for the COLA, 70% of Others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.
- (w) Postretirement pension adjustment (PRPA) – 50% and 75% of assumed inflation, or 1.25% and 1.875%, respectively, is valued for the annual automatic PRPA as specified in the statute.
- (x) Expenses – The investment return assumption is net of investment expenses. The Normal Cost as of June 30, 2021 was increased by the following amounts for administrative expenses (for projections, the percentage increase was assumed to remain constant in future years): Pension – \$7,625,000 and Healthcare – \$5,531,000.
- (y) Part-time status – Part-time employees are assumed to earn 1.00 years of credited service per year for peace officer/firefighter and 0.75 years of credited service per year for Other members.
- (z) Service – Total credited service is provided by the State. This service is assumed to be the only service that should be used to calculate benefits. Additionally, the State provides claimed service (including Bureau of Indian Affairs service). Claimed service is used for vesting and eligibility purposes.
- (aa) Final average earnings – Final average earnings is provided on the data for active members. This amount is used as a minimum in the calculation of the average earnings in the future.
- (bb) Per capita claims cost – Sample claims cost rates adjusted to age 65 for FY22 medical and prescription drug benefits are shown below:

	Medical	Prescription drugs
Pre-Medicare	\$ 15,926	3,375
Medicare Parts A and B	1,619	3,474
Medicare Part B only	5,341	3,474
Medicare Part D – EGWP	N/A	1,131

The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications. The pre-Medicare medical costs reflect the coverage of additional preventive benefits.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2022 fiscal year (July 1, 2021–June 30, 2022).

The EGWP subsidy is assumed to increase in future years by the trend rates shown on the following page. 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.

- (cc) Third-party administrator fees – \$493 per person per year; assumed to increase at 4.5% per year.
- (dd) 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.
- (ee) 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, 6.3% is applied to the FY22 pre-Medicare medical claims cost to get the FY23 medical claims cost:

<u>Fiscal year</u>	<u>Medical Pre-65</u>	<u>Medical Post-65</u>	<u>Prescription drugs/EGWP</u>
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.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)
June 30, 2022

(ff) 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+	—	—

(gg) Retired member contributions for medical benefits – Currently, contributions are required for System members who are under age 60 and have less than 30 years of service (25 for peace officers/ firefighters). Eligible tier 1 members are exempt from contribution requirements. Annual FY22 contributions based on monthly rates shown below for calendar 2022 are assumed based on the coverage category for current retirees. The retiree only rate shown is used for current active and inactive members and spouses in tier 2 or 3 who are assumed to retire prior to age 60 with less than 30 years of service and who are not disabled. For dependent children, the System values one-third of the annual retiree contribution to estimate the per-child rate based upon the assumed number of children in rates where children are covered.

Coverage category	Calendar 2022		Calendar 2021
	Annual contribution	Monthly contribution	Monthly contribution
Retiree only	\$ 8,448	704	704
Retiree and spouse	16,896	1,408	1,408
Retiree and child(ren)	11,940	995	995
Retiree and family	20,388	1,699	1,699
Composite	12,552	1,046	1,046

(hh) Trend rate for retired member medical contributions – The table below shows the rate used to project the retired member medical contributions from the shown fiscal year to the next fiscal year. For example, 0.0% is applied to the FY22 retired member medical contributions to get the FY22 retired member medical contributions.

Fiscal year	Trend assumption
2022	—%
2023 +	4.0

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Graded trend rates for retired member medical contributions are consistent with the rates used for the June 30, 2020 valuation. Actual FY22 retired member medical contributions are reflected in the valuation.

- (ii) Healthcare participation – 100% of System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 20% of non-System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

The significant actuarial methods and assumptions used in the defined contribution occupational death and disability and retiree medical benefit plans valuation as of June 30, 2021 were as follows:

- (a) Actuarial cost method – Liabilities and contributions shown 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 percentage of expected payroll.
- (b) Valuation of assets – Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method was phased in over five years. Fair value of assets was \$0 as of June 30, 2006. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements. Valuation 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 – Due to the lack of experience for the DCR retiree medical plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2021 for the Defined Benefit (DB) retiree medical plan covering TRS and PERS. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DCR medical plan and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, projected FY22 claims costs were reduced 3.1% for medical claims, and 8.9% for prescription drugs. In addition, to account for the difference in Medicare coordination, projected FY22 medical claims costs for Medicare eligible retirees were further reduced 29.5%.

To adjust for the decrease in medical claims due to COVID-19 during the last 4 months of FY20, the per capita cost during the first 8 months was used as the basis for estimating claims that would have occurred in the absence of COVID-19. FY21 experience was also thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY21 claims was appropriate for use in the June 30, 2021 valuation. FY21 medical per capita claims were noticeably lower than expected, so a 4% load was added to the FY21 medical claims used in the per capita claims cost development to better reflect future expected long-term costs of the plan.

No implicit subsidies are assumed. Employees projected to retire with 30 years of service (25 years of service for Peace/Fire) prior to Medicare are valued with commencement deferred to Medicare eligibility because those members will be required to pay the full plan premium prior to Medicare.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Explicit subsidies for disabled and normal retirement are determined using the plan-defined percentages of age-related total projected plan costs, again with no implicit subsidy assumed.

The State transitioned to an Employer Group Waiver Program (EGWP) for DCR participants effective January 1, 2019. The estimated 2022 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates).

- (d) Investment return – 7.38% per year, net of investment expenses.
- (e) Salary scale – Salary scale rates based upon the 2013–2017 actual experience. Inflation 2.50% per year. Productive 0.25% per year.
- (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) Mortality (pre-commencement) – Mortality rates based upon the 2013–2017 actual experience, 100% of male and female of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 75% of the time for peace officer/firefighters, and 40% of the time for others.
- (i) Mortality (post-commencement) – Mortality rates based upon the 2013–2017 actual experience, 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (j) Total turnover – Select and ultimate rates based upon the 2013–2017 actual experience
- (k) Disability – Incidence rates based upon the 2013–2017 actual experience. For retiree medical benefits, the disability rates cease once a member is eligible for retirement. However, the disability rates continue after retirement eligibility for occupational death and disability benefits. Disabilities are assumed to be occupational 75% of the time for peace officer/firefighters, and 40% of the time for others. For peace officer/firefighters, members are assumed to take the monthly annuity 100% of the time.

Post-disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (l) Retirement – Retirement rates based upon the 2013–2017 actual experience.
- (m) Spouse age difference – Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.
- (n) Percent married for occupational death and disability – For others, 75% of male members and 70% female members are assumed to be married. For peace officer/firefighters, 85% of male members and 60% of female members are assumed to be married.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (o) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. For others, 65% of male members and 60% female members are assumed to be married and cover a dependent spouse. For peace officer/firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse.
- (p) Part-time status – Part-time employees are assumed to earn 1.00 years of credited service per year for peace officer/firefighters and 0.75 years of credited service per year for other members.
- (q) Peace officer/firefighter occupational disability retirement benefit commencement – The occupational disability retirement benefit is assumed to be first payable from the member's DC account and the retirement benefit payable from the occupational death and disability trust will commence five years later.
- (r) Per capita claims cost – Sample claims cost rates (before base claims cost adjustments described below) adjusted to age 65 for FY22 medical and prescription drug benefits are shown below:

	Medical	Prescription drugs
Pre-Medicare	\$ 15,708	3,375
Medicare Parts A and B	1,619	3,474
Medicare Part D - EGWP	N/A	1,131

The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications.

Members are assumed to attain Medicare eligibility at age 65. All other costs are for the 2022 fiscal year (July 1, 2021–June 30, 2022).

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.

- (s) Third-party administrator fees – \$493 per person per year; assumed to increase at 4.5% per year.
- (t) Base claims cost adjustments – Due to higher initial copays, deductibles, out of pocket limits, and member cost sharing compared to the DB medical plan, the following cost adjustments are applied to the per capita claims cost rates above: 0.969 for pre-Medicare medical; 0.674 for both Medicare medical and the Medicare coordination method (3.1% reduction for the medical plan and 29.5% reduction for the coordination method), and 0.911 for prescription drugs.
- (u) Administrative expenses – Beginning with the June 30, 2018 valuation, the normal cost is increased for administrative expenses expected to be paid from plan assets during the year. The amounts included in the June 30, 2021 normal cost, which are based on the average of actual administrative expenses during the last two fiscal years, are \$16,000 for occupational death and disability and \$24,000 for retiree medical.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (v) 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, 6.3% is applied to the FY22 pre-Medicare medical claims cost to get the FY23 medical claims costs:

<u>Fiscal year</u>	<u>Medical Pre-65</u>	<u>Medical Post-65</u>	<u>Prescription drugs/EGWP</u>
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.

- (w) Aging factors:

<u>Age</u>	<u>Medical</u>	<u>Prescription drugs</u>
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+	—	—

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(x) Retiree medical participation:

<u>Death / Disability Decrement</u>		<u>Retirement Decrement</u>	
<u>Age</u>	<u>Percent participation</u>	<u>Age</u>	<u>Percent participation</u>
<56	75.0 %	55	50.0 %
56	77.5	56	55.0
57	80.0	57	60.0
58	82.5	58	65.0
59	85.0	59	70.0
60	87.5	60	75.0
61	90.0	61	80.0
62	92.5	62	85.0
63	95.0	63	90.0
64	97.5	64	95.0
65+	100.0	65+	
			<u>Years of service</u>
			<15
			15–19
			20–24
			25–29
			30+

Participation assumption is a combination of (i) the service-based rates for retirement from employment at age 65+ and (ii) the age-based rates for retirement from employment before age 65. These rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility, and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans.

(y) Imputed data – Data changes from the prior year that are deemed to have 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.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(2) Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

(a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

There were no changes in actuarial methods since the prior valuation.

(b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. Retired member contributions were updated to reflect the 5% decrease from CY20 to CY21. The amounts included in the normal cost for administrative expenses were changed from \$7,223,000 to \$7,625,000 for pension, and from \$4,934,000 to \$5,531,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

(c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

(a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

There were no changes in actuarial methods since the prior valuation.

(b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

(c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

There have been no changes in benefit provisions valued since the prior valuation.

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Administrative and Investment Deductions

Years ended June 30, 2022 and 2021

(In thousands)

	<u>Administrative</u>	<u>Investment</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
Personal services:				
Wages	\$ 5,505	2,173	7,678	7,383
Benefits	3,674	1,129	4,803	4,315
Total personal services	<u>9,179</u>	<u>3,302</u>	<u>12,481</u>	<u>11,698</u>
Travel:				
Transportation	3	20	23	8
Per diem	1	4	5	1
Total travel	<u>4</u>	<u>24</u>	<u>28</u>	<u>9</u>
Contractual services:				
Management and consulting	19,745	252	19,997	19,909
Investment management and custodial fees	—	52,207	52,207	49,153
Accounting and auditing	136	8	144	144
Data processing	2,652	778	3,430	4,504
Communications	114	9	123	127
Advertising and printing	71	1	72	40
Rentals/leases	156	88	244	506
Legal	306	32	338	197
Medical specialists	14	—	14	25
Repairs and maintenance	4	1	5	7
Transportation	298	1	299	169
Securities lending expense	—	127	127	138
Other professional services	646	61	707	650
Total contractual services	<u>24,142</u>	<u>53,565</u>	<u>77,707</u>	<u>75,569</u>
Other:				
Equipment	8	10	18	38
Supplies	18	68	86	91
Total other	<u>26</u>	<u>78</u>	<u>104</u>	<u>129</u>
Total administrative and investment deductions	<u>\$ 33,351</u>	<u>56,969</u>	<u>90,320</u>	<u>87,405</u>

See accompanying independent auditors' report.

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2022 and 2021

(In thousands)

<u>Firm</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
Buck Global LLC	Actuarial services	\$ 399	322
KPMG LLP	Auditing services	63	52
Groundswell Communications	Communications services	70	61
State Street Bank and Trust	Custodial banking services	1,325	1,001
Alaska IT Group	Data processing services	221	292
Applied Microsystems Incorporated	Data processing services	460	392
DLT Solutions	Data processing services	—	182
International Business Machines	Data processing services	21	15
Sagitec Solutions	Data processing services	2,104	2,503
SHI International Corporation	Data processing services	23	38
Sungard Availability Services	Data processing services	27	27
TechData Service Company	Data processing services	368	—
Unicom Systems	Data processing services	15	14
State of Alaska, Department of Law	Legal services	338	359
Agnew Beck Consulting	Management consulting services	25	17
Linea Solutions Incorporated	Management consulting services	—	40
Symphony Performance Health	Management consulting services	30	29
The Segal Company Incorporated	Management consulting services	93	344
Federal Hearings and Appeals Services	Medical specialist and consulting	14	21
		<u>\$ 5,596</u>	<u>5,709</u>

This schedule presents payments to consultants receiving greater than \$10,000.

See accompanying independent auditors' report.



STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2022

(With summarized financial information for June 30, 2021)

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Table of Contents

	Page(s)
Independent Auditors' Report	1–3
Management's Discussion and Analysis (Unaudited)	4–14
Basic Financial Statements:	
Combining Statement of Fiduciary Net Position	15
Combining Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17–36
Required Supplementary Information (Unaudited):	
Schedule of Changes in Employer Net Pension Liability and Related Ratios – Defined Benefit Pension Plan	37
Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan	38
Schedule of Investment Returns – Defined Benefit Pension Plan	39
Schedule of Changes in Employer Net OPEB (Asset) Liability and Related Ratios – Alaska Retiree Healthcare Trust Plan	40
Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan	41
Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan	42
Schedule of Changes in Employer Net OPEB Asset and Related Ratios – Occupational Death and Disability Plan	43
Schedule of Employer Contributions – Occupational Death and Disability Plan	44
Schedule of Investment Returns – Occupational Death and Disability Plan	45
Schedule of Changes in Employer Net OPEB Asset and Related Ratios – Retiree Medical Plan	46
Schedule of Employer Contributions – Retiree Medical Plan	47
Schedule of Investment Returns – Retiree Medical Plan	48
Notes to Required Supplementary Information (Unaudited)	49–60
Supplemental Schedules:	
Schedule 1 – Schedules of Administrative and Investment Deductions	61
Schedule 2 – Schedules of Payments to Consultants Other Than Investment Advisors	62



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

Independent Auditors' Report

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

Opinion

We have audited the combining financial statements of the State of Alaska Teachers' Retirement System (the System), a component unit of the State of Alaska, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Financial Statements section of our report. We are required to be independent of the System 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.



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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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.

Report on Summarized Comparative Information

We have previously audited the System's 2021 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements for the year ended June 30, 2022. The supplemental schedules listed in the table of contents for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.



We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 20, 2021 which expressed an unmodified opinion. The supplemental schedules listed in the table of contents for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information was subjected to the audit procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

KPMG LLP

Anchorage, Alaska
October 14, 2022

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

This section presents management's discussion and analysis (MD&A) of the State of Alaska Teachers' Retirement System's (the System) financial position and performance for the years ended June 30, 2022 and 2021. 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, 2022 and 2021. Information for fiscal year 2020 is presented for comparative purposes.

Financial Highlights

The System's financial highlights for the year ended June 30, 2022 were as follows:

- The System's fiduciary net position restricted for pension benefits, postemployment healthcare benefits, and individuals decreased by \$1.1 billion.
- The System's plan member and employer contributions increased by \$1.2 million when compared to fiscal year 2021.
- The State of Alaska (the State) directly appropriated \$141.7 million to the System.
- The System's net investment income decreased \$3.5 billion when compared to fiscal year 2021, to a loss of \$742 million.
- The System's pension benefit expenditures totaled \$510.5 million.
- The System's postemployment healthcare benefit expenditures totaled \$157.9 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 benefits, postemployment healthcare benefits, and individuals. 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, 2022.

Combining statement of changes in fiduciary net position – This statement presents how the System's net position restricted for pension benefits, postemployment healthcare benefits, and individuals changed during the fiscal year ended June 30, 2022. This statement presents contributions and investment income during the period. Deductions for pension and postemployment healthcare benefits, refunds, and operating deductions are also presented.

The above statements represent resources available for investment and payment of benefits as of June 30, 2022, and the sources and uses of those funds during fiscal year 2022.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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 12 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

System net position (In thousands)					
Description	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 127,477	114,711	12,766	11.1 %	\$ 87,201
Contributions receivable	11,176	9,952	1,224	12.3	8,635
Due from State of Alaska					
General Fund	11,289	7,881	3,408	43.2	9,746
Other accounts receivables	4,393	1,834	2,559	139.5	33
Investments	10,329,028	11,461,725	(1,132,697)	(9.9)	9,103,247
Other assets	318	318	—	—	318
Total assets	10,483,681	11,596,421	(1,112,740)	(9.6)	9,209,180
Liabilities:					
Claims payable	13,004	12,733	271	2.1	10,812
Accrued expenses	3,023	2,403	620	25.8	1,177
Forfeitures payable to employers	54	61	(7)	(11.5)	159
Due to State of Alaska General Fund	5,211	5,274	(63)	(1.2)	2,543
Securities lending collateral payable	18,368	27,323	(8,955)	(32.8)	11,038
Total liabilities	39,660	47,794	(8,134)	(17.0)	25,729
Net position	\$ 10,444,021	11,548,627	(1,104,606)	(9.6)%	\$ 9,183,451

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Condensed Financial Information (continued)

Changes in System net position (In thousands)

Description	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Net position, beginning of year	\$ 11,548,627	9,183,451	2,365,176	25.8 %	\$ 9,136,664
Additions:					
Contributions – employers and plan members	172,442	171,229	1,213	0.7	163,848
Contributions – nonemployer State of Alaska	141,739	134,070	7,669	5.7	140,219
Net investment income (loss)	(742,368)	2,713,316	(3,455,684)	(127.4)	368,015
Employer group waiver plan	18,526	18,296	230	1.3	11,706
Medicare retiree drug subsidy	311	62	249	401.6	—
Pharmacy rebates	14,751	12,101	2,650	21.9	15,832
Pharmacy management allowance	69	85	(16)	(18.8)	—
Other income	63	549	(486)	(88.5)	348
Total additions (deductions)	(394,467)	3,049,708	(3,444,175)	(112.9)	699,968
Deductions:					
Pension and postemployment healthcare benefits	668,397	648,104	20,293	3.1	624,402
Refunds of contributions	28,155	23,781	4,374	18.4	17,297
Administrative	13,587	12,647	940	7.4	11,482
Total deductions	710,139	684,532	25,607	3.7	653,181
Increase (decrease) in net position	(1,104,606)	2,365,176	(3,469,782)	(146.7)	46,787
Net position, end of year	\$ 10,444,021	11,548,627	(1,104,606)	(9.6)%	\$ 9,183,451

Financial Analysis of the System

The statements of fiduciary net position as of June 30, 2022 and 2021 show net position restricted for pension benefits, postemployment healthcare benefits, and individuals of \$10,444,021,000 and \$11,548,627,000, 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 a decrease in the System's net position restricted for pension benefits, postemployment healthcare benefits, and individuals of \$1,104,606,000 or 9.6% from fiscal year 2021 to 2022, and an increase of \$2,365,176,000 or 25.80% from fiscal year 2020 to 2021. Over the long term, plan member, employer, and nonemployer contributions, as well as investment income earned, are anticipated to sufficiently fund the pension benefit and postemployment healthcare costs of the System.

During the 32nd Alaska State Legislature and as part of the State's Fiscal Year 2022 Operating Budget, House Bill 69 appropriated \$142,665,000 from the General Fund and the Budget Reserve Fund to the Department of Administration for deposit in the Defined Benefit Pension fund. The amount of the appropriation allocated to the

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

Management's Discussion and Analysis (Unaudited)

June 30, 2022

State as an employer is included in Contributions – Employer. The remaining appropriation is reported as Contributions – Nonemployer State of Alaska.

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 2022 and 2021, the Board adopted the following asset allocation for the Defined Benefit Pension Plan (DB Plan), Alaska Retiree Healthcare Trust (ARHCT Plan), and Defined Contribution Retirement Pension Plan's (DCR Plan) occupational death and disability fund, retiree medical plan, and health reimbursement arrangement fund:

	2022		2021	
	Pension and Healthcare Trusts		Pension and Healthcare Trusts	
	Allocation	Range	Allocation	Range
Broad domestic equity	27.0%	± 6%	28.0%	± 6%
Global equity (ex-U.S.)	18.0	± 4%	19.0	± 4%
Fixed income	21.0	± 10%	22.0	± 10%
Opportunistic	6.0	± 4%	6.0	± 4%
Real assets	14.0	± 7%	13.0	± 7%
Private equity	14.0	± 6%	12.0	± 6%
Total	<u>100.0%</u>		<u>100.0%</u>	
Expected return 20-year geometric mean	6.88%		7.13%	
Projected standard deviation	13.89		13.55	

For fiscal years 2022 and 2021, the DB Pension Plan's investments generated a (4.10%) and 27.65% rate of return, respectively. For fiscal years 2022 and 2021, the Alaska Retiree Healthcare Trust Plan's investments generated a (4.08%) and 27.70% rate of return, respectively.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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:

	Additions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Contributions – employers	\$ 102,946	101,374	1,572	1.6 %	\$ 97,375
Contributions – plan members	69,496	69,855	(359)	(0.5)	66,473
Contributions – nonemployer					
State of Alaska	141,739	134,070	7,669	5.7	140,219
Net investment income (loss)	(742,368)	2,713,316	(3,455,684)	(127.4)	368,015
Employer group waiver plan	18,526	18,296	230	1.3	11,706
Medicare retiree drug subsidy	311	62	249	100.0	—
Pharmacy rebates	14,751	12,101	2,650	21.9	15,832
Pharmacy management allowance	69	85	(16)	100.0	—
Other income	63	549	(486)	(88.5)	348
Total	\$ <u>(394,467)</u>	<u>3,049,708</u>	<u>(3,444,175)</u>	<u>(112.9)%</u>	\$ <u>699,968</u>

The System's employer contributions increased from \$101,374,000 in fiscal year 2021 to \$102,946,000 in fiscal year 2022, an increase of \$1,572,000 or 1.6%. The System's employer contributions increased from \$97,375,000 in fiscal year 2020 to \$101,374,000 in fiscal year 2021, an increase of \$3,999,000 or 4.1%. The increase in employer contributions for both fiscal year 2022 and 2021 are attributed to increases in total member salaries.

The State provided \$141,739,000 and \$134,070,000 for fiscal years 2022 and 2021, respectively in nonemployer contributions per Alaska Statute (AS) 14.25.085. The employer on-behalf amount (or additional State contributions as defined in AS 14.25.085) is calculated by the System's actuary. It is based on projected payroll and the difference between the actuarially determined contribution rate and the statutory effective rate. The employer effective contribution rate of 12.56% is established in AS 14.25.070(a).

The System's net investment income in fiscal year 2022 decreased by \$3,455,684,000 or 127.4% from amounts in fiscal year 2021. The System's net investment income in fiscal year 2021 increased by \$2,345,301 or 637.3% from amounts in fiscal year 2020. The investment losses received in fiscal year 2022 were lower than the investment gains seen in fiscal year 2021, causing a difference in investment returns when comparing 2022 and 2021. 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.

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 2022, the Plan received \$18,526,000 in EGWP funds from the Center of Medicare and Medicaid Services (CMS) through the EGWP Plan Sponsor, OptumRx, compared to fiscal year

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

2021 receipts of \$18,296,000, and fiscal year 2020 receipts of \$11,706,000. The increases each year is due to increased prescription drug usage as well as increased costs of those same prescription drugs that resulted in higher EGWP funds paid to the Plan.

Pharmacy rebates are reimbursed to the Plan by the third-party administrators. During fiscal year 2022, the Plan received \$14,751,000 in pharmacy rebates compared to \$12,101,000 from fiscal year 2021. In fiscal year 2020, the Plan received \$15,832,000. The Plan negotiated higher rebates beginning in calendar year 2021, however, those higher rebates were transmitted to the Plan during fiscal year 2022, which resulted in slightly higher collections due to timing of receipt of those funds..

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

	Year ended		
	2022	2021	2020
Plan returns	(4.10)%	27.65 %	3.82 %
Broad domestic equity	(11.73)	42.68	2.62
Global equity (ex-U.S.)	(20.96)	38.53	(3.60)
Fixed income	(6.99)	2.20	7.37
Opportunistic	(10.58)	23.86	0.51
Real assets	14.29	9.86	2.06
Private equity	26.25	50.67	10.52
Actuarially assumed rate of return	7.25	7.38	7.38

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

	Year ended		
	2022	2021	2020
Plan returns	(4.08)%	27.70 %	3.90 %
Broad domestic equity	(11.73)	42.69	2.62
Global equity (ex-U.S.)	(20.95)	38.57	(3.59)
Fixed income	(7.04)	2.20	7.37
Opportunistic	(10.58)	23.86	0.51
Real assets	14.41	10.00	2.36
Private equity	26.25	50.67	10.53
Actuarially assumed rate of return	7.25	7.38	7.38

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

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Benefits and Other Deductions

The primary deduction of the DB Plan is the payment of pension and other postemployment benefits, primarily healthcare. The primary deduction of the DCR Plan is the refund of contributions. These benefit payments, healthcare claims paid, refunds of contributions, and the cost of administering the System comprise the cost of operations as follows:

	Deductions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Pension benefits	\$ 510,484	499,942	10,542	2.1 %	\$ 488,748
Postemployment benefits	157,913	148,162	9,751	6.6	135,654
Refunds of contributions	28,155	23,781	4,374	18.4	17,297
Administrative	13,587	12,647	940	7.4	11,482
Total	<u>\$ 710,139</u>	<u>684,532</u>	<u>25,607</u>	<u>3.7 %</u>	<u>\$ 653,181</u>

The System's DB pension benefit payments in 2022 increased \$10,542,000 or 2.1% from fiscal year 2021, which increased \$11,194,000 or 2.3% from fiscal year 2020. The increase in pension benefits in fiscal year 2022 is the result of a continued increase in the number of retirees.

The System's postemployment healthcare benefit payments in fiscal year 2022 increased \$9,751,000 or 6.6% from fiscal year 2021, which increased \$12,508,000 or 9.2% from fiscal year 2020. During fiscal year 2022, the System saw an increase in postemployment benefits as the number of retirees in the DB Plan continues to increase. The increase in retirees is offset by those retirees who transition over to Medicare due to age, and costs shift from the System to Medicare. The System continues to look at ways for cost containment while providing benefits applicable to the plan.

The System's refund of contributions increased \$4,374,000 or 18.4% from fiscal year 2021 to 2022 and increased \$6,484,000 or 37.5% from fiscal year 2020 to 2021. The increase in refunds is primarily in the DCR Plan, where refunds increased \$4,556,000 between fiscal year 2021 to 2022 and increased \$6,696,000 between fiscal year 2020 to 2021. Increases in refunds are attributed to the increase in the number of DCR Plan member accounts and higher member balances being refunded. The System continues to look at ways to retain member contributions by emphasizing the low investment costs to members to maintain funds within the DCR Plan, with a number of investment options available.

The System's administrative costs in fiscal year 2022 increased \$940,000 or 7.4% from fiscal year 2021 and increased \$1,165,000 or 10.1% from fiscal year 2020. The increased administrative cost in fiscal years 2022 and 2021 is primarily due to a capital project for a retirement system replacement.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Net Pension Liability

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, requires the DB Plan to report the total pension liability, fiduciary net position, and net pension 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 liability, or the unfunded portion of the total pension liability.

The components of the net pension liability of the participating employers of the Plan as of June 30 were as follows (in thousands):

	2022	2021
Total pension liability	\$ 7,693,553	7,527,454
Plan fiduciary net position	(6,026,651)	(6,731,481)
Employers' net pension liability	\$ 1,666,902	795,973
Plan fiduciary net position as a percentage of the total pension liability	78.33%	89.43%

Net OPEB Asset

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, requires the DB Other Postemployment Benefit (OPEB) Plans to report the total OPEB liability, fiduciary net position, and net OPEB liability for each plan. 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 OPEB 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 Plans. 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.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2022

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2022 were as follows (in thousands):

	Alaska Retiree Healthcare Trust Plan (ARHCT Plan)	Occupational Death and Disability (ODD Plan)	Retiree Medical Plan (RMP)
Total OPEB liability	\$ 2,515,713	517	47,543
Plan fiduciary net position	<u>(3,392,211)</u>	<u>(6,557)</u>	<u>(66,909)</u>
Employers' net OPEB asset	<u>\$ (876,498)</u>	<u>(6,040)</u>	<u>(19,366)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	134.84%	1,268.28%	140.73%

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2021 were as follows (in thousands):

	Alaska Retiree Healthcare Trust Plan (ARHCT Plan)	Occupational Death and Disability (ODD Plan)	Retiree Medical Plan (RMP)
Total OPEB liability	\$ 2,560,350	528	47,198
Plan fiduciary net position	<u>(3,723,031)</u>	<u>(6,623)</u>	<u>(67,278)</u>
Employers' net OPEB asset	<u>\$ (1,162,681)</u>	<u>(6,095)</u>	<u>(20,080)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	145.41%	1,254.36%	142.54%

Funding

Retirement benefits are financed by accumulations from employers, plan members, State nonemployer contributions, and income earned on System investments:

- The employer contribution rate is adopted and set by the Board annually based on actuarial determinations made by the System's consulting actuary as reviewed by the Board's contracted actuary. AS 14.25.070(a) sets the employer effective contribution rate at 12.56%. The difference between the actuarially determined contribution rate adopted by the Board and the statutory employer effective rate is paid by the State as a direct appropriation per AS 14.25.085.
- AS 14.25.085 provides that additional State contributions are made each July 1 or as soon after July 1 for the ensuing fiscal year that when combined with the total employer contributions are sufficient to pay the System's past service liability at the contribution rate adopted by the Board for that fiscal year.
- Plan member contributions are set by AS 14.25.050 for the DB Plan and AS 14.25.340 for the DCR Plan.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

- The Board works with an external consultant to determine the proper asset allocation strategy.

Legislation

During fiscal year 2022, the 32nd Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute First Special Session House Bill 281, Section 80(b), appropriates \$91.0 million from the General Fund to the Department of Administration for deposit in the System's defined benefit plan account as partial payment of the participating employers' contribution for fiscal year ending June 30, 2023.

This appropriation is to fund the difference between the statutory employer required contribution of 12.56% paid by participating employers for both defined benefit and defined contribution members and the actuarially determined contribution rate adopted by the Board for that fiscal year. This additional state contribution is specified in AS 14.25.085 – Additional State Contributions.

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

Fiscal year 2022 had negative investment returns. Net investment income decreased from a gain of \$2,713,316,000 in fiscal year 2021 to a loss of \$742,368,000 in fiscal year 2022, a decrease of \$3,455,684,000 or 127.4%. During fiscal year 2022, the System's actual rate of return on investments was below the 7.38% actuarially assumed rate of return. 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 consulting actuary recommended a decrease from the System's actuarially determined contribution rate of 31.85% in fiscal year 2022 to 24.62% in fiscal year 2023. Additionally, the Board discussed not contributing the healthcare normal cost contribution rate of 2.72% since the Alaska Retiree HealthCare Trust is well above 100% funded. After the Board's actuarial committee discussed the healthcare trusts overfunding, they voted to not contribute the normal cost rate for fiscal year 2023. The Board adopted the fiscal year 2023 actuarially determined contribution rate of 24.62%, which represented a decrease of 7.23%. The statutory employer effective contribution rate remains at 12.56% for fiscal years 2023 and 2022.

The June 30, 2021 and 2020 actuarial valuation reports for the DB Plan reported funding ratios based on valuation assets of 92.6% and 86.6%, respectively, as well as unfunded liabilities of \$733 million and \$1.33 billion, respectively.

For fiscal years 2023 and 2022, the DCR Plan's employer contribution rate was established by AS 14.25.070(a) at 12.56%. The DCR Plan's actuarially determined occupational death and disability rate was adopted by the Board for fiscal years 2023 and 2022 to be 0.08%. The DCR Plan retiree medical plan actuarially determined contribution rate was adopted by the Board for fiscal years 2023 and 2022 to be 0.87% and 0.83%, respectively.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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 Teachers' 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

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

Combining Statement of Fiduciary Net Position

June 30, 2022

(With summarized financial information for June 30, 2021)

(In thousands)

	Defined benefit pension	Defined contribution pension	Other postemployment benefit plans			System total June 30, 2022	System total June 30, 2021	
			Alaska Retiree Healthcare Trust	Occupational death and disability	Retiree medical			Health reimbursement arrangement
Assets:								
Cash and cash equivalents:								
Short-term fixed-income pool	\$ 68,959	98	36,500	75	770	2,313	108,715	87,085
Empower money market fund – non-participant directed	—	394	—	—	—	—	394	303
Securities lending collateral	11,426	—	6,432	12	124	374	18,368	27,323
Total cash and cash equivalents	80,385	492	42,932	87	894	2,687	127,477	114,711
Receivables:								
Contributions	11,176	—	—	—	—	—	11,176	9,952
Due from State of Alaska General Fund	—	7,547	1,888	43	443	1,368	11,289	7,881
Other accounts receivable	37	—	4,347	—	9	—	4,393	1,834
Total receivables	11,213	7,547	6,235	43	452	1,368	26,858	19,667
Investments, at fair value:								
Fixed-income securities:								
Alternative fixed income pool	163,866	—	92,621	177	1,808	5,446	263,918	263,015
Barclays aggregate bond fund	905,012	—	511,535	979	9,988	30,075	1,457,589	1,532,657
Opportunistic fixed income pool	215,645	—	121,888	233	2,380	7,166	347,312	383,748
Total fixed-income securities	1,284,523	—	726,044	1,389	14,176	42,687	2,068,819	2,179,420
Broad domestic equity:								
Large cap pool	1,343,555	—	759,411	1,454	14,827	44,648	2,163,895	2,718,457
Small cap pool	118,380	—	66,911	128	1,307	3,934	190,660	230,359
Total broad domestic equity	1,461,935	—	826,322	1,582	16,134	48,582	2,354,555	2,948,816
Global equity ex-U.S.:								
International equity small cap pool	793,625	—	448,533	858	8,756	26,365	1,278,137	1,625,147
Emerging markets equity pool	177,596	—	100,382	192	1,960	5,902	286,032	345,239
Total global equity ex-U.S.	971,221	—	548,915	1,050	10,716	32,267	1,564,169	1,970,386
Opportunistic:								
Alternative beta pool	68,517	—	38,727	74	756	2,277	110,351	99,036
Alternative equity pool	62,168	—	35,139	67	686	2,066	100,126	124,021
Other opportunistic pool	845	—	478	1	9	28	1,361	6,500
Tactical allocation strategies pool	220,140	—	124,429	238	2,429	7,316	354,552	398,502
Total opportunistic	351,670	—	198,773	380	3,880	11,687	566,390	628,059
Private equity pool	993,669	—	561,647	1,075	10,966	33,021	1,600,378	1,599,146
Real assets:								
Real estate pools	354,865	—	201,001	385	3,925	11,818	571,994	489,173
Real estate investment trust pool	99,266	—	56,108	108	1,095	3,299	159,876	172,421
Infrastructure private pool	157,230	—	88,870	170	1,735	5,225	253,230	237,513
Energy pool	12,525	—	7,079	14	138	416	20,172	19,814
Farmland pool	189,617	—	107,177	205	2,093	6,301	305,393	286,692
Timber pool	75,559	—	42,708	82	834	2,511	121,694	116,873
Total real assets	889,062	—	502,943	964	9,820	29,570	1,432,359	1,322,486
Other investment funds:								
Participant directed at fair value:								
Collective investment funds	—	199,650	—	—	—	—	199,650	246,064
Pooled investment funds	—	495,013	—	—	—	—	495,013	521,012
Participant directed at contract value:								
Synthetic investment contracts	—	47,695	—	—	—	—	47,695	46,336
Total other investment funds	—	742,358	—	—	—	—	742,358	813,412
Total investments	5,952,080	742,358	3,364,644	6,440	65,692	197,814	10,329,028	11,461,725
Other assets								
	—	—	318	—	—	—	318	318
Total assets	6,043,678	750,397	3,414,129	6,570	67,038	201,869	10,483,681	11,596,421
Liabilities:								
Claims payable (note 6)	—	—	13,004	—	—	—	13,004	12,733
Accrued expenses	390	138	2,482	1	5	7	3,023	2,403
Forfeitures payable to employers	—	54	—	—	—	—	54	61
Due to State of Alaska General Fund	5,211	—	—	—	—	—	5,211	5,274
Securities lending collateral payable	11,426	—	6,432	12	124	374	18,368	27,323
Total liabilities	17,027	192	21,918	13	129	381	39,660	47,794
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals								
	\$ 6,026,651	750,205	3,392,211	6,557	66,909	201,488	10,444,021	11,548,627

See accompanying notes to financial statements.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2022

(With summarized financial information for June 30, 2021)

(In thousands)

	Defined benefit pension	Defined contribution pension	Other postemployment benefit plans			System total June 30, 2022	System total June 30, 2021
			Alaska Retiree Healthcare Trust	Occupational death and disability	Retiree medical		
Additions (reductions):							
Contributions:							
Employers	\$ 30,707	32,450	21,806	393	4,086	13,504	101,374
Plan members	30,013	39,483	—	—	—	—	69,855
Nonemployer State of Alaska	141,739	—	—	—	—	—	141,739
Total contributions	202,459	71,933	21,806	393	4,086	13,504	314,181
Investment income (loss):							
Net appreciation (depreciation) in fair value	(462,389)	(110,683)	(260,772)	(494)	(5,037)	(15,171)	(854,546)
Interest	23,420	8	12,968	24	242	725	37,387
Dividends	63,210	—	35,454	65	661	1,984	101,374
Total investment income (loss)	(375,759)	(110,675)	(212,350)	(405)	(4,134)	(12,462)	(715,785)
Less investment expense	16,149	1,138	8,851	18	178	489	26,823
Net investment income (loss) before securities lending activities	(391,908)	(111,813)	(221,201)	(423)	(4,312)	(12,951)	(742,608)
Securities lending income	188	—	104	—	2	6	300
Less securities lending expense	38	—	21	—	—	1	60
Net income from securities lending activities	150	—	83	—	2	5	240
Net investment income (loss)	(391,758)	(111,813)	(221,118)	(423)	(4,310)	(12,946)	(742,368)
Other income:							
Employer group waiver plan	—	—	18,508	—	18	—	18,526
Medicare retiree drug subsidy	—	—	311	—	—	—	311
Pharmacy rebates	—	—	14,741	—	10	—	14,751
Pharmacy management allowance	—	—	69	—	—	—	69
Miscellaneous income (expense)	36	(5)	47	—	—	(15)	63
Total other income	36	(5)	33,676	—	28	(15)	33,720
Total additions (reductions)	(189,263)	(39,885)	(165,636)	(30)	(196)	543	(394,467)
Deductions:							
Pension and postemployment benefits	510,457	—	157,616	27	129	168	668,397
Refunds of contributions	1,305	26,850	—	—	—	—	28,155
Administrative	3,805	2,150	7,568	9	44	11	13,587
Total deductions	515,567	29,000	165,184	36	173	179	710,139
Net increase (decrease)	(704,830)	(68,885)	(330,820)	(66)	(369)	364	(1,104,606)
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals:							
Balance, beginning of year	6,731,481	819,090	3,723,031	6,623	67,278	201,124	11,548,627
Balance, end of year	\$ 6,026,651	750,205	3,392,211	6,557	66,909	201,488	11,548,627

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2022

(1) Description

The State of Alaska Teachers' Retirement System (TRS or the System) is a component unit of the State of Alaska (the State). The System is administered by the Division of Retirement and Benefits within the Department of Administration. 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 TRS, two trustees who are PERS members, and two trustees who are TRS members.

TRS acts as the common investment and administrative agency for the following multiple-employer plans:

<u>Plan name</u>	<u>Type of plan</u>
Defined Benefit Pension Plan	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB)	
Alaska Retiree Healthcare Trust (ARHCT) Plan	Cost-sharing, Defined Benefit OPEB
Occupational Death and Disability (ODD) Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan (RMP)	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

At June 30, 2022, the number of participating local government employers and public organizations, including the State, was as follows:

State of Alaska	1
School districts	53
Other	3
Total employers	57

Inclusion in the Defined Benefit Pension Plan (DB Plan) and Defined Contribution Retirement Pension Plan (DCR Plan) is a condition of employment for permanent school district, University of Alaska, and State Department of Education employees who meet the eligibility requirements for participation.

Defined Benefit Pension Plan

(a) General

The Defined Benefit Pension (DB) Plan provides pension benefits for teachers and other eligible members. Benefit and contribution provisions are established by State law and may be amended only

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

by the State Legislature. With the passage of Senate Bill 141, the DB Plan is closed to all new members effective July 1, 2006.

The DB Plan's membership consisted of the following at June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	13,423
Inactive plan members entitled to but not yet receiving benefits	738
Inactive plan members not entitled to benefits	1,616
Active plan members	3,190
Total DB Plan membership	18,967

(b) Pension Benefits

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

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

The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2.00% of the employee's average base salary. The benefit for each year over 20 years of service subsequent to June 30, 1990 is equal to 2.5% of the employee's base salary.

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

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

The DB Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

(c) Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and adopted by the Board as a contribution rate that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional contribution rate to finance any unfunded accrued liability. The DB Plan members contribute 8.65% of their base

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

salary as required by statute. The statutory employer effective contribution rate is 12.56% of annual payroll, which for fiscal year 2022 is allocated 6.06% to the DB Pension Plan and 6.50% to the DB ARHCT Plan as determined by the actuary of the Plan. Alaska Statute (AS) 14.25.085 provides that the State, as a nonemployer contributing entity, contributes 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 System's actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement Pension (DCR) Plan payroll. The DBUL amount is computed as the difference between:

- (A) The amount calculated for the statutory employer effective contribution rate of 12.56% on eligible salary less
- (B) The total of the employer contributions for:
 - (1) The defined contribution employer matching amount
 - (2) Major medical
 - (3) Occupational death and disability
 - (4) Health reimbursement arrangement.
- (C) But not less than zero.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds. For fiscal year 2022, the DBUL was allocated 100.00% to the DB Pension Plan and 0.00% to the DB ARHCT Plan.

(d) Refunds

DB Plan member contributions may be voluntarily or, under certain circumstances, involuntarily refunded to the member or a garnishing agency 60 days after termination of employment. Voluntary refund rights are forfeited on July 1 following the member's 75th birthday or within 50 years of the member's last termination date. Members who have had contributions refunded forfeit all retirement benefits, including postemployment healthcare benefits. Members are allowed to reinstate refunded service due to involuntary refunds by repaying the total involuntary refunded balance and accrued interest. Members are allowed to reinstate voluntarily refunded service by repaying the voluntarily refunded balance and accrued interest. Balances previously refunded to members accrue interest at the rate of 7.0% per annum compounded semiannually.

Defined Contribution Retirement Pension Plan

(a) General

The DCR Plan provides retirement benefits for eligible employees hired after July 1, 2006. Additionally, certain active members of the DB Plan were eligible to transfer to the DCR Plan if that member had not

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

At June 30, 2022, membership in the DCR Plan included 6,304 active members.

(b) Retirement Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf and the related earnings in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

(c) Contributions

State statutes require an 8.0% contribution rate for DCR Plan members. Employers are required to contribute 7.0% of the member's compensation.

(d) Participant Distributions and Refunds of Contributions

A member is eligible to request a refund of contributions from their account 60 days after termination of employment.

(e) Participant Accounts

Participant accounts under the DCR Plan are self-directed with respect to investment options.

Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record-keeping/administrative fees consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account and applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the recordkeeper and by the State. The investment management fees are netted out of the funds' performance.

Defined Benefit Other Postemployment Benefit Plans

(a) Alaska Retiree Healthcare Trust Plan

Beginning July 1, 2007, the ARHCT Plan, a healthcare trust fund of the State, was established. The ARHCT Plan is self-funded and provides major medical coverage to retirees of the DB Plan. The System retains the risk of loss of allowable claims for eligible members. The ARHCT Plan began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund.

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

Notes to Financial Statements

June 30, 2022

Membership in the plan consisted of the following at June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	13,423
Inactive plan members entitled to but not yet receiving benefits	738
Inactive plan members not entitled to benefits	1,616
Active plan members	3,190
Total ARHCT Plan membership	18,967

(i) OPEB Benefits

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.

(ii) Contributions

Employer contribution rates are actuarially determined and adopted by the Board. The 2022 statutory employer effective contribution rate was 12.56% of member's compensation, with 6.50% specifically allocated to ARHCT Plan.

(b) Occupational Death and Disability Plan

The Occupational Death and Disability Plan (ODD) provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. Members in the Death and Disability Plan consisted of the following at June 30, 2022:

Active plan members	6,304
Participating employers	57
Open claims	1

(i) Death Benefits

If (1) the death of an employee occurs before the employee's retirement and before the employee's normal retirement date, (2) the proximate cause of death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties, and (3) the injury or hazard is not the proximate result of willful negligence of the employee, then a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

When benefits are payable under the 1% supplemental contribution provision, the DB Plan member's spouse is eligible for a spouse's pension if there is (are) no dependent child(ren). If there is (are) dependent child(ren), a survivor's allowance may be payable to the DB Plan member's

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

spouse, or guardian of the dependent child(ren). The amount of the pension or allowance is determined by the DB Plan member's base salary. DB Plan members first hired after June 30, 1982 are not eligible to participate in this provision.

If an active DB Plan member dies from occupational causes, the spouse may receive a monthly pension from the DB Plan. When death is due to occupational causes and there is no surviving spouse, the DB Plan member's dependent child(ren) may receive a monthly pension until the child(ren) is(are) no longer dependents. If the member does not have a spouse or dependent children at the time of death, a lump-sum death benefit is payable to the named beneficiary(ies). The amount of the occupational death pension is 40% of the member's base salary at the time of death. The amount of the occupational death pension changes on the date the DB Plan member's normal retirement would have occurred if the DB Plan member had lived. The new benefit is based on the DB Plan member's average base salary at the time of death and the credited service, including service that would have accrued if the DB Plan member had lived and continued to work until normal retirement. If benefits are payable under the 1% supplemental contribution provision, benefits are not payable under this provision. If the death was from nonoccupational causes, and the DB Plan member was vested, the spouse may receive a monthly 50% joint and survivor option benefit based on the member's credited service and average base salary at the time of death. If the DB Plan member is not married or vested, a lump-sum death benefit is payable to the named beneficiary(ies).

The monthly survivor's pension benefit for survivors of DCR Plan employees is 40% of the employee's monthly compensation in the month in which the employee dies. While the monthly survivor's pension is being paid, the employer shall make contributions on behalf of the employee's beneficiaries based on the deceased employee's gross monthly compensation at the time of occupational death.

(ii) Disability Benefits

If a DB Plan member has been in membership service for five or more years for which contributions have been made, is not eligible for normal retirement benefits, and becomes permanently disabled, the DB Plan member is entitled to a monthly benefit. The annual disability benefit is equal to 50% of the base salary at the time of the disability plus an additional 10% of his/her base salary for each dependent child up to a maximum of four children. At normal retirement age, a disabled System member receives normal retirement benefits.

A DCR Plan member is eligible for an occupational disability benefit if employment is terminated because of a total and apparently permanent occupational disability before the member's normal retirement date. The occupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment.

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

Notes to Financial Statements

June 30, 2022

(iii) Contributions

An employer shall contribute to each member's account based on the member's compensation. For fiscal year 2022, the rate is 0.08%.

(c) Retiree Medical Plan

The RMP is established under AS 14.25.480 – Medical Benefits. The Department of Administration, Division of Retirement and Benefits, which administers the System's health plans, finalized the Retiree Medical Plan for members eligible for the DCR Plan's health benefits plan in July 2016. The RMP provides major medical coverage to retirees of the DCR Plan. The RMP is self-insured. Members are not eligible to use the plan until they have at least 10 years of service and are Medicare age eligible.

Membership in the RMP was as follows at June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	944
Inactive plan members not entitled to benefits	2,985
Active plan members	6,304
Total RMP membership	10,258

(i) OPEB Benefits

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical coverage, to cover medical expenses, takes effect on the first day of the month following the date of the RMP administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors, and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement account until the account balance becomes insufficient to pay the premiums; at this time, the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical coverage for an eligible member or surviving spouse who is:

- (1) Not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) Eligible for Medicare is the following percentage of the premium:
 - (a) 30% if the member had 10 or more, but less than 15, years of service
 - (b) 25% if the member had 15 or more, but less than 20, years of service

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

- (c) 20% if the member had 20 or more, but less than 25, years of service
- (d) 15% if the member had 25 or more, but less than 30, years of service
- (e) 10% if the member had 30 or more years of service.

(ii) *Contributions*

Employer contribution rates are actuarially determined and adopted by the Board. The 2022 employer effective contribution rate is 0.83% of member's compensation.

Defined Contribution Other Postemployment Benefit Plan

(a) General

The Health Reimbursement Arrangement (HRA) Plan is established under AS 39.30.300. The Department of Administration, Division of Retirement and Benefits administers the System's health plans. The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006, at which time contributions by employers began.

Membership in the plan was as follows as of June 30, 2022:

Retired plan members or beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not yet receiving benefits	944
Inactive plan members not entitled to benefits	2,985
Active plan members	6,304
Total HRA Plan membership	10,271

(b) OPEB Benefits

Persons who meet the eligibility requirements of AS 14.25.470 are eligible for reimbursements from the individual account established for a member under the HRA Plan but do not have to retire directly from the System.

The Plan Administrator may deduct the cost of monthly premiums from the HRA individual account for the RMP insurance on behalf of an eligible person who elected the retiree major medical insurance under AS 14.25.480. Upon application of an eligible person, the HRA Plan administrator shall reimburse the costs for medical care expenses defined in 26 USC 213(d). Reimbursement is limited to the medical expenses of (1) an eligible member, the spouse of an eligible member, and the dependent children of an eligible member; or (2) a surviving spouse and the dependent children of an eligible member dependent on the surviving spouse. When the member's individual account balance is exhausted, any deductions from the HRA individual account end. If all eligible persons die before exhausting the member's individual account, the account balance reverts to the HRA Plan.

(c) Contributions

An employer shall contribute to the HRA Plan trust fund an amount equal to 3.00% of the average annual compensation of all employees in the TRS and PERS. The administrator maintains a record of

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

each member to account for employer contributions on behalf of that member. The 2022 contribution amount was an annual contribution not to exceed \$2,168 and was required for every pay period in which the employee was enrolled in the DCR Plan, regardless of the compensation paid during the year. An amount less than \$2,168 would be deposited to a member's account if that member worked less than a full year.

(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 and refunds 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) Defined Benefit Pension and OPEB 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.

(d) Defined Contribution Participant-directed Investments

The Board contracts with an external investment manager, through the Treasury, who is given the authority to invest in a wholly owned pooled environment to accommodate 14 participant-directed funds. Additionally, the Board contracts with external managers who manage a mix of collective investment funds and synthetic investment contracts. Income for the pooled investment and collective investment funds is credited to the fund's net asset value on a daily basis and allocated to pool participants daily on a pro rata basis.

Collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by the DCR Plan. The unit value is determined by the Trustees based on fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Pooled participant-directed investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by the DCR Plan. The unit value is determined by the Trustees based on fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis. Underlying assets comprise domestic and international stocks, investment-grade bonds, federally guaranteed mortgages, money market instruments, and other cash equivalent instruments with maturities of less than one year, which include but are not limited to commercial paper, asset-backed securities, banker acceptances, certificates of deposit with ratings of A1/P1 or better, as well as obligations of the U.S. government and its agencies, and repurchase agreements collateralized by U.S. Treasury instruments.

Synthetic Investment Contracts (SICs) are included in the Plan's statements at contract value. The Board's investment manager entered into the investment contracts, on behalf of the Board, with four financial institutions who provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. They are fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration.

(e) Contributions Receivable

Contributions from the System's members and employers applicable to payrolls received through July 15 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.

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

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

(g) Other Income

Other income consists of Employer Group Waiver Plan (EGWP) rebates, Medicare Part D Retiree Drug Subsidy (RDS) 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 an accrual basis.

(h) Administrative Costs

Administrative costs are paid from contributions. The Board has established a funding policy objective that the required contributions be sufficient to pay the plan administrative expenses, normal costs, and past service costs.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(i) Federal Income Tax Status

The DB Plan and DCR Plan are qualified plans under Sections 401(a) and 414(d) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a).

(j) Reclassifications

The System made certain reclassifications to the 2021 balances in the accompanying supplemental schedules to make them consistent with the 2022 presentation.

(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. Additionally, Treasury manages a mix of pooled investment funds, collective investment funds and SICs for the DCR participant-directed pension plans under the Board's fiduciary responsibility.

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.

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, 2022 for the DB Pension Plan is (5.91)%, the ARHCT Plan is (6.04)%, the ODD Plan is (6.21)%, and the RMP is (6.21)%.

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>

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(4) Net Pension Liability – Defined Benefit Pension Plan

The components of the net pension liability of the participating employers at June 30, 2022 were as follows (in thousands):

Total pension liability	\$	7,693,553
Plan fiduciary net position		<u>(6,026,651)</u>
Employers' net pension liability	\$	<u>1,666,902</u>
Plan fiduciary net position as a percentage of the total pension liability		78.33 %

(a) Actuarial Assumptions

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

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

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, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%).

Asset class	Long-term expected real rate of return
Domestic equity	6.51%
Global equity (ex-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and 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 4.09% as of June 30, 2022.

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

Notes to Financial Statements

June 30, 2022

(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, 2022, calculated using the discount rate of 7.25%, 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 (in thousands):

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net pension liability	\$ 2,493,199	1,666,902	969,858

(5) Net OPEB Asset

The components of the net OPEB asset of the participating employers for each Plan at June 30, 2022 were as follows (in thousands):

	ARHCT Plan	ODD Plan	RMP
Total OPEB liability	\$ 2,515,713	517	47,543
Plan fiduciary net position	(3,392,211)	(6,557)	(66,909)
Employers' net OPEB asset	\$ (876,498)	(6,040)	(19,366)
Plan fiduciary net position as a percentage of the total OPEB liability	134.84%	1,268.28%	140.73%

(a) Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	ARHCT Plan - Range from 7.00% to 2.85% based on service. ODD Plan / RMP - Range from 7.25% to 2.85% based on service.
Investment rate of return	7.25%, net of post-retirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality (ARHCT Plan)	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. 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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Mortality
(ODD Plan)

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

Post-commencement mortality rates for healthy retirees were based on 97% of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Mortality
(RMP)

Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

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.

Other

Please see the experience study report dated July 15, 2022.

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

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

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.

The long-term expected rate of return on postretirement healthcare plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%):

Asset class	Long-term expected real rate of return
Domestic equity	6.51%
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 7.25%. 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 4.09% as of June 30, 2022.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

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

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

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
ARHCT Plan	\$ 571,895	876,498	1,130,546
ODD Plan	6,059	6,040	6,030
RMP	6,837	19,366	28,780

(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, 2022, calculated using the healthcare cost trend rates as summarized in the 2021 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 (in thousands):

	1.00% decrease	Current healthcare cost trend rate	1.00% increase
ARHCT Plan	\$ 1,159,541	876,498	536,272
ODD Plan	N/A	N/A	N/A
RMP	29,963	19,366	4,921

(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 ARHCT and Retiree Medical 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.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

Changes in the balances of claims liabilities were as follows (in thousands):

	2022	2021
Total, beginning of year	\$ 12,733	10,812
Healthcare benefits	157,745	148,025
Benefits paid	(157,474)	(146,104)
Total, end of year	\$ 13,004	12,733

(7) 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 and the RMP. The enhanced EGWP leverages increased federal subsidies to the ARHCT Plan and the RMP 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 and RMP 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.

(8) 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.

(9) 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.

The System was a defendant in a class action lawsuit against the State alleging that the passage of Senate Bill (SB) 141 violated the Alaska Constitution by extinguishing a former member’s ability to re-enter the PERS / TRS defined benefits plan. According to SB 141, a PERS / TRS defined benefit former member would have to re-employ into an eligible defined benefit position by June 30, 2010 or lose that former member’s status (tier standing). If that former member re-entered the workforce in a valid PERS / TRS position but after June 30, 2010, that person would become a defined contribution retirement plan member, rather than reinstated into their prior defined benefit status (tier standing). The lawsuit challenged the effect of SB 141 as an unconstitutional diminishment of a promised defined benefit.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

In April 2021, the Alaska Supreme Court found that a former member's ability to reinstate PERS / TRS status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Court held that not allowing former members to buy back into PERS / TRS defined benefit status resulted in an unconstitutional diminishment. This decision could lead to an increase in the number of employees previously believed to be ineligible for the defined benefit plan by operation of SB 141 for PERS / TRS. The case was returned to the Superior Court and the Department of Law filed a motion for final judgment. The Superior Court granted the motion for final judgment, awarded judgment on attorney's fees, and ordered the Division to notify class members by the end of May 2022 of their right to seek reinstatement into the defined benefit plan and the procedures to do so.

The Division continues to determine the impact of this decision on PERS and TRS. The Division is working with impacted former members who meet the requirements to re-establish their position in the defined benefits plan. However, it is unclear exactly how many former members will seek to reinstate to the defined benefits plan or the precise impact the reintroduction of those former members to the defined benefits plan will cost.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net Pension Liability and Related Ratios – Defined Benefit Pension Plan

Last 10 Fiscal Years

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability:										
Service cost	\$ 44,727	48,401	50,654	60,810	64,961	68,376	61,011	63,608	64,324	69,113
Interest	538,703	535,725	529,132	575,706	572,791	559,165	550,392	540,981	515,325	517,511
Differences between expected and actual experience	(59,667)	(33,160)	8,105	(135,121)	(131,092)	(65,757)	(55,682)	(5,693)	—	1,108
Changes of assumptions	154,098	—	—	(35,262)	—	—	—	156,854	—	—
Benefit payments, including refunds of member contributions	(511,762)	(501,429)	(490,446)	(472,717)	(458,511)	(448,422)	(437,582)	(418,545)	(399,001)	(397,956)
Net change in total pension liability	166,099	49,537	97,445	(6,584)	48,149	113,362	118,139	337,205	180,648	189,776
Total pension liability – beginning	7,527,454	7,477,917	7,380,472	7,387,056	7,338,907	7,225,545	7,107,406	6,770,201	6,589,553	6,399,777
Total pension liability – ending (a)	7,693,553	7,527,454	7,477,917	7,380,472	7,387,056	7,338,907	7,225,545	7,107,406	6,770,201	6,589,553
Plan fiduciary net position:										
Contributions – employer	30,707	29,336	34,114	36,805	39,835	36,634	33,478	36,374	37,571	37,372
Contributions – member	30,013	33,342	33,566	35,763	37,674	39,878	42,654	45,506	47,724	50,201
Contributions – nonemployer entity (State)	141,739	134,070	140,219	127,365	111,757	116,700	90,589	1,662,700	208,890	196,945
Total net investment income (loss)	(391,758)	1,594,536	218,372	314,972	432,543	628,184	(31,340)	152,561	599,958	373,868
Benefit payments, including refunds of member contributions	(511,762)	(501,429)	(490,446)	(472,717)	(458,511)	(448,422)	(437,582)	(418,545)	(399,001)	(382,933)
Administrative expenses	(3,805)	(3,446)	(2,988)	(3,018)	(3,050)	(2,890)	(2,648)	(2,789)	(3,160)	(2,989)
Other income	36	273	33	32	184	10	95	9	27	19
Net change in plan fiduciary net position	(704,830)	1,286,682	(67,130)	39,202	160,432	370,094	(304,754)	1,475,816	492,009	272,483
Plan fiduciary net position – beginning	6,731,481	5,444,799	5,511,929	5,472,727	5,312,295	4,942,201	5,246,955	3,771,139	3,279,130	3,006,647
Plan fiduciary net position – ending (b)	6,026,651	6,731,481	5,444,799	5,511,929	5,472,727	5,312,295	4,942,201	5,246,955	3,771,139	3,279,130
Plan's net pension liability (a)–(b)	\$ 1,666,902	795,973	2,033,118	1,868,543	1,914,329	2,026,612	2,283,344	1,860,451	2,999,062	3,310,423
Plan fiduciary net position as a percentage of the total pension liability	78.33%	89.43%	72.81%	74.68%	74.09%	72.39%	68.40%	73.82%	55.70%	49.76%
Covered payroll	\$ 333,781	357,288	370,449	392,849	416,051	442,029	463,604	491,223	514,035	541,981
Net pension liability as a percentage of covered payroll	510.46%	222.78%	548.82%	475.64%	460.12%	458.48%	492.52%	378.74%	583.44%	610.80%

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

STATE OF ALASKA
TEACHERS' 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

(In thousands)

<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>
2022	\$ 168,900	172,446	(3,546)	333,781	51.66 %
2021	155,184	163,406	(8,222)	357,288	45.74 %
2020	150,284	174,333	(24,049)	370,449	47.06 %
2019	154,083	164,170	(10,087)	392,849	41.79 %
2018	144,391	151,593	(7,202)	416,051	36.44 %
2017	133,417	153,334	(19,917)	442,029	34.69 %
2016	359,790	124,067	235,723	463,604	26.76 %
2015	321,971	1,699,074	(1,377,103)	491,223	345.89 %
2014	240,366	246,461	(6,095)	514,035	47.95 %
2013	259,786	234,317	25,469	541,981	43.23 %

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Defined Benefit Pension Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(5.91)%
2021	29.80 %
2020	4.01 %
2019	5.85 %
2018	8.30 %
2017	13.04 %
2016	(0.36)%
2015	3.30 %
2014	18.41 %

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
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

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

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 21,350	23,793	26,684	34,729	32,821
Interest	185,827	188,868	202,757	252,021	232,774
Change in benefit terms	(22,446)	—	—	—	—
Differences between expected and actual experience	(13,523)	(24,483)	(23,298)	(47,911)	(57,990)
Changes of assumptions	(86,086)	(100,701)	(273,319)	(509,775)	163,911
Benefit payments	(148,267)	(141,137)	(125,310)	(136,158)	(132,040)
EGWP rebates	18,508	18,293	11,705	2,518	—
Net change in total OPEB liability	(44,637)	(35,367)	(180,781)	(404,576)	239,476
Total OPEB liability – beginning	2,560,350	2,595,717	2,776,498	3,181,074	2,941,598
Total OPEB liability – ending (a)	2,515,713	2,560,350	2,595,717	2,776,498	3,181,074
Plan fiduciary net position:					
Contributions – employer	21,806	24,700	18,788	17,957	19,305
Contributions – EGWP rebates	18,508	18,293	11,705	2,518	—
Contributions – RDS	311	62	—	6,711	1,894
Total net investment income (loss)	(221,118)	869,241	120,073	169,183	224,820
	(180,493)	912,296	150,566	196,369	246,019
Benefit payments	(157,616)	(147,861)	(135,566)	(143,126)	(134,051)
Pharmacy rebates	14,741	12,100	15,829	11,858	6,149
Pharmacy management allowance	69	85	—	—	—
Administrative Services Only (ASO) fees	(5,461)	(5,461)	(5,573)	(4,890)	(4,138)
Net benefit payments	(148,267)	(141,137)	(125,310)	(136,158)	(132,040)
Administrative expenses, excluding ASO fees	(2,107)	(1,836)	(1,372)	(1,351)	(1,527)
Other	47	247	258	324	18
Net change in plan fiduciary net position	(330,820)	769,570	24,142	59,184	112,470
Plan fiduciary net position – beginning	3,723,031	2,953,461	2,929,319	2,870,135	2,757,665
Plan fiduciary net position – ending (b)	3,392,211	3,723,031	2,953,461	2,929,319	2,870,135
Plan's net OPEB (asset) liability (a)–(b)	\$ (876,498)	(1,162,681)	(357,744)	(152,821)	310,939
Plan fiduciary net position as a percentage of the total OPEB liability	134.84%	145.41%	113.78%	105.50%	90.23%
Covered payroll	\$ 333,781	357,288	370,449	392,849	416,051
Net OPEB liability (asset) as a percentage of covered payroll	(262.60)%	(325.42)%	(96.57)%	(38.90)%	74.74%

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
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

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

Last 10 Fiscal Years

(In thousands)

<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	\$ 22,360	21,806	554	333,781	6.53 %
2021	25,197	24,700	497	357,288	6.91 %
2020	28,373	18,788	9,585	370,449	5.07 %
2019	19,944	17,957	1,987	392,849	4.57 %
2018	19,518	19,305	213	416,051	4.64 %
2017	42,171	24,069	18,102	442,029	5.45 %
2016	336,595	66,099	270,496	463,604	14.26 %
2015	352,417	364,222	(11,805)	491,223	74.15 %
2014	320,797	139,936	180,861	514,035	27.22 %
2013	330,411	141,125	189,286	541,981	26.04 %

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.04)%
2021	29.95 %
2020	4.16 %
2019	6.02 %
2018	8.33 %
2017	12.58 %

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
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB Asset and Related Ratios – Occupational Death and Disability Plan

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 335	312	284	275	259
Interest	63	60	43	44	41
Differences between expected and actual experience	(367)	(338)	(92)	(274)	(248)
Changes of assumptions	(15)	—	—	(5)	—
Benefit payments	(27)	(24)	(24)	(24)	(24)
Net change in total OPEB liability	(11)	10	211	16	28
Total OPEB liability – beginning	528	518	307	291	263
Total OPEB liability – ending (a)	517	528	518	307	291
Plan fiduciary net position:					
Contributions – employers	393	362	329	312	—
Total net investment income (loss)	(423)	1,471	190	243	290
Benefit payments	(27)	(24)	(24)	(24)	(24)
Administrative expenses	(9)	(9)	—	—	—
Net change in plan fiduciary net position	(66)	1,800	495	531	266
Plan fiduciary net position – beginning	6,623	4,823	4,328	3,797	3,531
Plan fiduciary net position – ending (b)	6,557	6,623	4,823	4,328	3,797
Plan's net OPEB asset (a)–(b)	\$ (6,040)	(6,095)	(4,305)	(4,021)	(3,506)
Plan fiduciary net position as a percentage of the total OPEB liability	1,268.28%	1,254.36%	931.08%	1,409.77%	1,304.81%
Covered payroll	\$ 488,659	453,286	412,113	392,866	359,130
Net OPEB asset as a percentage of covered payroll	(1.24)%	(1.34)%	(1.04)%	(1.02)%	(0.98)%

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

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions – Occupational Death and Disability Plan

Last 10 Fiscal Years

(In thousands)

<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>
2022	\$ 339	393	(54)	488,659	0.08 %
2021	313	362	(49)	453,286	0.08 %
2020	288	329	(41)	412,113	0.08 %
2019	277	312	(35)	392,866	0.08 %
2018	—	—	—	359,130	— %
2017	—	—	—	335,269	— %
2016	—	1	(1)	289,714	— %
2015	—	—	—	255,186	— %
2014	—	—	—	229,971	— %
2013	—	—	—	206,771	— %

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Occupational Death and Disability Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.21)%
2021	29.46 %
2020	4.22 %
2019	6.15 %
2018	8.24 %
2017	12.03 %

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
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB Asset and Related Ratios – Retiree Medical Plan

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 3,636	3,376	3,410	3,684	3,247
Interest	3,748	3,088	3,073	2,971	2,347
Change in benefit terms	(610)	—	—	—	—
Differences between expected and actual experience	(410)	2,313	(529)	2,696	(389)
Changes of assumptions	(5,910)	41	(5,632)	(4,551)	2,184
Benefit payments	(127)	(171)	(6)	(35)	(31)
EGWP rebates	18	3	1	—	—
Net change in total OPEB liability	<u>345</u>	<u>8,650</u>	<u>317</u>	<u>4,765</u>	<u>7,358</u>
Total OPEB liability – beginning	<u>47,198</u>	<u>38,548</u>	<u>38,231</u>	<u>33,466</u>	<u>26,108</u>
Total OPEB liability – ending (a)	<u>47,543</u>	<u>47,198</u>	<u>38,548</u>	<u>38,231</u>	<u>33,466</u>
Plan fiduciary net position:					
Contributions – employers	4,086	4,217	4,461	3,085	3,271
Contributions – EGWP rebates	18	3	1	—	—
Contributions – RDS	—	—	—	3	—
Total net investment income	(4,310)	14,848	1,899	2,355	2,579
	<u>(206)</u>	<u>19,068</u>	<u>6,361</u>	<u>5,443</u>	<u>5,850</u>
Benefit payments	(129)	(164)	(9)	(44)	(31)
Pharmacy rebates	10	1	3	9	—
ASO fees	(8)	(8)	—	—	—
Net benefit payments	<u>(127)</u>	<u>(171)</u>	<u>(6)</u>	<u>(35)</u>	<u>(31)</u>
Administrative expenses, net of ASO fees	(36)	(34)	(9)	(6)	(3)
Other	—	2	—	—	1
Net change in plan fiduciary net position	<u>(369)</u>	<u>18,865</u>	<u>6,346</u>	<u>5,402</u>	<u>5,817</u>
Plan fiduciary net position – beginning	<u>67,278</u>	<u>48,413</u>	<u>42,067</u>	<u>36,665</u>	<u>30,848</u>
Plan fiduciary net position – ending (b)	<u>66,909</u>	<u>67,278</u>	<u>48,413</u>	<u>42,067</u>	<u>36,665</u>
Plan's net OPEB asset (a)–(b)	<u>\$ (19,366)</u>	<u>(20,080)</u>	<u>(9,865)</u>	<u>(3,836)</u>	<u>(3,199)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	140.73%	142.54%	125.59%	110.03%	109.56%
Covered payroll	\$ 488,659	453,286	412,113	392,866	359,130
Net OPEB asset as a percentage of covered payroll	(3.96)%	(4.43)%	(2.39)%	(0.98)%	(0.89)%

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
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions – Retiree Medical Plan

Last 10 Fiscal Years

(In thousands)

<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>
2022	\$ 3,517	4,086	(569)	488,659	0.84 %
2021	3,644	4,217	(573)	453,286	0.93 %
2020	3,920	4,461	(541)	412,113	1.08 %
2019	2,734	3,085	(351)	392,866	0.79 %
2018	2,983	3,271	(288)	359,130	0.91 %
2017	3,158	3,524	(366)	335,269	1.05 %
2016	6,837	6,317	520	289,714	2.18 %
2015	6,099	5,670	429	255,186	2.22 %
2014	1,334	1,181	153	229,971	0.51 %
2013	1,241	1,101	140	206,771	0.53 %

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

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)
Schedule of Investment Returns – Retiree Medical Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.21)%
2021	29.41 %
2020	4.26 %
2019	6.16 %
2018	7.92 %
2017	11.80 %

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
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(1) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck. The significant actuarial methods and assumptions used in the defined benefit pension and postemployment healthcare benefit plan valuation as of June 30, 2021 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.

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 equals the change in UAAL at June 30, 2018 due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the difference between actual and expected UAAL occurring that year and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

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 assumed retirement age 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.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (b) Valuation of assets – The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY15, 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 audited financial statements.
- (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). 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 – Rates based upon the 2013–2017 actual experience. Inflation 2.50% per year and productivity 0.25% per year.
- (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) Mortality (pre-commencement) – Mortality rates based upon the 2013–2017 actual experience. 100% of male and female of the RP-2014 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.
- (i) Mortality (post-commencement) – Mortality rates based upon the 2013–2017 actual experience. 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.
- (j) Turnover – Select and ultimate rates based upon the 2013–2017 actual experience
- (k) Disability – Incidence rates based on the 2013–2017 actual experience. Disability rates cease once a member is eligible for retirement. Post-disability mortality in accordance with the RP-2014 disability table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (l) Retirement – Retirement rates based on the 2013–2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date. The modified cash refund annuity is valued as a three-year certain and life annuity.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (m) Spouse age difference – Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.
- (n) Percent married for pension – 85% of male members and 75% female members are assumed to be married at termination from active service.
- (o) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. 65% of male members and 60% female member are assumed to be married and cover a dependent spouse.
- (p) Dependent children – Pension: For the participants who are assumed to be married, those between ages 25 and 45 are assumed to have two dependent children. 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).
- (q) Contribution refunds – 0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.
- (r) 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.
- (s) Active rehire assumption – The normal cost used for determining contribution rates and in the projections includes a rehire assumption to account for anticipated rehires. The normal cost includes the following assumptions (which were developed based on the five years of rehire loss experience through June 30, 2017). For projections, these assumptions were assumed to grade to zero uniformly over a 20-year period. Pension – 15.57% and Healthcare – 12.03%.
- (t) Re-employment option – All re-employed retirees are assumed to return to work under the standard option.
- (u) Active data adjustment – No adjustment was made to reflect participants who terminate employment before the valuation date and are subsequently rehired after the valuation date.
- (v) Alaska Cost of Living Allowance (COLA) – Of those benefit recipients who are eligible for the COLA, 60% are assumed to remain in Alaska and receive the COLA.
- (w) Postretirement pension adjustment (PRPA) – 50% and 75% of assumed inflation, or 1.25% and 1.875%, respectively, is valued for the annual automatic PRPA as specified in the statute.
- (x) Expenses – The investment return assumption is net of investment expenses. The Normal Cost as of June 30, 2021 was increased by the following amounts for administrative expenses (for projections,

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

the percentage increase was assumed to remain constant in future years): Pension – \$3,217,000 and Healthcare – \$1,604,000.

- (y) Part-time status – Part-time employees are assumed to earn 0.75 years of credited service per year.
- (z) Sick leave – 4.5 days of unused sick leave for each year of service are assumed to be available to be credited once the member is retired, terminates, or dies.
- (aa) Service – Total credited service is provided by the State. This service is assumed to be the only service that should be used to calculate benefits. Additionally, the State provides claimed service (including Bureau of Indian Affairs service). Claimed service is used for vesting and eligibility purposes.
- (bb) Final average earnings – Final average earnings is provided on the data for active members. This amount is used as a minimum in the calculation of the average earnings in the future.
- (cc) Per capita claims cost – Sample claims cost rates adjusted to age 65 for FY22 medical and prescription drug benefits are shown below:

	Medical	Prescription drugs
Pre-Medicare	\$ 15,926	3,375
Medicare Parts A and B	1,619	3,474
Medicare Part B only	5,341	3,474
Medicare Part D – EGWP	N/A	1,131

The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications. The pre-Medicare medical costs reflect the coverage of additional preventive benefits.

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2022 fiscal year (July 1, 2021–June 30, 2022).

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.

- (dd) Third-party administrator fees – \$493 per person per year; assumed to increase at 4.5% per year.
- (ee) 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.

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (ff) 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, 6.3% is applied to the FY22 pre-Medicare medical claims cost to get the FY23 medical claims cost:

<u>Fiscal year</u>	<u>Medical Pre-65</u>	<u>Medical Post-65</u>	<u>Prescription drugs/EGWP</u>
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.

- (gg) Aging factors:

<u>Age</u>	<u>Medical</u>	<u>Prescription drugs</u>
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+	—	—

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (hh) Retired member contributions for medical benefits – Currently, contributions are required for System members who are under age 60 and have less than 25 years of service. Eligible tier 1 members are exempt from contribution requirements. Annual FY22 contributions based on monthly rates shown below for calendar 2022 are assumed based on the coverage category for current retirees. The retiree only rate shown is used for current active and inactive members and spouses in tier 2 who are assumed to retire prior to age 60 with less than 25 years of service and who are not disabled. For dependent children, the System values one-third of the annual retiree contribution to estimate the per-child rate based upon the assumed number of children in rates where children are covered.

<u>Coverage category</u>	<u>Calendar 2022</u>		<u>Calendar 2021</u>
	<u>Annual contribution</u>	<u>Monthly contribution</u>	<u>Monthly contribution</u>
Retiree only	\$ 8,448	704	704
Retiree and spouse	16,896	1,408	1,408
Retiree and child(ren)	11,940	995	995
Retiree and family	20,388	1,699	1,699
Composite	12,552	1,046	1,046

- (ii) Trend rate for retired member medical contributions – The table below shows the rate used to project the retired member medical contributions from the shown fiscal year to the next fiscal year. For example, 0.0% is applied to the FY22 retired member medical contributions to get the FY23 retired member medical contributions.

<u>Fiscal year</u>	<u>Trend assumption</u>
2022	—%
2023 +	4.0

Graded trend rates for retired member medical contributions are consistent with the rates used for the June 30, 2020 valuation. Actual FY22 retired member medical contributions are reflected in the valuation.

- (jj) Healthcare participation – 100% of System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 20% of non-System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

The significant actuarial methods and assumptions used in the defined contribution occupational death and disability and retiree medical benefit plans valuation as of June 30, 2021 were as follows:

- (a) Actuarial cost method – Liabilities and contributions shown 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 percentage of expected payroll.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (b) Valuation of assets – Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method was phased in over five years. Fair value of assets was \$0 as of June 30, 2006. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements. Valuation 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 – Due to the lack of experience for the DCR retiree medical plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2021 for the Defined Benefit (DB) retiree medical plan covering TRS and PERS. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DCR medical plan and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, projected FY22 claims costs were reduced 3.1% for medical claims, and 8.9% for prescription drugs. In addition, to account for the difference in Medicare coordination, projected FY22 medical claims costs for Medicare eligible retirees were further reduced 29.5%.

To adjust for the decrease in medical claims due to COVID-19 during the last 4 months of FY20, the per capita cost during the first 8 months was used as the basis for estimating claims that would have occurred in the absence of COVID-19. FY21 experience was also thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY21 claims was appropriate for use in the June 30, 2021 valuation. FY21 medical per capita claims were noticeably lower than expected, so a 4% load was added to the FY21 medical claims used in the per capita claims cost development to better reflect future expected long-term costs of the plan.

No implicit subsidies are assumed. Employees projected to retire with 30 years of service prior to Medicare are valued with commencement deferred to Medicare eligibility, because those members will be required to pay the full plan premium prior to Medicare. Explicit subsidies for disabled and normal retirement are determined using the plan-defined percentages of age-related total projected plan costs, again with no implicit subsidy assumed.

The State transitioned to an Employer Group Waiver Program (EGWP) for DCR participants effective January 1, 2019. The estimated 2022 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates).

- (d) Investment return – 7.38% per year, net of investment expenses.
- (e) Salary scale – Salary scale rates based upon the 2013–2017 actual experience. Inflation 2.50% per year. Productive 0.25% per year.
- (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.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (h) Mortality (pre-commencement) – Mortality rates based upon the 2013–2017 actual experience, 100% of male and female of the RP-2014 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.
- (i) Mortality (post-commencement) – Mortality rates based upon the 2013–2017 actual experience, 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.
- (j) Total turnover – Select and ultimate rates based upon the 2013–2017 actual experience.
- (k) Disability – Incidence rates based upon the 2013–2017 actual experience. For retiree medical benefits, the disability rates cease once a member is eligible for retirement. However, the disability rates continue after retirement eligibility for occupational death and disability benefits. Disabilities are assumed to be occupational 15% of the time. Post-disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (l) Retirement – Retirement rates based upon the 2013–2017 actual experience.
- (m) Spouse age difference – Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.
- (n) Percent married for occupational death and disability – 85% of male members and 75% of female members are assumed to be married at termination from active service.
- (o) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. 65% of male members and 60% female members are assumed to be married and cover a dependent spouse.
- (p) Part-time status – Part-time employees are assumed to earn 0.75 years of service per year.
- (q) Per capita claims cost – Sample claims cost rates (before base claims cost adjustments described below) adjusted to age 65 for FY22 medical and prescription drug benefits are shown below:

	Medical	Prescription drugs
Pre-Medicare	\$ 15,708	3,375
Medicare Parts A and B	1,619	3,474
Medicare Part D - EGWP	N/A	1,131

The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Members are assumed to attain Medicare eligibility at age 65. All other costs are for the 2022 fiscal year (July 1, 2021–June 30, 2022).

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.

- (r) Third-party administrator fees – \$493 per person per year; assumed to increase at 4.5% per year.
- (s) Base claims cost adjustments – Due to higher initial copays, deductibles, out-of-pocket limits, and member cost sharing compared to the DB medical plan, the following cost adjustments are applied to the per capita claims cost rates above: 0.969 for pre-Medicare medical, 0.674 for both Medicare medical plan and Medicare coordination method (3.1% reduction for the medical plan and 29.5% reduction for the coordination method), and 0.911 for the prescription drug plan.
- (t) Administrative expenses – Beginning with the June 30, 2018 valuation, the normal cost is increased for administrative expenses expected to be paid from plan assets during the year. The amounts included in the June 30, 2021 normal cost, which are based on the average of actual administrative expenses during the last two fiscal years, are \$5,000 for occupational death and disability and \$22,000 for retiree medical.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (u) 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, 6.3% is applied to the FY22 pre-Medicare medical claims costs to get the FY23 medical claims costs:

<u>Fiscal year</u>	<u>Medical Pre-65</u>	<u>Medical Post-65</u>	<u>Prescription drugs/EGWP</u>
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.

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(v) Aging factors:

<u>Age</u>	<u>Medical</u>	<u>Prescription Drugs</u>
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+	—	—

(w) Retiree medical participation:

<u>Death / Disability Decrement</u>		<u>Retirement Decrement</u>	
<u>Age</u>	<u>Percent participation</u>	<u>Age</u>	<u>Percent participation</u>
<56	75.0 %	55	50.0 %
56	77.5	56	55.0
57	80.0	57	60.0
58	82.5	58	65.0
59	85.0	59	70.0
60	87.5	60	75.0
61	90.0	61	80.0
62	92.5	62	85.0
63	95.0	63	90.0
64	97.5	64	95.0
65+	100.0	65+	
		<u>Years of service</u>	
		<15	75.0%
		15–19	80.0
		20–24	85.0
		25–29	90.0
		30+	95.0

Participation assumption is a combination of (i) the service-based rates for retirement from employment at age 65+ and (ii) the age-based rates for retirement from employment before age 65. These rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility, and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (x) Imputed data – Data changes from the prior year that are deemed to have 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.

(2) Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

(a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

There were no changes in actuarial methods since the prior valuation.

(b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$3,003,000 to \$3,217,000 for pension, and from \$1,362,000 to \$1,604,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

(c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

(d) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

(e) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$0 to \$5,000 for occupational death and disability, and from \$8,000 to \$22,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

(f) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

There have been no changes in benefit provisions valued since the prior valuation.

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Administrative and Investment Deductions

Years ended June 30, 2022 and 2021

(In thousands)

	Administrative	Investment	Totals	
			2022	2021
Personal services:				
Wages	\$ 2,027	1,027	3,054	3,029
Benefits	1,353	534	1,887	1,717
Total personal services	<u>3,380</u>	<u>1,561</u>	<u>4,941</u>	<u>4,746</u>
Travel:				
Transportation	1	10	11	3
Per diem	—	2	2	1
Total travel	<u>1</u>	<u>12</u>	<u>13</u>	<u>4</u>
Contractual services:				
Management and consulting	7,434	148	7,582	7,434
Investment management and custodial fees	—	24,604	24,604	23,286
Accounting and auditing	89	4	93	87
Data processing	2,096	366	2,462	1,842
Communications	42	4	46	48
Advertising and printing	24	1	25	14
Rentals/leases	58	42	100	197
Legal	103	15	118	55
Medical specialists	—	—	—	2
Repairs and maintenance	1	—	1	3
Transportation	100	—	100	51
Securities lending	—	60	60	66
Other professional services	250	29	279	255
Total contractual services	<u>10,197</u>	<u>25,273</u>	<u>35,470</u>	<u>33,340</u>
Other:				
Equipment	3	5	8	13
Supplies	6	32	38	41
Total other	<u>9</u>	<u>37</u>	<u>46</u>	<u>54</u>
Total administrative and investment deductions	<u>\$ 13,587</u>	<u>26,883</u>	<u>40,470</u>	<u>38,144</u>

See accompanying independent auditors' report.

STATE OF ALASKA
TEACHERS' RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2022 and 2021

(In thousands)

<u>Firm</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
Buck Global LLC	Actuarial services	\$ 262	235
KPMG LLP	Auditing services	62	51
Groundswell Communications	Communications services	26	23
State Street Bank and Trust	Custodial banking services	469	483
Alaska IT Group	Data processing services	83	109
Applied Microsystems Incorporated	Data processing services	173	157
DLT Solutions	Data processing services	—	55
Sagitec Solutions	Data processing services	1,606	1,021
SHI International Corporation	Data processing services	8	14
Sungard Availability Services	Data processing services	11	11
TechData Service Company	Data processing services	136	—
State of Alaska, Department of Law	Legal services	118	121
Linea Solutions Incorporation	Management consulting services	—	15
Symphony Performance Health	Management consulting services	11	11
The Segal Company Incorporated	Management consulting services	34	125
		<u>\$ 2,999</u>	<u>2,431</u>

This schedule presents payments to consultants receiving greater than \$10,000.

See accompanying independent auditors' report.



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

Financial Statements and Supplemental Schedules

June 30, 2022

(With summarized financial information for June 30, 2021)

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page(s)
Independent Auditors' Report	1–3
Management's Discussion and Analysis (Unaudited)	4–13
Basic Financial Statements:	
Combining Statement of Fiduciary Net Position	14
Combining Statement of Changes in Fiduciary Net Position	15
Notes to Financial Statements	16–27
Required Supplementary Information (Unaudited):	
Schedule of Changes in Plan Net Pension (Asset) Liability and Related Ratios – Defined Benefit Pension Plan	28
Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan	29
Schedule of Investment Returns – Defined Benefit Pension Plan	30
Schedule of Changes in Plan Net OPEB (Asset) Liability and Related Ratios – Alaska Retiree Healthcare Trust Plan	31
Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan	32
Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan	33
Notes to Required Supplementary Information (Unaudited)	34–38
Supplemental Schedules:	
Schedule 1 – Schedules of Administrative and Investment Deductions	39
Schedule 2 – Schedules of Payments to Consultants Other Than Investment Advisors	40



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

Independent Auditors' Report

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

Opinion

We have audited the combining financial statements of the State of Alaska Judicial Retirement System (the System) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Financial Statements section of our report. We are required to be independent of the System 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.



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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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.

Report on Summarized Comparative Information

We have previously audited the System's 2021 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements for the year ended June 30, 2022. The supplemental schedules listed in the table of contents for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been



subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 20, 2021 which expressed an unmodified opinion. The supplemental schedules listed in the table of contents for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information was subjected to the audit procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

KPMG LLP

Anchorage, Alaska
October 14, 2022

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022 and 2021. 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, 2022 and 2021. Information for fiscal year 2020 is presented for comparative purposes.

Financial Highlights

The System's financial highlights for the year ended June 30, 2022 were as follows:

- The System's fiduciary net position restricted for pension and postemployment healthcare benefits decreased by \$20.8 million.
- The plan member and employer contributions of \$8.1 million decreased by \$332,039 when compared to fiscal year 2021.
- The State of Alaska (the State) directly appropriated \$4.185 million to the System.
- The System's net investment income decreased \$84 million when compared to fiscal year 2021, to a loss of \$17.3 million.
- The System's pension benefit expenditures totaled \$14.8 million.
- The System's postemployment healthcare benefit expenditures totaled \$1.3 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, 2022.

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, 2022. This statement presents contributions and investment income during the period. Deductions for pension and postemployment healthcare benefits, refunds, and operating deductions are also presented.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2022

The above statements represent resources available for investment and payment of benefits as of June 30, 2022 and the sources and uses of those funds during fiscal year 2022.

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		Increase		2020
	2022	2021	Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 3,799,782	3,284,166	515,616	15.7 %	\$ 2,508,034
Due from State of Alaska General Fund	1,762,801	2,338,732	(575,931)	(24.6)	1,015,397
Other receivables	45,560	19,209	26,351	137.2	1,004
Investments at fair value	262,485,328	283,489,650	(21,004,322)	(7.4)	220,767,779
Other assets	3,076	3,076	—	—	3,076
Total assets	268,096,547	289,134,833	(21,038,286)	(7.3)	224,295,290
Liabilities:					
Claims payable	110,000	148,000	(38,000)	(25.7)	111,000
Accrued expenses	34,327	38,304	(3,977)	(10.4)	17,879
Securities lending collateral payable	502,734	727,183	(224,449)	(30.9)	285,884
Total liabilities	647,061	913,487	(266,426)	(29.2)	414,763
Plan fiduciary net position	\$ 267,449,486	288,221,346	(20,771,860)	(7.2)%	\$ 223,880,527

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

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Description	Changes in Plan Fiduciary Net Position		Increase (decrease)		2020
	2022	2021	Amount	Percentage	
Plan fiduciary net position, beginning of year	\$ 288,221,346	223,880,527	64,340,819	28.7 %	\$ 217,718,144
Additions:					
Contributions – employer and plan member	8,122,637	8,454,676	(332,039)	(3.9)	7,686,183
Nonemployer contribution - State of Alaska	4,185,000	5,145,000	(960,000)	(18.7)	5,010,000
Net investment income (loss)	(17,288,680)	66,741,226	(84,029,906)	(125.9)	8,915,235
Employer group waiver plan	165,088	167,474	(2,386)	(1.4)	108,886
Medicare retiree drug subsidy	179,003	685	178,318	26,031.8	—
Pharmacy rebates	122,908	77,257	45,651	59.1	202,491
Pharmacy management allowance	2,277	1,942	335	17.3	—
Other income	101	22,236	(22,135)	(99.5)	23,956
Total additions (reductions)	(4,511,666)	80,610,496	(85,122,162)	(105.6)	21,946,751
Deductions:					
Pension and postemployment healthcare benefits	16,075,163	16,097,947	(22,784)	(0.1)	15,604,088
Administrative	185,031	171,730	13,301	7.7	180,280
Total deductions	16,260,194	16,269,677	(9,483)	(0.1)	15,784,368
Increase (decrease) in fiduciary net position	(20,771,860)	64,340,819	(85,112,679)	(132.3)	6,162,383
Plan fiduciary net position, end of year	\$ 267,449,486	288,221,346	(20,771,860)	(7.2)%	\$ 223,880,527

Financial Analysis of the System

The statements of fiduciary net position as of June 30, 2022 and 2021 show net position restricted for pension and postemployment healthcare benefits of \$267,449,486 and \$288,221,346, 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 a decrease in the System's net position restricted for pension and postemployment healthcare benefits of \$20,771,860 or 7.2% from fiscal year 2021 to 2022 and an increase of \$64,340,819 or 28.7% from fiscal year 2020 to 2021. 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 32nd Alaska State Legislature and as part of the State's Fiscal Year 2022 Operating Budget, House Bill 69 appropriated \$4,185,000 from the General Fund and the Budget Reserve Fund to the Department of Administration for deposit in the Defined Benefit Pension fund.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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 2022 and 2021, the Board adopted the following asset allocations:

	2022		2021	
	Pension and healthcare trusts		Pension and healthcare trusts	
	Allocation	Range	Allocation	Range
Broad domestic equity	27.0 %	± 6%	28.0 %	± 6%
Global equity ex-U.S.	18.0	± 4	19.0	± 4
Fixed income	21.0	± 10	22.0	± 10
Opportunistic	6.0	± 4	6.0	± 4
Real assets	14.0	± 7	13.0	± 7
Private equity	14.0	± 6	12.0	± 6
Total	<u>100.0 %</u>		<u>100.0 %</u>	
Expected return 20-year geometric mean	6.88 %		7.13 %	
Projected standard deviation	13.89		13.55	

For fiscal years 2022 and 2021, the Pension Plan's investments generated a (4.09)% and 27.64% rate of return, respectively. For fiscal years 2022 and 2021, the Alaska Retiree Healthcare Trust Plan's investments generated a (4.07)% and 27.69% 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:

Description	Additions				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Employer contributions	\$ 7,260,609	7,616,990	(356,381)	(4.7)%	6,847,507
Plan members contributions	862,028	837,686	24,342	2.9	838,676
Nonemployer contributions –					
State of Alaska	4,185,000	5,145,000	(960,000)	(18.7)	5,010,000
Net investment income (loss)	(17,288,680)	66,741,226	(84,029,906)	(125.9)	8,915,235
Employer group waiver plan	165,088	167,474	(2,386)	(1.4)	108,886
Medicare retiree drug subsidy	179,003	685	178,318	26,031.8	—
Pharmacy rebates	122,908	77,257	45,651	59.1	202,491
Pharmacy management allowance	2,277	1,942	335	17.3	—
Other income	101	22,236	(22,135)	(99.5)	23,956
	<u>\$ (4,511,666)</u>	<u>80,610,496</u>	<u>(85,122,162)</u>	<u>(105.6)%</u>	<u>21,946,751</u>

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

The System's employer contributions decreased from \$7,616,990 during fiscal year 2021 to \$7,260,609 in fiscal year 2022, a decrease of \$356,381, or 4.7%. The System's employer contributions increased from \$6,847,507 during fiscal year 2020 to \$7,616,990 during fiscal year 2021, an increase of \$769,483, or 11.2%. The decrease in employer contributions for fiscal year 2022 was caused by a reduction in additional funding provided by the employer outside the payroll process. The increase in employer contributions for fiscal year 2021 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 decreased from 48.16% in fiscal year 2021 to 46.0% in fiscal year 2022. Additionally, the Alaska Court System has contributed additional employer contributions in fiscal year 2022 to aid in the funded level of the pension plan.

The System's net investment income in fiscal year 2022 decreased by \$84,029,906 or 125.9% from amounts in fiscal year 2021. 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 investment losses in fiscal year 2022 were lower than the investment gains seen in fiscal year 2021, causing a difference in investment returns when comparing 2022 and 2021. 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 2022, the Plan received \$165,088 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. During fiscal year 2022, the Plan received \$122,908 compared to \$77,257 from fiscal year 2021 and \$202,491 in fiscal year 2020. The change from year to year is based upon usage of prescription drugs and rebates available during each fiscal year for those prescriptions. The Plan did allow for additional prescription drug refills during the Coronavirus Pandemic, which increased costs in fiscal year 2020, allowing for additional rebates. Usage varies annually which has a direct impact on rebates.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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

	Year ended		
	2022	2021	2020
Plan returns	(4.09)%	27.64 %	3.84 %
Broad domestic equity	(11.74)	42.69	2.61
Global equity ex-U.S.	(20.95)	38.54	(3.59)
Fixed income	(6.99)	2.19	7.36
Opportunistic	(10.58)	23.85	0.52
Real assets	14.29	9.86	2.06
Private equity	26.25	50.67	10.49
Actuarially assumed rate of return	7.25	7.38	7.38

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

	Year ended		
	2022	2021	2020
Plan returns	(4.07)%	27.69 %	3.93 %
Broad domestic equity	(11.73)	42.69	2.62
Global equity ex-U.S.	(20.95)	38.57	(3.58)
Fixed income	(6.99)	2.20	7.36
Opportunistic	(10.58)	23.86	0.05
Real assets	14.41	10.00	2.37
Private equity	26.25	50.67	10.54
Actuarially assumed rate of return	7.25	7.38	7.38

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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:

	2022	2021	Deductions		2020
			Amount	Percentage	
Pension benefits	\$ 14,770,632	14,368,857	401,775	2.8 %	\$ 14,178,500
Postemployment healthcare benefits	1,304,531	1,729,090	(424,559)	(24.6)	1,425,588
Administrative	185,031	171,730	13,301	7.7	180,280
Total	\$ 16,260,194	16,269,677	(9,483)	(0.1)%	\$ 15,784,368

The System's pension benefit payments in 2022 increased \$401,775 or 2.8% from fiscal year 2021, which increased \$190,357 or 1.3% from fiscal year 2021. The increase in pension benefits in fiscal year 2022 is the result of an increase in the retirees from 145 in 2021 to 149 in 2022, or a 2.8% increase.

The System's postemployment healthcare benefit payments in fiscal year 2022 decreased \$424,559 or 24.6% from fiscal year 2021, which increased \$303,502 or 21.3% from fiscal year 2020. The fiscal year 2022 decrease in healthcare costs was due to a decrease in per member claim costs.

Net Pension Asset

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. 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, or the overfunded portion of the total pension liability.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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

	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 208,987,920	218,717,460
Plan fiduciary net position	<u>(227,181,866)</u>	<u>(245,047,997)</u>
Employer's net pension asset	<u>\$ (18,193,946)</u>	<u>(26,330,537)</u>
Plan fiduciary net position as a percentage of the total pension liability	108.71 %	112.04 %

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>2022</u>	<u>2021</u>
Total OPEB liability	\$ 18,309,351	17,920,646
Plan fiduciary net position	<u>(40,267,620)</u>	<u>(43,173,349)</u>
Employer's net OPEB asset	<u>\$ (21,958,269)</u>	<u>(25,252,703)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	219.93 %	240.91 %

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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. 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 2022, the 32nd Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute First Special Session House Bill 281, Section 80(c), appropriates \$3,225,000 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, 2023.

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

Fiscal year 2022 had negative investment returns. Net investment income decreased from \$66,741,226 in fiscal year 2021 to \$(17,288,680) in fiscal year 2022, a decrease of \$84,029,906, or 125.9%. 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 roll-forward report for fiscal year 2021 reports a funding ratio of 107.1% and a funding excess of \$16.9 million. The actuarial valuation for June 30, 2020 reported a funding ratio of 100.5% and a funding excess of \$1.1 million. The decrease in the unfunded liability is attributable to significant investment income during fiscal year 2021. Additionally, the Plan benefited from updated healthcare cost trend assumptions. Both the actuarial valuation roll-forward report of June 30, 2021 and the actuarial valuation report of June 30, 2020 are posted to the Plan's web page. The actuarial valuation reports for the Plan are conducted biennially. The roll-forward June 30, 2021 report was completed and presented in March 2022, and adopted by the Board in June 2022. The next full actuarial valuation report will be completed for the period ending June 30, 2022. The Board also adopted new valuation assumptions as a result of an experience study conducted for the period July 1, 2017 to June 30, 2021. The adoption of these assumptions occurred in June 2022 and will be used on the next annual actuarial valuation report for the year ended June 30, 2022.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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

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

Combining Statement of Fiduciary Net Position

June 30, 2022

(With summarized financial information for June 30, 2021)

	<u>Defined benefit pension</u>	<u>Alaska Retiree Healthcare Trust</u>	<u>System total June 30, 2022</u>	<u>System total June 30, 2021</u>
Assets:				
Cash and cash equivalents:				
Short-term fixed income pool	\$ 2,820,785	476,263	3,297,048	2,556,984
Securities lending collateral	426,633	76,101	502,734	727,182
Total cash and cash equivalents	<u>3,247,418</u>	<u>552,364</u>	<u>3,799,782</u>	<u>3,284,166</u>
Receivables:				
Due from State of Alaska General Fund	1,741,927	20,874	1,762,801	2,338,732
Other receivables	766	44,794	45,560	19,209
Total receivables	<u>1,742,693</u>	<u>65,668</u>	<u>1,808,361</u>	<u>2,357,941</u>
Investments at fair value:				
Fixed-income securities:				
Alternative fixed income pool	6,129,357	1,096,931	7,226,288	7,002,364
Barclays aggregate bond fund	8,066,166	1,443,643	9,509,809	10,216,766
Opportunistic fixed income pool	33,851,828	6,058,431	39,910,259	40,804,828
Total fixed-income securities	<u>48,047,351</u>	<u>8,599,005</u>	<u>56,646,356</u>	<u>58,023,958</u>
Broad domestic equity pool:				
Large cap pool	50,255,479	8,994,225	59,249,704	72,375,013
Small cap pool	4,428,022	792,475	5,220,497	6,132,978
Total broad domestic equity	<u>54,683,501</u>	<u>9,786,700</u>	<u>64,470,201</u>	<u>78,507,991</u>
Global equity ex-U.S.:				
International equity pool	29,684,190	5,312,200	34,996,390	43,267,126
Emerging markets equity pool	6,642,988	1,188,930	7,831,918	9,191,482
Total global equity ex-U.S.	<u>36,327,178</u>	<u>6,501,130</u>	<u>42,828,308</u>	<u>52,458,608</u>
Opportunistic:				
Alternative equity pool	2,325,420	416,198	2,741,618	3,301,803
Alternative beta pool	2,562,832	458,637	3,021,469	2,636,714
Other opportunities pool	31,650	5,632	37,282	173,081
Tactical allocation strategies pool	8,234,332	1,473,684	9,708,016	10,609,599
Total opportunistic	<u>13,154,234</u>	<u>2,354,151</u>	<u>15,508,385</u>	<u>16,721,197</u>
Private equity pool	<u>37,168,110</u>	<u>6,652,003</u>	<u>43,820,113</u>	<u>42,574,904</u>
Real assets:				
Real estate pool	13,273,708	2,380,557	15,654,265	13,017,274
Real estate investment trust pool	3,713,069	664,536	4,377,605	4,590,409
Infrastructure private pool	5,881,138	1,052,559	6,933,697	6,323,437
Energy pool	468,486	83,865	552,351	527,562
Farmland pool	7,092,583	1,269,348	8,361,931	7,632,765
Timber pool	2,826,285	505,831	3,332,116	3,111,545
Total real assets	<u>33,255,269</u>	<u>5,956,696</u>	<u>39,211,965</u>	<u>35,202,992</u>
Total investments	<u>222,635,643</u>	<u>39,849,685</u>	<u>262,485,328</u>	<u>283,489,650</u>
Other assets	<u>—</u>	<u>3,076</u>	<u>3,076</u>	<u>3,076</u>
Total assets	<u>227,625,754</u>	<u>40,470,793</u>	<u>268,096,547</u>	<u>289,134,833</u>
Liabilities:				
Claims payable	—	110,000	110,000	148,000
Accrued expenses	17,255	17,072	34,327	38,304
Securities lending collateral payable	426,633	76,101	502,734	727,183
Total liabilities	<u>443,888</u>	<u>203,173</u>	<u>647,061</u>	<u>913,487</u>
Net position restricted for pension and postemployment healthcare benefits	<u>\$ 227,181,866</u>	<u>40,267,620</u>	<u>267,449,486</u>	<u>288,221,346</u>

See accompanying notes to financial statements.

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

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2022

(With summarized financial information for June 30, 2021)

	<u>Defined benefit pension</u>	<u>Alaska Retiree Healthcare Trust</u>	<u>System total June 30, 2022</u>	<u>System total June 30, 2021</u>
Additions (reductions):				
Contributions:				
Employer	\$ 6,638,140	622,469	7,260,609	7,616,990
Plan members	862,028	—	862,028	837,686
Nonemployer contribution – State of Alaska	4,185,000	—	4,185,000	5,145,000
Total contributions	<u>11,685,168</u>	<u>622,469</u>	<u>12,307,637</u>	<u>13,599,676</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value	(17,274,177)	(3,079,123)	(20,353,300)	64,210,378
Interest	861,654	151,766	1,013,420	821,578
Dividends	2,326,609	415,095	2,741,704	2,342,393
Total investment income (loss)	<u>(14,085,914)</u>	<u>(2,512,262)</u>	<u>(16,598,176)</u>	<u>67,374,349</u>
Less investment expense	593,249	103,769	697,018	640,054
Net investment income (loss) before securities lending activities	<u>(14,679,163)</u>	<u>(2,616,031)</u>	<u>(17,295,194)</u>	<u>66,734,295</u>
Securities lending income	6,922	1,221	8,143	8,661
Less securities lending expense	1,385	244	1,629	1,730
Net income from securities lending activities	<u>5,537</u>	<u>977</u>	<u>6,514</u>	<u>6,931</u>
Net investment income (loss)	<u>(14,673,626)</u>	<u>(2,615,054)</u>	<u>(17,288,680)</u>	<u>66,741,226</u>
Other income:				
Employer group waiver plan	—	165,088	165,088	167,474
Medicare retiree drug subsidy	—	179,003	179,003	685
Pharmacy rebates	—	122,908	122,908	77,257
Pharmacy management allowance	—	2,277	2,277	1,942
Miscellaneous income	—	101	101	22,236
Total other income	<u>—</u>	<u>469,377</u>	<u>469,377</u>	<u>269,594</u>
Total additions (reductions)	<u>(2,988,458)</u>	<u>(1,523,208)</u>	<u>(4,511,666)</u>	<u>80,610,496</u>
Deductions:				
Pension and postemployment healthcare benefits	14,770,632	1,304,531	16,075,163	16,097,947
Administrative	107,041	77,990	185,031	171,730
Total deductions	<u>14,877,673</u>	<u>1,382,521</u>	<u>16,260,194</u>	<u>16,269,677</u>
Net increase (decrease)	<u>(17,866,131)</u>	<u>(2,905,729)</u>	<u>(20,771,860)</u>	<u>64,340,819</u>
Net position restricted for pension and postemployment healthcare benefits:				
Balance, beginning of year	245,047,997	43,173,349	288,221,346	223,880,527
Balance, end of year	<u>\$ 227,181,866</u>	<u>40,267,620</u>	<u>267,449,486</u>	<u>288,221,346</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2022

(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, 2022, the plan membership consisted of the following:

Retired plan members or beneficiaries currently receiving benefits	149
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	73
	225
	225

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

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

Notes to Financial Statements

June 30, 2022

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 2022 and 2021, employer contribution rates are 77.25% and 83.94% of eligible compensation, respectively, of which only the employer normal cost rates of 46.00% and 48.16% 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 self-insured. As of June 30, 2022, membership in the plan was as follows:

Retired plan members or beneficiaries currently receiving benefits	149
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	73
	225

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

Notes to Financial Statements

June 30, 2022

(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 and refunds 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.

(f) Due from State of Alaska General Fund

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

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

Notes to Financial Statements

June 30, 2022

(g) Other Income

Other income consists of Employer Group Waiver Plan (EGWP) rebates, Medicare Part D Retiree Drug Subsidy (RDS) 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 an accrual 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).

(j) Reclassifications

The System made certain reclassifications to the 2021 balances in the accompanying supplemental schedules to make them consistent with the 2022 presentation.

(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.

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

Notes to Financial Statements

June 30, 2022

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, 2022 for the Defined Benefit Pension Plan is (5.98)% and for the ARHCT Plan is (6.08)%.

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>

(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, 2022 were as follows:

Total pension liability	\$	208,987,920
Plan fiduciary net position		<u>(227,181,866)</u>
Employers' net pension asset	\$	<u>(18,193,946)</u>
Plan fiduciary net position as a percentage of the total pension liability		108.71 %

(a) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new

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

Notes to Financial Statements

June 30, 2022

assumptions shown below were adopted to better reflect expected future experience and are effective June 30, 2022:

Inflation	2.50% per year
Salary increases	0% per year through FY24, and 3.00% per year thereafter.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, above-median, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 General Retiree table, above-median, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 General Retiree table, above-median, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, above-median, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	Please see the experience study report dated July 15, 2022.

The 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

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

Notes to Financial Statements

June 30, 2022

allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%).

Asset class	Long-term expected real rate of return
Domestic equity	6.51 %
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and 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 4.09% as of June 30, 2022.

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

The following presents the net pension asset of the System as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the System's net pension liability (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:

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net pension liability (asset)	\$ 3,251,750	(18,193,946)	(36,452,026)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Notes to Financial Statements
June 30, 2022

(5) Net OPEB Asset – ARHCT Plan

The components of the net OPEB asset of the participating employer of the Plan at June 30, 2022 were as follows:

Total OPEB liability	\$	18,309,351
Plan fiduciary net position		<u>(40,267,620)</u>
Employer’s net OPEB asset	\$	<u><u>(21,958,269)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		219.93 %

(a) Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the

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

Notes to Financial Statements

June 30, 2022

results of an actuarial study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	0% per year through FY24, and 3.00% per year thereafter.
Investment rate of return	7.25% 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 4.75%.
Trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx / EGWP: 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, above-median, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 General Retiree table, above-median, 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 the Pub-2010 Contingent Survivor table, above-median, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Other	Please see the experience study report dated July 15, 2022.

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

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

Notes to Financial Statements

June 30, 2022

postretirement healthcare plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%):

Asset class	Long-term expected real rate of return
Domestic equity	6.51 %
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 7.25%. 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 4.09% as of June 30, 2022.

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

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

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net OPEB asset	\$ 19,839,276	21,958,269	23,732,801

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

Notes to Financial Statements

June 30, 2022

(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, 2022, calculated using the healthcare cost trend rates as summarized in the 2021 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:

	1.00% decrease	Current healthcare cost trend rate	1.00% increase
Net OPEB asset	\$ 24,179,594	21,958,269	19,274,732

(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:

	2022	2021
Total, beginning of year	\$ 148,000	111,000
Healthcare benefits	1,304,531	1,729,090
Benefits paid	(1,342,531)	(1,692,090)
Total, end of year	\$ 110,000	148,000

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

Notes to Financial Statements

June 30, 2022

(7) 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.

(8) 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.

(9) 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.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability:										
Service cost	\$ 5,850,927	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
Interest	15,992,334	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
Differences between expected and actual experience	—	4,375,904	—	(13,087,119)	41,775	(10,826,335)	35,662	(11,187,236)	—	—
Changes of assumptions	(16,802,169)	(23,795,345)	(16,406,216)	10,539,605	—	—	—	4,219,851	—	—
Benefit payments, including refunds of member contributions	(14,770,632)	(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)
Net change in total pension liability	(9,729,540)	(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
Total pension liability – beginning	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
Total pension liability – ending (a)	208,987,920	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
Plan fiduciary net position:										
Contributions – employers	6,638,140	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
Contributions – member	862,028	837,686	838,676	813,374	832,718	886,162	801,924	810,819	780,054	721,171
Contributions – nonemployer (State)	4,185,000	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
Net investment income (loss)	(14,673,626)	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
Benefit payments, including refunds of member contributions	(14,770,632)	(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)
Administrative expenses	(107,041)	(97,022)	(106,618)	(59,094)	(62,933)	(79,219)	(60,330)	(86,243)	(65,716)	(82,231)
Other income	—	7,891	—	—	—	—	2,364	92	12	—
Net change in plan fiduciary net position	(17,866,131)	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
Plan fiduciary net position – beginning	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 fiduciary net position – ending (b)	227,181,866	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
Plan's net pension (asset) liability (a)–(b)	\$ (18,193,946)	(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
Plan fiduciary net position as a percentage of the total pension liability	108.71 %	112.04 %	82.80 %	78.25 %	77.43 %	75.72 %	66.93 %	70.28 %	69.29 %	61.99 %
Covered payroll	\$ 14,223,798	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
Net pension (asset) liability as a percentage of covered payroll	(127.91)%	(188.95)%	280.34 %	371.97 %	371.98 %	383.60 %	537.49 %	453.73 %	469.47 %	570.44 %

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>
2022	\$	9,337,645	10,823,140	(1,485,495)	14,223,798	76.09 %
2021		10,238,911	12,107,606	(1,868,695)	13,935,042	86.89 %
2020		9,388,398	11,127,144	(1,738,746)	14,063,861	79.12 %
2019		9,454,023	10,256,675	(802,652)	13,794,071	74.36 %
2018		10,632,195	10,527,959	104,236	13,855,039	75.99 %
2017		10,470,676	11,086,049	(615,373)	13,712,665	80.85 %
2016		11,182,754	11,710,287	(527,533)	13,312,955	87.96 %
2015		10,328,791	10,222,391	106,400	13,440,878	76.05 %
2014		9,155,796	8,861,569	294,227	13,174,513	67.26 %
2013		8,366,815	8,094,435	272,380	12,762,199	63.43 %

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

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(5.98)%
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.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 829,927	910,724	757,923	784,426	689,538	733,897
Interest	1,345,479	1,429,308	1,339,558	1,511,105	1,391,440	1,317,927
Differences between expected and actual experience	10,475	663,374	172,561	(735,641)	592,098	209,718
Changes of assumptions	(740,072)	(2,763,326)	131,866	(1,214,467)	—	—
Benefit payments, including refunds of member contributions	(1,222,192)	(1,692,383)	(1,267,666)	(978,813)	(1,575,877)	(1,031,148)
EGWP rebates	165,088	167,474	108,886	22,294	—	—
Net change in total OPEB liability	388,705	(1,284,829)	1,243,128	(611,096)	1,097,199	1,230,394
Total OPEB liability – beginning	17,920,646	19,205,475	17,962,347	18,573,443	17,476,244	16,245,850
Total OPEB liability – ending (a)	18,309,351	17,920,646	19,205,475	17,962,347	18,573,443	17,476,244
Plan fiduciary net position:						
Contributions – employer	622,469	654,383	730,363	591,397	620,951	627,649
Contributions – EGWP rebates	165,088	167,474	108,886	22,294	—	—
Contributions – RDS	179,003	685	—	74,248	20,943	—
Net investment income (loss)	(2,615,054)	10,024,558	1,377,730	1,901,255	2,455,182	3,470,206
	(1,648,494)	10,847,100	2,216,979	2,589,194	3,097,076	4,097,855
Benefit payments	(1,304,531)	(1,729,090)	(1,425,588)	(1,059,105)	(1,590,842)	(1,031,148)
Pharmacy rebates	122,908	77,257	202,491	117,852	43,577	—
Pharmacy management allowance	2,277	1,942	—	—	—	—
Administrative Services Only (ASO) fees	(42,846)	(42,492)	(44,569)	(37,560)	(28,611)	—
Net benefit payments	(1,222,192)	(1,692,383)	(1,267,666)	(978,813)	(1,575,876)	(1,031,148)
Administrative expenses, excluding ASO fees	(35,144)	(32,216)	(29,092)	(17,950)	(15,127)	(50,762)
Other	101	14,345	23,956	2,291	244	127,457
Net change in plan fiduciary net position	(2,905,729)	9,136,846	944,177	1,594,722	1,506,317	3,143,402
Plan fiduciary net position – beginning	43,173,349	34,036,503	33,092,326	31,497,604	29,991,287	26,847,885
Plan fiduciary net position – ending (b)	40,267,620	43,173,349	34,036,503	33,092,326	31,497,604	29,991,287
Plan's net OPEB asset (a)–(b)	\$ (21,958,269)	(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	219.93 %	240.91 %	177.22 %	184.23 %	169.58 %	171.61 %
Covered payroll	\$ 14,223,798	13,935,042	14,063,861	13,794,071	13,855,039	13,712,665
Net OPEB asset as a percentage of covered payroll	(154.38)%	(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
(A Component Unit of the State of Alaska)

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>
2022	\$	826,270	622,469	203,801	14,223,798	4.38 %
2021		805,219	654,383	150,836	13,935,042	4.70 %
2020		578,572	730,363	(151,791)	14,063,861	5.19 %
2019		598,661	591,397	7,264	13,794,071	4.29 %
2018		632,121	620,951	11,170	13,855,039	4.48 %
2017		631,171	627,649	3,522	13,712,665	4.58 %
2016		500,945	508,413	(7,468)	13,312,955	3.82 %
2015		312,548	520,480	(207,932)	13,440,878	3.87 %
2014		1,094,357	881,725	212,632	13,174,513	6.69 %
2013		722,960	834,295	(111,335)	12,762,199	6.54 %

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 – Alaska Retiree Healthcare Trust Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.08)%
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.

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)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(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.).

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

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.

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (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:

		Medical	Prescription drugs
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).

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

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.

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(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, 2020 to June 30, 2021

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

Changes in Actuarial Assumptions since the Prior Valuation – June 30, 2020 to June 30, 2021

Effective for the June 30, 2021 roll-forward valuation, the Board adopted a change in the Normal Cost for the administrative expenses from 83,000 to \$102,000 for pension and \$24,000 to \$31,000 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, 2020 to June 30, 2021

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

SUPPLEMENTAL SCHEDULES

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

Schedules of Administrative and Investment Deductions

Years ended June 30, 2022 and 2021

	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Personal services:				
Wages	\$ 18,558	26,531	45,089	43,773
Benefits	11,880	13,787	25,667	21,261
Total personal services	<u>30,438</u>	<u>40,318</u>	<u>70,756</u>	<u>65,034</u>
Travel:				
Transportation	15	247	262	89
Per diem	3	43	46	12
Total travel	<u>18</u>	<u>290</u>	<u>308</u>	<u>101</u>
Contractual services:				
Management and consulting	73,521	4,617	78,138	88,491
Investment management and custodial fees	—	639,295	639,295	587,437
Accounting and auditing	44,225	94	44,319	31,412
Data processing	31,722	9,168	40,890	31,716
Communications	378	113	491	525
Advertising and printing	844	14	858	89
Rental/leases	485	1,073	1,558	2,416
Legal	602	359	961	595
Repairs and maintenance	11	7	18	23
Transportation	912	11	923	346
Securities lending expenses	—	1,629	1,629	1,729
Other professional services	1,799	719	2,518	2,498
Total contractual services	<u>154,499</u>	<u>657,099</u>	<u>811,598</u>	<u>747,277</u>
Other:				
Supplies	54	829	883	934
Equipment	22	111	133	168
Total other	<u>76</u>	<u>940</u>	<u>1,016</u>	<u>1,102</u>
Total administrative and investment deductions	<u>\$ 185,031</u>	<u>698,647</u>	<u>883,678</u>	<u>813,514</u>

See accompanying independent auditors' report.

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

Schedules of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2022 and 2021

<u>Firm</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
Buck Global LLC	Actuarial services	\$ 27,016	39,204
KPMG LLP	Auditing services	44,000	31,000
State Street Bank and Trust	Custodial banking services	12,496	11,429
Applied Microsystems Incorporated	Data processing services	2,118	3,383
Sagitec Solutions	Data processing services	26,587	16,900
TechData Service Company	Data processing services	1,138	—
		<u>\$ 113,355</u>	<u>101,916</u>

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

See accompanying independent auditors' report.



**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**

(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2022

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Table of Contents

	Page(s)
Independent Auditors' Report	1–3
Management's Discussion and Analysis (Unaudited)	4–10
Financial Statements:	
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position	12
Notes to Financial Statements	13–18
Required Supplementary Information (Unaudited):	
Schedule of Changes in Employer Net Pension (Asset) Liability and Related Ratios	19
Schedule of Employer Contributions	20
Schedule of Investment Returns	21
Notes to Required Supplementary Information (Unaudited)	22–24
Supplemental Schedules:	
Schedule 1 – Schedules of Administrative and Investment Deductions	25
Schedule 2 – Schedules of Payments to Consultants Other Than Investment Advisors	26



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

Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska National Guard and Naval Militia Retirement System:

Qualified Opinion

We have audited the financial statements of the State of Alaska National Guard and Naval Militia Retirement System (the System), a component unit of the State of Alaska, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence about the accuracy of census data for active members who terminated after the valuation date of June 30, 2020 and of the terminated plan members entitled to future benefits used to measure the total pension liability because certain personnel and retirement records were not available and we were unable to satisfy ourselves using other means. Consequently, we were unable to determine whether any adjustments to total pension liability and net pension asset as of June 30, 2022 disclosed in note 4 to the financial statements were necessary.

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 Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.

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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

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 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the



underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Anchorage, Alaska
October 14, 2022

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

This section presents management's discussion and analysis (MD&A) of the State of Alaska National Guard and Naval Militia Retirement System's (the Plan) financial position and performance for the year ended June 30, 2022. 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 Plan during the fiscal year ended June 30, 2022. Information for fiscal years 2021 and 2020 is presented for comparative purposes.

Financial Highlights

The Plan's financial highlights for the year ended June 30, 2022 were as follows:

- The Plan's fiduciary net position restricted for pension benefits decreased by \$5.7 million.
- The State of Alaska, Department of Military and Veterans' Affairs did not appropriate funds to the Plan for fiscal years 2022 and 2021 due to the Plan's significant over-funded levels.
- The Plan's net investment income decreased by \$13.2 million when compared to 2021, to a loss of \$3.7 million.
- Plan pension benefit expenditures totaled \$1.6 million.

Overview of the Financial Statements

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

Statement of fiduciary net position – This statement presents information regarding the Plan's assets, liabilities, and resulting net position restricted for pension benefits. This statement reflects the Plan's investments at fair value, along with cash and cash equivalents, receivables, and other assets less liabilities at June 30, 2022.

Statement of changes in fiduciary net position – This statement presents how the Plan's net position restricted for pension benefits changed during the fiscal year ended June 30, 2022. This statement presents contributions and investment income during the period. Deductions for pension benefits and operating deductions are also presented.

The above statements represent resources available for investment and payment of benefits as of June 30, 2022, and the sources and uses of those funds during fiscal year 2022.

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 Plan's financial statements.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Required supplementary information and related notes – The required supplementary information consists of three schedules and related notes concerning the funded status of the Plan, as well as actuarial assumptions and methods used in the actuarial valuation.

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

Condensed Financial Information

Description	Fiduciary net position				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 578,572	1,385,305	(806,733)	(58.2)%	\$ 73,584
Accounts receivable	79	319	(240)	(75.2)	309
Investments at fair value	43,633,890	48,659,557	(5,025,667)	(10.3)	42,119,032
Total assets	44,212,541	50,045,181	(5,832,640)	(11.7)	42,192,925
Liabilities:					
Accrued expenses	25,116	29,429	(4,313)	(14.7)	22,473
Securities lending collateral payable	80,866	113,918	(33,052)	(29.0)	62,647
Due to State of Alaska General Fund	18,518	88,798	(70,280)	(79.1)	12,097
Total liabilities	124,500	232,145	(107,645)	(46.4)	97,217
Net position	\$ 44,088,041	49,813,036	(5,724,995)	(11.5)%	\$ 42,095,708

Description	Changes in fiduciary net position				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Net position, beginning of year	\$ 49,813,036	42,095,708	7,717,328	18.3%	\$ 40,964,997
Additions:					
Contributions – Alaska DMVA	—	—	—	—	860,686
Net investment income (loss)	(3,746,506)	9,474,407	(13,220,913)	(139.5)	2,142,109
Miscellaneous income	—	1,690	(1,690)	100.0	—
Total additions	(3,746,506)	9,476,097	(13,222,603)	(139.5)	3,002,795
Deductions:					
Pension benefits	1,620,749	1,454,330	166,419	11.4	1,641,475
Administrative	357,740	304,439	53,301	17.5	230,609
Total deductions	1,978,489	1,758,769	219,720	12.5	1,872,084
Increase (decrease) in net position	(5,724,995)	7,717,328	(13,442,323)	(174.2)	1,130,711
Net position, end of year	\$ 44,088,041	49,813,036	(5,724,995)	(11.5)%	\$ 42,095,708

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Financial Analysis of the Plan

The statements of fiduciary net position as of June 30, 2022 shows net position restricted for pension benefits of \$44,088,041. The entire amount is available to cover the Plan's obligations to pay benefits to its members and their beneficiaries, as well as administrative costs.

This represents a decrease of \$5,724,995 or 11.5% in plan net position restricted for pension benefits from fiscal year 2021 to 2022, and an increase of \$7,717,328 or 18.3% from fiscal year 2020 to 2021. Over the long term, employer contributions and investment income are projected to sufficiently fund the Plan's pension and administrative costs.

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 Plan's constraints and objectives.

Plan Asset Allocation

During fiscal years 2022 and 2021, the Board adopted the following asset allocations:

	2022		2021	
	Allocation	Range	Allocation	Range
Broad domestic equity	20.0%	± 6%	20.0%	± 6%
Global equity ex-U.S.	13.0	± 4	13.0	± 4
Fixed income	46.0	± 10	46.0	± 10
Opportunistic	6.0	± 4	6.0	± 4
Real assets	7.0	± 4	7.0	± 4
Private equity	8.0	± 4	8.0	± 4
Total	<u>100.0%</u>		<u>100.0%</u>	
Expected return - 20 year geometric mean	5.68%		6.10%	
Projected standard deviation	9.33		9.33	

For fiscal years 2022 and 2021, the Plan's investments generated a (6.29)% and 21.56% rate of return, respectively.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Contributions and Investment Income

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

	Additions				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Contributions – DMVA	\$ —	—	—	—%	860,686
Net investment income (loss)	(3,746,506)	9,474,407	(13,220,913)	(139.5)	2,142,109
Other	—	1,690	(1,690)	100.0%	—
Total	\$ (3,746,506)	9,476,097	(13,222,603)	(139.5)%	3,002,795

The Plan's employer contributions from the Department of Military and Veterans Affairs (DMVA) remained at \$0 during fiscal years 2022 and 2021 as the Plan continues to maintain a funded level well above 100%. These amounts were the actuarial determined contribution as calculated by the Plan's consulting actuary. No actuarially determined contribution amount was required for fiscal 2022 as a result of the roll-forward actuarial valuation report. Full actuarial valuation reports are completed for the Plan biennially with roll-forward actuarial valuation reports being completed in the interim years.

The Plan's net investment income in fiscal year 2022 decreased by \$13,220,913 or 139.5% from amounts in fiscal year 2021. The Plan's net investment income in fiscal year 2021 increased by \$7,332,298 or 342.3% from amounts in fiscal year 2020. The investment losses in fiscal year 2022 were lower than the investment gains seen in fiscal year 2021, causing a difference in investment returns when comparing 2022 and 2021. 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.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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

	Year ended		
	2022	2021	2020
System returns	(6.29)%	21.56 %	5.41 %
Domestic equities	(11.73)	42.84	2.71
Fixed income	(7.25)	2.31	8.87
Opportunistic	(10.58)	23.94	(0.18)
Real assets	14.29	10.22	—
International equities	(20.96)	38.73	(3.40)
Private equity	26.26	68.52	—
Cash equivalents	—	0.19	1.93
Actuarially assumed rate of return	5.75	5.75	7.00

Benefits and Other Deductions

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

	Deductions					
	2022	2021	Increase (decrease)			2020
			Amount	Percentage		
Pension benefits	\$ 1,620,749	1,454,330	166,419	11.4%	\$ 1,641,475	
Administrative	357,740	304,439	53,301	17.5	230,609	
Total	\$ 1,978,489	1,758,769	219,720	12.5%	\$ 1,872,084	

The fiscal year 2022 increase in pension benefits is due to an increase in the number of lump sum payment recipients. The fiscal year 2021 decrease in pension benefits is due to a lower average monthly benefit amount and a decrease in lump sum payments recipients and amounts.

Administrative expenditures for both fiscal year 2022 and 2021 increased primarily due to a capital project for a retirement system replacement.

Net Pension Asset

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, requires the Plan to report the total pension liability, fiduciary net position, and the net pension liability. The total pension liability represents the total obligation for the Plan's pension benefits related to costs incurred as a

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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 the participating employer and nonemployer contributions, if any, as well as investment earnings, less benefit payments during the year and the related costs to administer the Plan. When the fiduciary net position exceeds the total pension liability, the Plan reports a net pension asset.

The components of the net pension asset at June 30 were as follows:

	2022	2021
Total pension liability	\$ 26,667,059	22,654,730
Plan fiduciary net position	(44,088,041)	(49,813,036)
Plan's net pension asset	\$ (17,420,982)	(27,158,306)
Plan fiduciary net position as a percentage of the total pension liability	165.33 %	219.88 %

Funding

Retirement benefits are financed by accumulations from DMVA contributions, periodic State of Alaska appropriations, and income earned on Plan investments.

The actuarially determined employer contribution amounts are calculated by the Plan's consulting actuary and approved by the Board. Contributions are determined on an annual basis either through the actuarial valuation or the actuarial valuation roll-forward process.

The Board works with an external consultant to determine the proper asset allocation strategy.

Legislation

During fiscal year 2022, the 32nd Alaska State Legislature did not appropriate contribution funding from the General Fund to the Department of Military and Veterans' Affairs for deposit in the Plan's defined benefit pension fund as retirement funding for fiscal year ending June 30, 2023, due to the continued significant overfunding of the Plan.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Economic Conditions, Future Contribution Amounts, and Funding Status

Fiscal year 2022 had negative investment returns, with an overall return rate of (6.29%), much less than the 7.00% assumed rate of return. Net investment income decreased from \$9,474,407 in fiscal year 2021 to a loss of \$3,746,506 in fiscal year 2022, a decrease of \$13,220,913 or 139.5%. The Board continues to work with its external investment consultant and the Alaska Department of Revenue, Treasury Division, to diversify the portfolio of the Plan to maintain an optimal risk/return ratio.

The consulting actuary recommended no change from the Plan's actuarially determined contribution amount of \$0 in fiscal year 2021 to fiscal year 2022. For fiscal year 2023, the actuary recommended that a contribution to the Plan was not necessary. With the Plan's 196.9% funding ratio as of the June 30, 2021 actuarial valuation roll-forward report, the Board concurred that no additional contributions are necessary for the Plan until such time that the Plan's funded ratio is less than 100%. The Alaska legislature did not appropriate funds for fiscal year 2023 and will continue to evaluate future contributions to the Plan.

The actuarial valuation roll-forward report for fiscal year 2021 reports a funding ratio of 196.9% and a funding excess of \$22.3 million. The actuarial valuation for June 30, 2020 reported a funding ratio of 191.9% and a funding excess of \$20.6 million. The decrease in the unfunded liability is attributable to significant investment income during fiscal year 2021. Both the actuarial valuation roll-forward report of June 30, 2021 and the actuarial valuation report of June 30, 2020 are posted to the Plan's web page. The actuarial valuation reports for the Plan are conducted biennially. The roll-forward June 30, 2021 report was completed and presented in March 2022, and adopted by the Board in June 2022. The next full actuarial valuation report will be completed for the period ending June 30, 2022. The Board also adopted new valuation assumptions as a result of an experience study conducted for the period July 1, 2017 to June 30, 2021. The adoption of these assumptions occurred in June 2022 and will be used on the next annual actuarial valuation report for the year ended June 30, 2022.

Requests for Information

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

State of Alaska National Guard and Naval Militia 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

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Statement of Fiduciary Net Position

June 30, 2022

	2022
Assets:	
Cash and cash equivalents:	
Short-term fixed income pool	\$ 497,706
Securities lending collateral	80,866
Total cash and cash equivalents	578,572
Accounts receivable	79
Investments at fair value:	
Fixed income securities:	
Alternative fixed income pool	2,626,973
Opportunistic fixed income pool	3,457,030
Barclays aggregate bond fund	14,508,292
Total fixed income securities	20,592,295
Broad domestic equity:	
Large cap pool	7,283,621
Small cap pool	641,745
Total broad domestic equity	7,925,366
Global equity ex-U.S.:	
International equity pool	4,194,787
Emerging markets equity pool	938,701
Total global equity ex-U.S.	5,133,488
Opportunistic:	
Alternative equity pool	454,958
Tactical allocation strategies pool	1,611,130
Alternative beta pool	501,465
Other opportunities pool	6,200
Total opportunistic	2,573,753
Private equity pool	4,155,582
Real assets:	
Real estate pools	1,298,561
Real estate investment trust pool	363,216
Infrastructure private pool	575,358
Energy pool	45,845
Farmland pool	693,908
Timber pool	276,518
Total real assets	3,253,406
Total investments	43,633,890
Total assets	44,212,541
Liabilities:	
Accrued expenses	25,116
Securities lending collateral payable	80,866
Due to State of Alaska General Fund	18,518
Total liabilities	124,500
Fiduciary net position restricted for pension benefits	\$ 44,088,041

See accompanying notes to financial statements.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2022

	2022
Additions (reductions):	
Contributions – Alaska Department of Military & Veterans Affairs	\$ —
Investment income (loss):	
Net depreciation in fair value	(4,346,404)
Interest	365,865
Dividends	343,652
Total investment loss	(3,636,887)
Less investment expense	110,760
Net investment loss before securities lending activities	(3,747,647)
Securities lending income	1,426
Less securities lending expense	285
Net income from securities lending activities	1,141
Net investment loss	(3,746,506)
Total additions (reductions)	(3,746,506)
Deductions:	
Pension benefits	1,620,749
Administrative	357,740
Total deductions	1,978,489
Net decrease	(5,724,995)
Fiduciary net position restricted for pension benefits:	
Balance, beginning of year	49,813,036
Balance, end of year	\$ 44,088,041

See accompanying notes to financial statements.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(1) Description

The State of Alaska National Guard and Naval Militia Retirement System (the Plan) is a component unit of the State of Alaska (the State). The Plan is administered by the Division of Retirement and Benefits (the Division) within the Department of Administration. 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 Plan. 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) Plan Membership

Plan membership as of the valuation year ended June 30 is as follows:

	2020
Retirees and beneficiaries currently receiving benefits	708
Terminated plan members entitled to future benefits	649
Total current and future benefits	1,357
Active plan members:	
Alaska Air National Guard	2,242
Alaska Army National Guard	1,639
Alaska Naval Militia	53
Total active plan members	3,934
Total members	5,291

(b) Pension Benefits

Members who voluntarily retire from the Alaska National Guard or Alaska Naval Militia after at least five years of Alaska Guard service and a total of at least 20 years of U.S. military service or members who involuntarily leave the Alaska Guard service due to federal standards imposed on the Alaska Guard, regardless of length of service, are eligible for a retirement pension. The retirement pension is \$100 per month for each month of Alaska Guard service and may be paid to the member monthly or in a one-time lump sum.

(c) Death Benefits

Upon the death of an eligible member, as previously described, the member's designated beneficiary is entitled to a lump-sum benefit equal to the original pension amount less any payments already paid to the member.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(d) Contributions

The Plan's funding policy provides for annual employer contributions by the State of Alaska, Department of Military and Veterans' Affairs (Department) at actuarially determined contribution amounts that are sufficient to accumulate assets to pay benefits when due. Some officials of the Department may be members of the Plan. Plan members make no contributions to the Plan.

(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 Plan when employee services have been performed and paid. Contributions are recognized as revenue when due pursuant to statutory requirements. Benefits and refunds 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) Investments

The Plan owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Division of Treasury (Treasury). The Plan'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.

(d) Administrative Costs

Administrative costs are paid from investment earnings.

(e) Due to State of Alaska General Fund

Amounts due to the State of Alaska General Fund represent the amounts paid by the General Fund on behalf of the Plan.

(f) Federal Income Tax Status

The Plan is a qualified plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a).

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(3) Investments

The Board is the investment oversight authority of the Plan'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 Alaska Statutes 37.10.210–390.

Alaska Statute 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 and Real Estate Investment Trust Pool, and cash holdings of certain external managers, 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.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The Plan's annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2022 was (7.69)%.

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>

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

(4) Net Pension Asset

The components of the net pension asset at June 30, 2022 were as follows:

Total pension liability	\$	26,667,059
Plan fiduciary net position		<u>(44,088,041)</u>
Plan's net pension asset	\$	<u><u>(17,420,982)</u></u>
Plan fiduciary net position as a percentage of the total pension liability		165.33%

(a) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions shown below were adopted to better reflect expected future experience and are effective June 30, 2022:

Inflation	2.50% per year
Salary increases	N/A
Investment rate of return	5.75%, net of pension plan investment expenses.
Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	Please see the experience study report dated July 15, 2022.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%).

Asset class	Long-term expected real rate of return
Domestic equity	6.51%
Global equity (non-US)	5.73
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that State 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 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 4.09% as of June 30, 2022.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022

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

The following presents the Plan's net pension asset as of June 30, 2022, calculated using the discount rate of 5.75%, as well as what the Plan's net pension 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:

	<u>1% decrease (4.75%)</u>	<u>Current discount rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
Net pension asset	\$ 15,146,868	17,420,982	19,355,291

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net Pension (Asset) Liability and Related Ratios

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability:										
Service cost	\$ 656,678	517,376	507,899	578,431	610,686	610,686	603,495	603,495	654,797	631,921
Interest	1,438,540	1,567,548	1,532,008	2,370,401	2,265,875	2,170,196	2,659,657	2,553,940	2,359,276	2,277,228
Differences between expected and actual experience	—	(627,562)	—	(13,086,972)	4,338	(8,663,535)	4,565	1,258,332	—	—
Changes of assumptions	964,524	2,573,336	—	(265,847)	—	—	—	145,422	—	—
Benefit payments	(1,620,749)	(1,454,330)	(1,641,475)	(1,343,753)	(1,359,467)	(1,485,669)	(1,728,729)	(1,563,816)	(1,610,506)	(1,772,198)
Net change in total pension liability	1,438,993	2,576,368	398,432	(11,747,740)	1,521,432	(7,368,322)	1,538,988	2,997,373	1,403,567	1,136,951
Total pension liability – beginning	25,228,066	22,651,698	22,253,266	34,001,006	32,479,574	39,847,896	38,308,908	35,311,535	33,907,968	32,771,017
Total pension liability – ending (a)	26,667,059	25,228,066	22,651,698	22,253,266	34,001,006	32,479,574	39,847,896	38,308,908	35,311,535	33,907,968
Plan fiduciary net position:										
Contributions – employer	—	—	860,686	851,686	907,231	866,905	734,500	627,300	740,100	739,100
Total net investment income (loss)	(3,746,506)	9,474,407	2,142,109	2,321,285	1,964,832	3,181,993	181,711	589,856	4,527,672	2,593,463
Benefit payments	(1,620,749)	(1,454,330)	(1,641,475)	(1,343,753)	(1,359,467)	(1,485,669)	(1,728,729)	(1,563,816)	(1,610,506)	(1,772,198)
Administrative expenses	(357,740)	(304,439)	(230,609)	(282,338)	(226,466)	(257,396)	(241,750)	(240,750)	(223,334)	(165,651)
Other income	—	1,690	—	—	—	—	582	145	21	4
Net change in plan fiduciary net position	(5,724,995)	7,717,328	1,130,711	1,546,880	1,286,130	2,305,833	(1,053,686)	(587,265)	3,433,953	1,394,718
Plan fiduciary net position – beginning	49,813,036	42,095,708	40,964,997	39,418,117	38,131,987	35,826,154	36,879,840	37,467,105	34,033,152	32,638,434
Plan fiduciary net position – ending (b)	44,088,041	49,813,036	42,095,708	40,964,997	39,418,117	38,131,987	35,826,154	36,879,840	37,467,105	34,033,152
Plan's net pension (asset) liability (a)–(b)	\$ (17,420,982)	(24,584,970)	(19,444,010)	(18,711,731)	(5,417,111)	(5,652,413)	4,021,742	1,429,068	(2,155,570)	(125,184)
Plan fiduciary net position as a percentage of the total pension liability	165.33%	197.45%	185.84%	184.09%	115.93%	117.40%	89.91%	96.27%	106.10%	100.37%
Covered payroll	\$ N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

Last 10 Fiscal Years

<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contribution in relation to the actuarially determined contribution</u>	<u>Contributions deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2022	\$ —	—	—	N/A	N/A
2021	—	—	—	N/A	N/A
2020	—	860,686	(860,686)	N/A	N/A
2019	—	851,686	(851,686)	N/A	N/A
2018	907,231	907,231	—	N/A	N/A
2017	866,900	866,905	(5)	N/A	N/A
2016	734,560	734,500	60	N/A	N/A
2015	627,327	627,300	27	N/A	N/A
2014	474,791	740,100	(265,309)	N/A	N/A
2013	431,367	739,100	(307,733)	N/A	N/A

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

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)
Schedule of Investment Returns

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(7.69)%
2021	23.01 %
2020	5.28 %
2019	5.95 %
2018	5.17 %
2017	8.99 %
2016	(0.16)%
2015	1.63 %
2014	13.53 %

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
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(1) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck. The significant actuarial methods and assumptions used in the defined benefit pension benefit Plan 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 dollar basis), any funding surpluses or UAAL amortized over 20 years less the average total military service of active 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 – Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method was phased in over five years. Assets are initialized at market value as of June 30, 2006. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from financial statements. Valuation assets are constrained to a range of 80% to 120% of the market value of assets.
- (c) Investment return – 7.00% per year, net of investment expenses
- (d) Mortality (pre-commencement) – RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement
- (e) Mortality (post-commencement) – 91% of male and 96% of female rates of RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement
- (f) Disability mortality – RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (g) Administrative expenses – The expense load is equal to the average of the prior two years’ actual administrative expenses rounded to the nearest \$1,000 as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 282,338
2020	<u>230,609</u>
Total	\$ 512,947
	÷ <u>2</u>
Expense load (rounded)	<u><u>\$ 256,000</u></u>

- (h) Turnover – Ultimate rates of turnover based upon the 2013-2017 actual experience. Sample rates are shown below.

Select Rates of Turnover During the First 5 Years of Employment		Ultimate Rates of Turnover After the First 5 Years of Employment		
<u>Years of Employment</u>	<u>Unisex Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
1	20.00%	30	11.09%	14.05%
2	10.00%	40	9.09%	11.52%
3	10.00%	50	4.89%	6.19%
4	10.00%			
5	10.00%			

- (i) Disability rate – Incidence rates based upon 2013–2017 actual experience of the State of Alaska Public Employees’ Retirement System for Peace Officer/Firefighter group.
- (j) Retirement – Retirement rates based upon the 2013-2017 actual experience. Active members are assumed to retire beginning at the earliest eligible retirement age according to the following rates:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<51	13%	58	45%
51	13	59	50
52	13	60	55
53	15	61	60
54	20	62	60
55	25	63	60
56	35	64	60
57	40	65+	100

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Vested terminated members are assumed to retire at the later of current age or age 50 when electing an annuity, and at current age when electing a lump sum.

- (k) Form of payment – 70% of members are assumed to elect a lump sum benefit. 30% of members are assumed to elect a monthly annuity with the number of payments equal to the number of months they were active in the Plan. A lump sum of the remaining payments is paid if the member should die while receiving payments. Lump sums are calculated based on a 7% discount rate annuity certain factor.
- (l) Imputed data – Data changes from the prior valuation which are deemed to have an immaterial impact on liabilities and contributions are assumed to be correct in the current year's client data. Active and terminated members with a date of termination after the last date of hire are assumed to be terminated with status based on their amount of vesting service.

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, 2020 to June 30, 2021

The June 30, 2020 actuarial accrued liability used for the roll-forward valuation reflects a valuation system coding update that was recommended by the Board's review actuary. This update decreased the June 30, 2020 actuarial accrued liability by \$38,250.

Changes in Actuarial Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Effective for the June 30, 2021 roll-forward valuation, the Board adopted a change in the Normal Cost for administrative expenses from \$256,000 to \$268,000, based on the most recent two years of actual administrative expenses paid from Plan asset.

Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

SUPPLEMENTAL SCHEDULES

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Schedules of Administrative and Investment Deductions

Year ended June 30, 2022

	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>
Personal services:			
Wages	\$ 76,401	4,684	81,085
Benefits	51,165	2,434	53,599
Total personal services	<u>127,566</u>	<u>7,118</u>	<u>134,684</u>
Travel:			
Transportation	42	45	87
Per diem	8	8	16
Total travel	<u>50</u>	<u>53</u>	<u>103</u>
Contractual services:			
Management and consulting	26,762	2,764	29,526
Investment management and custodial fees	—	98,577	98,577
Accounting and auditing	60,773	17	60,790
Data processing	125,063	1,654	126,717
Communications	550	20	570
Advertising and printing	1,465	3	1,468
Rental/leases	2,198	189	2,387
Legal	14	65	79
Repairs & Maintenance	56	1	57
Transportation	4,755	2	4,757
Securities lending	—	285	285
Other services	8,008	129	8,137
Total contractual services	<u>229,644</u>	<u>103,706</u>	<u>333,350</u>
Other:			
Equipment	150	20	170
Supplies	330	148	478
Total other	<u>480</u>	<u>168</u>	<u>648</u>
Total administrative and investment deductions	<u>\$ 357,740</u>	<u>111,045</u>	<u>468,785</u>

See accompanying independent auditors' report.

**STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Schedules of Payments to Consultants Other Than Investment Advisors

Year ended June 30, 2022

<u>Firm</u>	<u>Services</u>	<u>Amount</u>
Buck Global LLC	Actuarial services	\$ 22,566
KPMG LLP	Auditing services	59,751
State Street Bank and Trust	Custodial banking services	2,329
Alaska IT Group	Data processing services	460
Applied Microsystems Incorporated	Data processing services	4,965
Sagitec Solutions	Data processing services	111,467
TechData Service Company	Data processing services	5,177
		<u>\$ 206,715</u>

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

See accompanying independent auditors' report.



STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–8
Statements of Fiduciary Net Position	9
Statements of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11–18
Supplemental Schedules	
Schedule 1 – Schedules of Administrative and Investment Deductions	19
Schedule 2 – Schedules of Payments to Consultants Other Than Investment Advisors	20



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

Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Deferred Compensation Plan:

Opinion

We have audited the financial statements of the State of Alaska Deferred Compensation Plan (the Plan), a component unit of the State of Alaska, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2022 and 2021, and the changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.



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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Anchorage, Alaska
October 14, 2022

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

This section presents management's discussion and analysis (MD&A) of the State of Alaska Deferred Compensation Plan's (the Plan) financial position and performance for the fiscal years ended June 30, 2022 and 2021. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements and notes to financial statements to better understand the financial condition and performance of the Plan. Information for fiscal year 2020 is presented for comparative purposes.

Financial Highlights

The Plan's financial highlights for the year ended June 30, 2022 were as follows:

- The Plan's fiduciary net position decreased by \$164.6 million.
- The Plan's participant contributions and transfers in of \$51.0 million increased by \$3.6 million when compared to fiscal year 2021.
- The Plan's net investment income decreased by \$382.0 million when compared to fiscal year 2021, to a loss of \$128.6 million.
- Benefits paid to participants and purchases of annuity contracts of \$85.2 million increased by \$5.4 million when compared to fiscal year 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The Plan's financial statements are composed of three components: (1) statements of fiduciary net position, (2) statements of changes in fiduciary net position, and (3) notes to financial statements.

Statements of fiduciary net position – This statement presents information regarding the Plan's assets, liabilities, and resulting net position restricted for participants and operations. This statement reflects the Plan's investments at fair value and contract value along with cash and cash equivalents and receivables less liabilities at June 30, 2022 and 2021.

Statements of changes in fiduciary net position – This statement presents how the Plan's net position restricted for participants and operations changed during the years ended June 30, 2022 and 2021. This statement presents contributions and net investment income (loss) during the period. Deductions for benefits paid to participants and purchases of annuity contracts and administrative expenses are also presented.

The above statements represent resources available for investment and payment of benefits and expenses as of June 30, 2022 and 2021, and the sources and uses of those funds during the years ended June 30, 2022 and 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 Plan's financial statements.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Condensed Financial Information (In thousands)

Description	Fiduciary net position		Increase (decrease)		2020
	2022	2021	Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 2,866	1,430	1,436	100.4%	\$ 1,723
Due from State of Alaska General Fund	1,778	2,774	(996)	(35.9)	1,803
Investments	1,054,654	1,219,728	(165,074)	(13.5)	1,001,091
Total assets	<u>1,059,298</u>	<u>1,223,932</u>	<u>(164,634)</u>	<u>(13.5)</u>	<u>1,004,617</u>
Liabilities					
Accrued expenses	<u>190</u>	<u>187</u>	<u>3</u>	<u>1.6</u>	<u>161</u>
Total liabilities	<u>190</u>	<u>187</u>	<u>3</u>	<u>1.6</u>	<u>161</u>
Fiduciary net position	<u>\$ 1,059,108</u>	<u>1,223,745</u>	<u>(164,637)</u>	<u>(13.5)%</u>	<u>\$ 1,004,456</u>

Description	Changes in fiduciary net position		Increase (decrease)		2020
	2022	2021	Amount	Percentage	
Fiduciary net position, beginning of year	\$ <u>1,223,745</u>	<u>1,004,456</u>	<u>219,289</u>	<u>21.8%</u>	\$ <u>990,320</u>
Additions:					
Contributions and transfers in	50,994	47,203	3,791	8.0	46,008
Net investment income (loss)	(128,638)	253,373	(382,011)	(150.8)	40,492
Other income (expense)	(8)	39	(47)	(120.5)	20
Total additions	<u>(77,652)</u>	<u>300,615</u>	<u>(378,267)</u>	<u>(125.8)</u>	<u>86,520</u>
Deductions:					
Benefits paid to participants and purchases of annuity contracts	85,203	79,754	5,449	6.8	71,146
Administrative	<u>1,782</u>	<u>1,572</u>	<u>210</u>	<u>13.4</u>	<u>1,238</u>
Total deductions	<u>86,985</u>	<u>81,326</u>	<u>5,659</u>	<u>7.0</u>	<u>72,384</u>
Net increase (decrease) in net position	<u>(164,637)</u>	<u>219,289</u>	<u>(383,926)</u>	<u>(175.1)</u>	<u>14,136</u>
Fiduciary net position, end of year	<u>\$ 1,059,108</u>	<u>1,223,745</u>	<u>(164,637)</u>	<u>(13.5)%</u>	<u>\$ 1,004,456</u>

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

Financial Analysis of the Plan

The statement of fiduciary net position as of June 30, 2022, shows net fiduciary position of \$1,059,108,000. The entire amount is available to pay benefits to participants and their beneficiaries as well as administrative costs. This amount represents a decrease in the Plan's net position restricted for participants and operations of \$164,637,000, or 13.5%, from fiscal year 2021 to fiscal year 2022 and an increase of \$219,289,000, or 21.8%, from fiscal year 2020 to fiscal year 2021.

Contributions and Investment Income

Additions to the Plan are accumulated through a combination of participant contributions, plan transfers in, net investment income (loss), and other additions as follows:

	Additions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Employer contributions	\$ 219	—	219	100.0%	\$ —
Participant contributions	49,665	46,476	3,189	6.9	45,222
Transfers in	1,110	727	383	52.7	786
Net investment income (loss)	(128,638)	253,373	(382,011)	(150.8)	40,492
Other income (expense)	(8)	39	(47)	(120.5)	20
Total	<u>\$ (77,652)</u>	<u>300,615</u>	<u>(378,267)</u>	<u>(125.8)%</u>	<u>\$ 86,520</u>

The Plan's participant contributions increased from \$46,476,000 in fiscal year 2021 to \$49,665,000 in fiscal year 2022, an increase of \$3,189,000 or 6.9%. The Plan's participant contributions increased from \$45,222,000 in fiscal year 2020 to \$46,476,000 in fiscal year 2021, an increase of \$1,254,000 or 2.8%. Fiscal year 2022 saw an increase in the average contribution size, while fiscal year 2021 saw an increase in the number of participants actively contributing. The Plan is an optional participation with a minimum contribution of \$50 per month.

Beginning in fiscal year 2022, participating employers could offer an employer matching contribution. There was one participating employer which offered an employer matching contribution to its members. This option was not offered to participants by their employers during fiscal year 2021.

The Plan's net investment income decreased from \$253,373,000 in fiscal year 2021 to a loss of \$128,638,000 in fiscal year 2022, a decrease of \$382,011,000 or 150.8%. The decrease relates to negative rates of return in the overall investment environment in fiscal year 2022. Net investment income increased in fiscal year 2021 by \$212,881,000, or 525.7%, when compared to amounts recorded fiscal year 2020. This increase relates to investment performance in fiscal year 2021 compared to similar investments in fiscal year 2020.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

The Plan's investment rates of return at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Alaska Balanced Trust	(9.02)%	13.37 %
Alaska Long-Term Balanced Trust	(11.17)	23.55
Alaska Target Date Retirement 2010 Trust	(8.29)	15.17
Alaska Target Date Retirement 2015 Trust	(8.84)	17.74
Alaska Target Date Retirement 2020 Trust	(9.77)	21.44
Alaska Target Date Retirement 2025 Trust	(10.95)	25.28
Alaska Target Date Retirement 2030 Trust	(11.85)	28.72
Alaska Target Date Retirement 2035 Trust	(12.65)	31.81
Alaska Target Date Retirement 2040 Trust	(13.26)	34.46
Alaska Target Date Retirement 2045 Trust	(13.72)	36.74
Alaska Target Date Retirement 2050 Trust	(13.87)	36.78
Alaska Target Date Retirement 2055 Trust	(13.89)	36.82
Alaska Target Date Retirement 2060 Trust	(13.96)	36.71
Alaska Target Date Retirement 2065 Trust	(13.97)	36.58
BlackRock Strategic Completion Fund	(2.49)	24.97
Environmental, Social and Governance Fund	(10.61)	40.93
International Equity Fund	(26.39)	42.43
JP Morgan SmartRetirement Blend 2015 R6	(11.99)	—
JP Morgan SmartRetirement Blend 2020 R6	(12.10)	—
MassMutual Bond Fund	(13.34)	1.28
MassMutual Equity Fund	(1.20)	33.10
Passive U.S. Bond Index Fund	(10.26)	(0.36)
Russell 3000 Index Fund	(13.69)	44.07
S&P 500 Stock Index Fund	(10.64)	40.78
Stable Value Fund	1.84	2.18
State Street Institutional Treasury Money Market	0.15	0.02
U.S. Small-Cap Trust	(23.19)	54.51
World Equity Ex-U.S. Index Fund	(19.14)	35.55

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Benefits and Other Deductions

The primary deductions from the Plan are the payment of benefits and purchases of annuity contracts. Benefit payments and administrative expenses were as follows:

	Deductions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Benefits paid to participants and purchases of annuity contracts	\$ 85,203	79,754	5,449	6.8%	\$ 71,146
Administrative	1,782	1,572	210	13.4	1,238
Total	<u>\$ 86,985</u>	<u>81,326</u>	<u>5,659</u>	<u>7.0%</u>	<u>\$ 72,384</u>

The Plan's benefits paid to participants and refunds of contributions, including purchases of annuity contracts for fiscal year 2022 increased \$5,449,000, or 6.8%, from fiscal year 2021, and increased \$8,608,000, or 12.1%, from fiscal year 2020 to fiscal year 2021. The increase in refunds of contributions in fiscal year 2022 is related to the increase in the number of members requesting disbursements from the Plan. The increase in refunds of contributions in fiscal year 2021 is primarily related to Coronavirus Aid, Relief, and Economic Security (CARES) Act distributions that active and terminated members could receive as described below.

The CARES Act was signed into U.S. law on March 27, 2020. Section 2202 of the CARES Act provided expanded distribution options for up to \$100,000 of coronavirus-related distributions from eligible retirement plans. The Department of Administration, Division of Retirement and Benefits, in coordination with Empower Retirement, allowed for coronavirus-related distributions for members effective June 3, 2020.

Qualified active members of the Plan could request an in-service distribution of 25% of their account balance or \$25,000 maximum, whichever is less, between both the Plan and the State of Alaska Supplemental Annuity Plan (SBS-AP). Qualified terminated members could request up to an amount not to exceed \$100,000 from their account. Coronavirus-related withdrawals were required to be processed before December 31, 2020. The CARES Act had an option for the recipient to re-contribute any portion or all of the coronavirus-related withdrawal within three years of receipt. Through June 30, 2021, the Plan had \$3,758,000 in CARES Act distributions.

The Plan had administrative expenses of \$1,782,000 in fiscal year 2022 compared to \$1,572,000 in fiscal year 2021, an increase of \$210,000, or 13.4%. The increase in administrative expenses in fiscal year 2022 is primarily due to an increase in system modernization project expenses. The Plan had administrative expenses of \$1,572,000 in fiscal year 2021 compared to \$1,238,000 in fiscal year 2020, an increase of \$334,000 or 27.0%. The increase was primarily due to increases in system modernization project expenses over the prior year.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Fiduciary Responsibilities

The Alaska Retirement Management Board and the Commissioner of Administration are co-fiduciaries of the Plan. The Plan's assets can only be used for the exclusive benefit of the Plan's participants, beneficiaries, and alternate payees.

Request for Information

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

State of Alaska Deferred Compensation Plan
Division of Retirement and Benefits, Finance Section
P.O. Box 110203
Juneau, Alaska 99811-0203

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Statements of Fiduciary Net Position

June 30, 2022 and 2021

(In thousands)

	2022	2021
Assets:		
Cash and cash equivalents:		
Investment in State of Alaska General Fund and Other Nonsegregated Investments Pool	\$ 375	120
Money market fund – nonparticipant directed	2,491	1,310
Total cash and cash equivalents	2,866	1,430
Receivables:		
Due from State of Alaska General Fund	1,778	2,774
Total receivables	1,778	2,774
Investments:		
Participant directed at fair value:		
Collective investment funds	596,502	733,082
Pooled investment funds	252,637	280,537
Participant directed at contract value:		
Synthetic investment contracts	205,515	206,109
Total investments	1,054,654	1,219,728
Total assets	1,059,298	1,223,932
Liabilities:		
Accrued expenses	190	187
Total liabilities	190	187
Fiduciary net position	\$ 1,059,108	1,223,745

See accompanying notes to financial statements.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Statements of Changes in Fiduciary Net Position

Years ended June 30, 2022 and 2021

(In thousands)

	<u>2022</u>	<u>2021</u>
Additions (reductions):		
Employer contributions	\$ 219	—
Participant contributions	49,665	46,476
Transfers in	1,110	727
Total contributions	<u>50,994</u>	<u>47,203</u>
Investment income (loss):		
Net appreciation (depreciation) in value of investments	(126,864)	255,557
Interest	32	5
Total investment income (loss)	<u>(126,832)</u>	<u>255,562</u>
Less investment expense	1,806	2,189
Net investment income (loss)	<u>(128,638)</u>	<u>253,373</u>
Other income (expenses)	(8)	39
Total additions (reductions)	<u>(77,652)</u>	<u>300,615</u>
Deductions:		
Benefits paid to participants and purchases of annuity contracts	85,203	79,754
Administrative	1,782	1,572
Total deductions	<u>86,985</u>	<u>81,326</u>
Net increase (decrease) in fiduciary net position	<u>(164,637)</u>	<u>219,289</u>
Fiduciary net position, beginning of year	<u>1,223,745</u>	<u>1,004,456</u>
Fiduciary net position, end of year	<u>\$ 1,059,108</u>	<u>1,223,745</u>

See accompanying notes to financial statements.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(1) Description

The following description of the State of Alaska Deferred Compensation Plan (the Plan), a defined contribution plan, is provided for general information purposes only. Participants should refer to the plan document for more complete information.

(a) General

The Plan was created by State of Alaska (the State) statutes issued May 31, 1974, and was most recently amended effective August 30, 2021. It is a deferred compensation plan under Section 457 of the Internal Revenue Code and is available to all permanent and long-term nonpermanent employees, elected officials of the State of Alaska, and members of State boards and commissions, as well as employees of participating local government employers and public organizations. Participating members in the Plan authorize their employer to reduce their current salary or compensation so that they can receive the amount deferred at a later date. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. All amounts deferred are held in a trust for the exclusive benefit of employees and beneficiaries. Additionally, Plan participants may also have their contributions directed as a ROTH contribution. Those amounts are post-tax contributions and earnings on ROTH contributions are not taxable when properly withdrawn from the Plan. There were 12,685 participants in the Plan as of June 30, 2022.

At June 30, 2022 and 2021, the number of participating local government employers and public organizations, including the State was as follows:

	2022	2021
State of Alaska and Component Units	1	1
Municipalities	11	8
School districts	5	4
Other	7	6
Total employers	24	19

The Division of Retirement and Benefits is responsible for plan administration and record keeping. The Alaska Retirement Management Board (the Board) is responsible for the specific investment of moneys in the Plan.

(b) Contributions

During the fiscal year ended June 30, 2022, plan participants are required to contribute a minimum of \$50 per month (\$600 per year). At June 30, 2022, the maximum amount that could be deferred in a calendar year was \$20,500 for participants under age 50 and \$27,000 for participants who are age 50 and greater. However, for each of the participant's last three calendar years ending prior to the employer's primary pension plan's normal retirement age, a "catch-up limitation" may apply, which allows larger contributions (up to \$41,000 in calendar year 2022). Participants vest automatically in their contributions and earnings on those contributions.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

During fiscal year 2022, an employer participating in the Plan began offering and contributing matching contributions. Currently, there is one employer matching employee contributions.

(c) Participant Accounts

Participant accounts are self-directed with respect to investment options. Each participant designates how their contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

A record keeping/administrative fee is deducted monthly from each participant's account and applied pro rata to all the funds in which the member participates. This fee is for all costs incurred by the contracted recordkeeper and by the State.

At June 30, 2022 and June 30, 2021, participants had the following investment options:

(i) Collective Investment Funds

BlackRock Strategic Completion Fund – This fund allocates its investments across a strategic mix of U.S. Treasury Inflation Protected Securities, real estate investment trusts, and commodities asset classes, with the objective of complementing a diversified portfolio of more traditional asset classes. The asset classes in which the fund invests tend to have some “real return” characteristics and therefore may also provide a means to manage the effects of inflation on a diversified portfolio of more traditional asset classes. The fund shall be invested and reinvested in common stocks and other forms of equity securities, depository receipts, investment company shares, fixed-income securities and other debt obligations, asset-backed securities, mortgage-backed securities, securities issued by publicly traded real estate companies, futures contracts, forward contracts, swaps, options, and other structured investments. The fund employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Environmental, Social and Governance Fund – This fund is managed to have returns, net of fees, over time, closely matching the MSCI UAS Environmental, Social, and Governance (ESG) Leaders Index. The fund invests in domestic large cap and mid-cap investments with high ESG rankings.

International Equity Fund – This fund is investing primarily in the equity securities of non-U.S. issuers. The fund is a multimanager fund comprising two investment managers of differing investment strategies, style, and long-term market correlation.

MassMutual Bond Fund – This fund invests in investment-grade corporate and government bonds and other debt securities. This investment option is only available to participants whose contributions were originally invested with the MassMutual Life Insurance Company and have since remained with MassMutual.

MassMutual Equity Fund – This fund invests in diversified common stocks of high-quality growth companies for long-term capital growth with income a secondary consideration. This investment option is only available to participants whose contributions were originally invested with the

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

MassMutual Life Insurance Company and have since remained with MassMutual Life Insurance Company.

Passive U.S. Bond Index Fund – This fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the underlying index, Bloomberg Barclays U.S. Aggregate Bond Index.

Russell 3000 Index Fund – This fund invests in one or more commingled funds managed by SSgA, which, in combination, are designed to replicate the returns and characteristics of the Russell 3000 Index. The fund measures the performance of the largest 3,000 U.S. companies representing approximately 98.0% of the investable U.S. equity market.

Standard & Poor's 500 Stock Index Fund – This fund offers diversified investment in the U.S. equity market and replicates the returns and characteristics of the Standard & Poor's (S&P) 500 Composite Stock Price Index.

State Street Institutional Treasury Money Market Fund – The Treasury Money Market Fund seeks a high level of current income consistent with preserving principal and liquidity and the maintenance of a stable \$1.00 per share net asset value (“NAV”). The money market investment is neither insured nor guaranteed by the U.S. Government.

U.S. Small-Cap Trust – This fund provides long-term capital appreciation by investing primarily in the common stocks of small companies that appear undervalued or offer the potential for superior earnings growth.

World Equity Ex-U.S. Index Fund – This fund provides income and capital appreciation and to replicate the returns of the MSCI Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

(ii) *Pooled Investment Funds*

The Board contracts with an external investment manager who is given authority to invest in a wholly-owned pooled environment to accommodate 14 participant-directed funds.

Alaska Balanced Trust – The purpose of this fund is to provide exposure to a diversified mix of stocks, bonds, and money market securities. The fund seeks to provide a mixture of income and modest capital appreciation.

Alaska Long-Term Balanced Trust – The purpose of this fund is to provide exposure to a diversified mix of stocks, bonds, and money market securities.

Alaska Target Date Retirement 2010–2065 Trusts – The purpose of these funds is to provide a diverse mix of stocks, bonds, and money market securities for long-term investors with a higher tolerance for risk. The trusts are allocated among a range of underlying T. Rowe Price stock and bond portfolios. The allocations for the trusts with a stated retirement date will change over time; these trusts emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

approaches, and focus on supporting an income stream over a long-term postretirement withdrawal horizon.

JPMorgan SmartRetirement Blend 2015 and 2020 Funds – The purpose of these funds is to provide a professionally managed portfolio that strategically shifts asset allocations as the Fund approaches and passes the target retirement date for investors who plan to retire around the target retirement year and then withdraw their investment in the Fund throughout retirement.

(iii) *Synthetic Investment Contracts*

Stable Value Fund – This fund seeks to preserve principal and to offer a competitive rate of interest consistent with stability and safety of principal. The fund primarily holds cash reserves and synthetic investment contracts (SICs), issued by high-quality banks and insurance companies that allow for participant-directed withdrawals and transfers to principal plus accrued interest. SICs are supported by fixed income portfolios made up of high quality fixed income assets owned by the Plan. SICs credit a rate of interest based on a formula that intends to smooth the long term performance of the fixed income portfolios supporting SICs. The supporting fixed income portfolios are benchmarked to the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index.

(d) **Payment of Benefits**

Participants are eligible to withdraw their account balance upon termination. Benefits are payable in the form of a lump sum, one of various annuities, or a periodic payment option, unless the participant elects to defer commencement of benefits. Inactive member account balances of less than \$1,000 are automatically paid in the form of a lump-sum distribution after notification to the member. The deferred benefit commencement date can be no later than April 1 of the year after the participant would have turned age 70½. Payment of benefits to a participant commences 60 days after termination or the deferred benefit commencement date, as applicable.

Participants may request a hardship withdrawal for an unforeseeable emergency, within the definition allowed by the Internal Revenue Code. Hardship withdrawals are disbursed as lump sums and must be approved by the plan administrator.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into U.S. law on March 27, 2020. Section 2202 of the CARES Act provided expanded distribution options for up to \$100,000 of coronavirus-related distributions from eligible retirements plans. The Department of Administration, Division of Retirement and Benefits, in coordination with Empower Retirement, allowed for coronavirus-related distributions for members effective June 3, 2020.

Qualified active members of the Plan could request an in-service distribution of 25% of their account balance or \$25,000 maximum, whichever is less, between both the Plan and the State of Alaska Supplemental Annuity Plan (SBS-AP). Qualified terminated members could request up to an amount not to exceed \$100,000 from their account. Coronavirus-related withdrawals were required to be processed before December 31, 2020. The CARES Act had an option for the recipient to re-contribute any portion or all of the coronavirus-related withdrawal within three years of receipt.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(e) Income Taxes

The Plan is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code.

(f) Termination, Partial Termination, or Complete Discontinuance of Contributions

Although the State has established the Plan with the bona fide intention and expectation that it will continue the Plan indefinitely, the State may, in its sole and absolute discretion, terminate the Plan in whole or in part at any time without liability whatsoever for such termination. If the Plan is terminated, the participants in the Plan will be deemed to have withdrawn from the Plan as of the date of such termination. Deferred compensation shall thereupon cease. Upon plan termination, each participant or beneficiary shall be given the opportunity to elect a benefit commencement date and form of payment.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In preparing the financial statements, the plan administrator is required to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and additions and deductions for the reporting periods. Actual results could differ from those estimates.

(b) Cash and Cash Equivalents

Cash and cash equivalents at June 30 are composed of ownership of pooled investments and money market funds. The money market fund consists of nonparticipant-directed funds used to pay administrative costs of the Plan.

(c) Contributions Receivable

Contributions applicable to wages earned from the State of Alaska or other participating employers through June 30 are accrued if received after June 30. These contributions are considered fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary.

(d) Due from State of Alaska General Fund

Amounts due from the State of Alaska General Fund represent the amounts of contributions receivable, less administrative and investment expenses paid after June 30.

(e) Valuation of Collective Investment Funds

The Plan's investments in collective investment funds held in trust are stated at fair value based on the net asset value per unit, as reported by the third party administrator (TPA), multiplied by the number of units held by the Plan. The net asset value per unit is determined by the TPA based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(f) Valuation of Pooled Investment Funds

The Plan's ownership of pooled investment funds held in trust are stated at fair value based on the unit values as reported by the trustees multiplied by the number of units held by the Plan. The unit value is determined by the trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

(g) Valuation of Synthetic Investment Contracts

The Plan's investment in fully benefit-responsive SICs are stated at contract value.

(h) Reclassifications

The Plan made certain reclassifications to the 2021 balances in the accompanying supplemental schedules to make them consistent with the 2022 presentation.

(3) Investments

The Plan is primarily participant directed, which means that the Plan's participants decide in which options to invest. Of total plan fiduciary net position of \$1,059,108,000 at June 30, 2022, 99.6% or \$1,054,654,000 were specifically allocated to individual participant accounts.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

The carrying values of participant-directed investments at June 30, 2022 and 2021 are as follows (in thousands):

	<u>2022</u>	<u>2021</u>
S&P 500 Stock Index Fund	\$ 229,832	270,931
Stable Value Fund	205,515	206,109
U.S. Small-Cap Trust	110,196	155,398
Alaska Long-Term Balanced Trust	82,617	92,255
Passive U.S. Bond Index Fund	64,136	80,473
Russell 3000 Index Fund	48,068	51,363
Environmental, Social and Governance Fund	45,679	55,663
Alaska Balanced Trust	42,523	44,250
International Equity Fund	37,487	59,797
Alaska Target Date Retirement 2025 Trust	26,370	32,318
World Equity Ex-U.S. Index Fund	23,035	20,186
Alaska Target Date Retirement 2020 Trust	21,429	26,016
State Street Institutional Treasury Money Market	20,414	20,818
Alaska Target Date Retirement 2030 Trust	17,324	19,093
BlackRock Strategic Completion Fund	15,311	15,810
Alaska Target Date Retirement 2035 Trust	13,152	13,474
Alaska Target Date Retirement 2040 Trust	12,100	13,411
Alaska Target Date Retirement 2045 Trust	9,303	10,128
Alaska Target Date Retirement 2015 Trust	8,815	9,958
Alaska Target Date Retirement 2050 Trust	7,531	7,953
Alaska Target Date Retirement 2055 Trust	6,078	6,370
Alaska Target Date Retirement 2010 Trust	3,134	3,334
MassMutual Equity Fund	2,331	2,626
Alaska Target Date Retirement 2060 Trust	1,408	1,462
Alaska Target Date Retirement 2065 Trust	761	515
JPMorgan SmartRetirement Blend 2020 R6	86	—
MassMutual Bond Fund	13	17
JPMorgan SmartRetirement Blend 2015 R6	6	—
Total	<u>\$ 1,054,654</u>	<u>1,219,728</u>

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

For additional information on synthetic investment contracts, 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

<https://treasury.dor.alaska.gov/armb/reports-and-policies/annual-audited-financial-schedules>

(4) Risk and Uncertainty

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net position.

The Plan may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Schedules of Administrative and Investment Deductions

Years ended June 30, 2022 and 2021

(In thousands)

	<u>Administrative</u>	<u>Investment</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
Personal services:				
Wages	\$ 143	49	192	228
Benefits	96	26	122	131
Total personal services	<u>239</u>	<u>75</u>	<u>314</u>	<u>359</u>
Travel:				
Transportation	<u>—</u>	<u>1</u>	<u>1</u>	<u>—</u>
Total travel	<u>—</u>	<u>1</u>	<u>1</u>	<u>—</u>
Contractual services:				
Management and consulting	1,143	36	1,179	1,030
Investment management and custodial fees	—	1,653	1,653	2,044
Accounting and auditing	39	1	40	33
Data processing	319	31	350	240
Communications	1	—	1	2
Advertising and printing	4	—	4	2
Rentals/leases	5	3	8	16
Legal	4	2	6	4
Transportation	8	—	8	7
Other professional services	19	2	21	20
Total contractual services	<u>1,542</u>	<u>1,728</u>	<u>3,270</u>	<u>3,398</u>
Other:				
Equipment	<u>—</u>	<u>1</u>	<u>1</u>	<u>2</u>
Supplies	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
Total other	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Total administrative and investment deductions	<u>\$ 1,782</u>	<u>1,806</u>	<u>3,588</u>	<u>3,761</u>

See accompanying independent auditors' report.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Schedules of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2022 and 2021

(In thousands)

<u>Firm</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
KPMG LLP	Auditing services	\$ 37	31
State Street Bank and Trust	Custodial banking services	147	185
Alaska IT Group	Data processing services	1	3
Applied Microsystems Incorporation	Data processing services	11	1
DLT Solutions	Data processing services	—	14
Sagitec Solutions	Data processing services	288	183
SHI International Corporation	Data processing services	1	1
TechData Service Company	Data processing services	12	—
State of Alaska, Department of Law	Legal services	7	4
		<u>\$ 504</u>	<u>422</u>

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

See accompanying independent auditors' report.



STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–8
Statements of Fiduciary Net Position	9
Statements of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11–18
Supplemental Schedules	
Schedule 1 – Schedules of Administrative and Investment Deductions	19
Schedule 2 – Schedules of Payments to Consultants Other Than Investment Advisors	20



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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of the State of Alaska Supplemental Benefits System (the System), a component unit of the State of Alaska, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022 and 2021, and the changes in its fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.



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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Anchorage, Alaska
October 14, 2022

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

This section presents management's discussion and analysis (MD&A) of the State of Alaska Supplemental Benefits System's (the Plan) financial position and performance for the fiscal years ended June 30, 2022 and 2021. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements and notes to financial statements to better understand the financial condition and performance of the Plan. Information for fiscal year 2020 is presented for comparative purposes.

Financial Highlights

The Plan's financial highlights for the year ended June 30, 2022 were as follows:

- The Plan's net position restricted for benefits decreased by \$650.5 million during fiscal year 2022.
- The Plan's participant and employer contributions and transfers into the Plan increased by \$588 thousand during fiscal year 2022 compared to fiscal year 2021.
- The Plan's net investment income decreased by \$1.5 billion when compared to fiscal year 2021, to a loss of \$520.2 million.
- The Plan's net investment loss of \$520.2 million during fiscal year 2022, a decrease of \$1.5 billion compared to fiscal year 2021.
- The Plan's benefits paid increased by \$29.6 million during fiscal year 2022 compared to fiscal year 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The Plan's financial statements are composed of three components: (1) statements of fiduciary net, (2) statements of changes in fiduciary net position, and (3) notes to financial statements.

Statements of fiduciary net position – This statement presents information regarding the Plan's assets, liabilities, and resulting net position restricted for participants and operations. This statement reflects the Plan's investments, at fair value and contract value, along with cash and cash equivalents, receivables, and other assets less liabilities at June 30, 2022 and 2021. This statement is presented individually for both the Supplemental Annuity Plan and the Supplemental Benefits Cafeteria Plan.

Statements of changes in fiduciary net position – This statement presents how the Plan's net position restricted for participants and operations changed during the years ended June 30, 2022 and 2021. This statement presents contributions and net investment income (loss) during the period. Deductions for benefits and refunds of contributions, and administrative expenses, are also presented. This statement is presented individually for both the Supplemental Annuity Plan and the Supplemental Benefits Cafeteria Plan.

The above statements represent resources available for investment and payment of benefits and expenses as of June 30, 2022 and 2021 and the sources and uses of those funds during the years ended June 30, 2022 and 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 Plan's financial statements.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

Condensed Financial Information (In thousands)

Fiduciary net position					
Description	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 9,710	9,109	601	6.6%	\$ 6,343
Receivables	672	742	(70)	(9.4)	783
Due from State of Alaska General Fund	6,045	5,552	493	8.9	5,667
Investments	4,412,831	5,064,378	(651,547)	(12.9)	4,226,475
Investment loss trust fund (ILTF) at fair value	2,091	2,089	2	0.1	2,085
Total assets	<u>4,431,349</u>	<u>5,081,870</u>	<u>(650,521)</u>	<u>(12.8)</u>	<u>4,241,353</u>
Liabilities:					
Accrued expenses	360	382	(22)	(5.8)	1,279
Payable to plan participants	154	128	26	20.3	70
ILTF plan participant payable	2,091	2,089	2	0.1	2,085
Total liabilities	<u>2,605</u>	<u>2,599</u>	<u>6</u>	<u>0.2</u>	<u>3,434</u>
Fiduciary net position	<u>\$ 4,428,744</u>	<u>5,079,271</u>	<u>(650,527)</u>	<u>(12.8)%</u>	<u>\$ 4,237,919</u>

I check					
Description	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Fiduciary net position, beginning of year	\$ 5,079,271	4,237,919	841,352	19.9%	\$ 4,127,434
Additions:					
Contributions	176,971	176,383	588	0.3	170,998
Net investment income (loss)	(520,224)	939,692	(1,459,916)	(155.4)	195,428
Other income (expense)	(321)	1,587	(1,908)	(120.2)	178
Total additions (reductions)	<u>(343,574)</u>	<u>1,117,662</u>	<u>(1,461,236)</u>	<u>(130.7)</u>	<u>366,604</u>
Deductions:					
Benefits and refunds of contributions	300,088	270,451	29,637	11.0	251,642
Administrative	6,865	5,859	1,006	17.2	4,477
Total deductions	<u>306,953</u>	<u>276,310</u>	<u>30,643</u>	<u>11.1</u>	<u>256,119</u>
Increase (decrease) in net position	<u>(650,527)</u>	<u>841,352</u>	<u>(1,491,879)</u>	<u>(177.3)</u>	<u>110,485</u>
Fiduciary net position, end of year	<u>\$ 4,428,744</u>	<u>5,079,271</u>	<u>(650,527)</u>	<u>(12.8)%</u>	<u>\$ 4,237,919</u>

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

Financial Analysis of the Plans

The statement of fiduciary net position as of June 30, 2022 and 2021 show fiduciary net position of \$4,428,744,000 and \$5,079,271,000, respectively. The entire amount is available to pay benefits to participants and their beneficiaries as well as administrative costs. These amounts represent a decrease in plan net position restricted for participants and operations of \$650,527,000 or 12.8% from fiscal year 2021 to fiscal year 2022, and an increase of \$841,352,000 or 19.9% from fiscal year 2020 to fiscal year 2021.

Contributions, Investment Income, and Other Additions

Additions to the Plan are accumulated through a combination of employer and plan participant contributions, investment income, and other additions as follows:

	Additions (In thousands)				2020
	2022	2021	Increase (decrease)		
			Amount	Percentage	
Plan participant mandatory contributions	\$ 86,973	84,988	1,985	2.3%	\$ 81,836
Employer mandatory contributions	86,932	84,993	1,939	2.3	81,846
Plan participant voluntary contributions	—	—	—	—	1,893
Transfer-in contributions	3,066	6,402	(3,336)	(52.1)	5,423
Total plan member and employer contributions	176,971	176,383	588	0.3	170,998
Net investment income (loss)	(520,224)	939,692	(1,459,916)	(155.4)	195,428
Other income (expenses)	(321)	1,587	(1,908)	(120.2)	178
Total	\$ (343,574)	1,117,662	(1,461,236)	(130.7)%	\$ 366,604

Plan member and employer contributions increased from \$176,383,000 for fiscal year 2021 to \$176,971,000 for fiscal year 2022, an increase of \$588,000 or 0.3% due to an increase in participant earnings. No contribution was made to the plan participant voluntary contributions in fiscal year 2021 and 2022 due to the voluntary supplemental benefit premium was shifted to the cafeteria plan third-party administrator (TPA). The TPA collects voluntary supplemental benefits premiums directly from participant employers and processes all claims.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

The Plan's net investment income decreased from \$939,692,000 in fiscal year 2021 to \$(520,224,000) in fiscal year 2022, a decrease of \$1,459,916,000 or 155.4% from amounts recorded in fiscal year 2021. The decrease relates to significant negative rates of return in the overall investment environment in fiscal year 2022. Net investment income increased during fiscal year 2021 by \$774,436,000 or 380.9% from amounts recorded during fiscal year 2020.

The Plan's investment rates of return at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Alaska Balanced Trust	(9.02)%	13.37 %
Alaska Long-Term Balanced Trust	(11.17)	23.55
Alaska Target Date Retirement 2010 Trust	(8.29)	15.17
Alaska Target Date Retirement 2015 Trust	(8.84)	17.74
Alaska Target Date Retirement 2020 Trust	(9.77)	21.44
Alaska Target Date Retirement 2025 Trust	(10.95)	25.28
Alaska Target Date Retirement 2030 Trust	(11.85)	28.72
Alaska Target Date Retirement 2035 Trust	(12.65)	31.81
Alaska Target Date Retirement 2040 Trust	(13.26)	34.46
Alaska Target Date Retirement 2045 Trust	(13.72)	36.74
Alaska Target Date Retirement 2050 Trust	(13.87)	36.78
Alaska Target Date Retirement 2055 Trust	(13.89)	36.82
Alaska Target Date Retirement 2060 Trust	(13.96)	36.71
Alaska Target Date Retirement 2065 Trust	(13.97)	36.58
BlackRock Strategic Completion Fund	(2.49)	24.97
Environmental, Social and Governance Fund	(10.61)	40.93
International Equity Fund	(26.39)	42.43
JP Morgan SmartRetirement Blend 2015 R6	(11.99)	—
JP Morgan SmartRetirement Blend 2020 R6	(12.10)	—
Passive U.S. Bond Index Fund	(10.26)	(0.36)
Russell 3000 Index Fund	(13.69)	44.07
S&P 500 Stock Index Fund	(10.64)	40.78
Stable Value Fund	1.84	2.18
State Street Institutional Treasury Money Market	0.15	0.02
U.S. Small-Cap Trust	(23.19)	54.51
World Equity Ex-U.S. Index Fund	(19.14)	35.55

**STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

Benefits and Other Deductions

The primary deductions from the Plan are the payment of benefits and refunds of contributions. Benefit payments and administrative costs were as follows:

	Deductions (In thousands)				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Benefits and refunds of contributions	\$ 300,088	270,451	29,637	11.0%	\$ 251,642
Administrative	6,865	5,859	1,006	17.2	4,477
Total	<u>\$ 306,953</u>	<u>276,310</u>	<u>30,643</u>	<u>11.1%</u>	<u>\$ 256,119</u>

The Plan's benefits paid to participants and refunds of contributions, including purchases of annuity contracts for fiscal year 2022 increased \$29,637,000 or 11.0% from fiscal year 2021, and increased \$18,809,000 or 7.5% from fiscal year 2020 to fiscal year 2021. The increase in refunds of contributions in fiscal year 2022 is related to the increase in the number of members requesting disbursements from the Plan. The increase in refunds of contributions in fiscal year 2021 is primarily related to Coronavirus Aid, Relief, and Economic Security (CARES) Act distributions that active and terminated members could receive as described below.

The CARES Act was signed into U.S. law on March 27, 2020. Section 2202 of the CARES Act provided expanded distribution options for up to \$100,000 of coronavirus-related distributions from eligible retirements plans. The Department of Administration, Division of Retirement and Benefits, in coordination with Empower Retirement, allowed for coronavirus-related distributions for members effective June 3, 2020.

Qualified active members of the Plan could request an in-service distribution of 25% of their account balance or \$25,000 maximum, whichever is less, between both the Plan and the State of Alaska Deferred Compensation Plan (DCP). Qualified terminated members could request up to an amount not to exceed \$100,000 from their account. Coronavirus-related withdrawals were required to be processed before December 31, 2020. The CARES Act had an option for the recipient to re-contribute any portion or all of the coronavirus-related withdrawal within three years of receipt. Through June 30, 2021, the Plan had \$28,010,000 in CARES Act distributions.

The Plan had administrative expenses of \$6,865,000 for fiscal year 2022 compared to \$5,859,000 for fiscal year 2021, an increase of \$1,006,000 or 17.2%. The increase in administrative expenses in fiscal year 2022 is primarily due to an increase in system modernization project expenses. The Plan had administrative expenses of \$5,859,000 for fiscal year 2021 compared to \$4,477,000 for fiscal year 2020, an increase of \$1,382,000 or 30.9%. The increase was primarily due to increases in system modernization project expenses over the prior year as well as increases in recordkeeping costs related to higher investment levels in the Plan.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Fiduciary Responsibilities

The Alaska Retirement Management Board and the Commissioner of Administration are co-fiduciaries of the Plan. The Plan's assets can only be used for the exclusive benefit of the Plan's participants, beneficiaries, and alternate payees.

Request for Information

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

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

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Statements of Fiduciary Net Position

June 30, 2022 and 2021

(In thousands)

	2022			2021		
	Annuity	Cafeteria	Total	Annuity	Cafeteria	Total
Assets:						
Cash and cash equivalents:						
Investment in State of Alaska General Fund and Other Nonsegregated Investments Pool	\$ 827	—	827	3,330	926	4,256
Money market fund – nonparticipant-directed	8,883	—	8,883	4,853	—	4,853
Total cash and cash equivalents	9,710	—	9,710	8,183	926	9,109
Receivables:						
Mandatory and voluntary contributions	672	—	672	742	—	742
Due from State of Alaska General Fund	6,045	—	6,045	5,552	—	5,552
Total receivables	6,717	—	6,717	6,294	—	6,294
Investments:						
Participant directed at fair value:						
Collective investment funds	1,315,424	—	1,315,424	1,620,200	—	1,620,200
Pooled investment funds	2,586,999	—	2,586,999	2,952,310	—	2,952,310
Participant directed at contract value:						
Synthetic investment contracts	510,408	—	510,408	491,868	—	491,868
Total investments	4,412,831	—	4,412,831	5,064,378	—	5,064,378
Investment loss trust fund at fair value	2,091	—	2,091	2,089	—	2,089
Total assets	4,431,349	—	4,431,349	5,080,944	926	5,081,870
Liabilities:						
Accrued expenses	360	—	360	382	—	382
Payable to plan participants	154	—	154	128	—	128
Investment loss trust fund plan participant payable	2,091	—	2,091	2,089	—	2,089
Total liabilities	2,605	—	2,605	2,599	—	2,599
Fiduciary net position	\$ 4,428,744	—	4,428,744	5,078,345	926	5,079,271

See accompanying notes to financial statements.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Statements of Changes in Fiduciary Net Position

Years ended June 30, 2022 and 2021

(In thousands)

	2022			2021		
	Annuity	Cafeteria	Total	Annuity	Cafeteria	Total
Additions (reductions):						
Contributions:						
Employers	\$ 86,973	—	86,973	84,988	—	84,988
Plan members	89,998	—	89,998	91,395	—	91,395
Total contributions	<u>176,971</u>	<u>—</u>	<u>176,971</u>	<u>176,383</u>	<u>—</u>	<u>176,383</u>
Investment income (loss):						
Net appreciation (depreciation) in value of investments	(514,276)	—	(514,276)	946,843	—	946,843
Interest	110	—	110	15	—	15
Total investment income (loss)	<u>(514,166)</u>	<u>—</u>	<u>(514,166)</u>	<u>946,858</u>	<u>—</u>	<u>946,858</u>
Less investment expense	6,058	—	6,058	7,166	—	7,166
Net investment income (loss)	<u>(520,224)</u>	<u>—</u>	<u>(520,224)</u>	<u>939,692</u>	<u>—</u>	<u>939,692</u>
Other income (expense)	(321)	—	(321)	661	926	1,587
Total additions (reductions)	<u>(343,574)</u>	<u>—</u>	<u>(343,574)</u>	<u>1,116,736</u>	<u>926</u>	<u>1,117,662</u>
Deductions:						
Benefits and refunds of contributions	300,088	—	300,088	270,451	—	270,451
Administrative	5,939	926	6,865	5,859	—	5,859
Total deductions	<u>306,027</u>	<u>926</u>	<u>306,953</u>	<u>276,310</u>	<u>—</u>	<u>276,310</u>
Net increase (decrease) in fiduciary net position	<u>(649,601)</u>	<u>(926)</u>	<u>(650,527)</u>	<u>840,426</u>	<u>926</u>	<u>841,352</u>
Fiduciary net position, beginning of year	<u>5,078,345</u>	<u>926</u>	<u>5,079,271</u>	<u>4,237,919</u>	<u>—</u>	<u>4,237,919</u>
Fiduciary net position, end of year	<u>\$ 4,428,744</u>	<u>—</u>	<u>4,428,744</u>	<u>5,078,345</u>	<u>926</u>	<u>5,079,271</u>

See accompanying notes to financial statements.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(1) Description

The following description of the State of Alaska Supplemental Benefits System (the Plan), which comprises the Supplemental Annuity Plan and the Supplemental Benefits Cafeteria Plan, is provided for general information purposes only. Participants should refer to the plan documents for more complete information.

(a) General

The Plan was created by State of Alaska (the State) statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All State employees who would have participated in Social Security, if the State had not withdrawn, participate in the Plan. Other employers whose employees participate in the State's Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in the Plan as provided by Alaska statute. There were 21 participating employers, including the State, as of June 30, 2022. There were 50,511 participants in the Plan as of June 30, 2022.

At June 30, 2022 and 2021, the number of participating local government employers and public organizations, including the State was as follows:

State of Alaska	1
State of Alaska component units	1
Municipalities	9
School districts	5
Other	<u>5</u>
Total employers	<u><u>21</u></u>

The Division of Retirement and Benefits is responsible for plan administration and record keeping. The Alaska Retirement Management Board (the Board) is responsible for the specific investment of moneys in the Plan.

(b) Contributions

Mandatory contributions are made to the Supplemental Annuity Plan, a defined-contribution plan, and voluntary contributions to the Supplemental Benefits Cafeteria Plans. Participating employees are vested at all times.

Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State and other participating employers are required by statute to contribute 12.26% of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf.

Supplemental Benefits Cafeteria Plan voluntary contributions are based on the optional benefits elected by each employee enrolled in the Plan. Each employee agrees to a wage reduction based on the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to the Plan's third-party administrator (TPA) on the employee's behalf.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

Effective January 1, 2020 the administration of the voluntary supplemental benefits was transferred to a TPA. This transition includes the collection of all premiums from participating employers.

(c) Participant Accounts

Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how their contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record keeping/administrative fees, consisting of a fixed amount applied in a lump sum each calendar year and a variable amount applied monthly, are deducted from each participant's account, applied pro rata to all the funds in which the employee participates. This fee is for costs incurred by the contracted recordkeeper and by the State.

At June 30, 2022 and 2021, participants had the following investment options:

(i) Collective Investment Funds

BlackRock Strategic Completion Fund – This fund allocates its investments across a strategic mix of U.S. Treasury Inflation Protected Securities, real estate investment trusts, and commodities asset classes, with the objective of complementing a diversified portfolio of more traditional asset classes. The asset classes in which the fund invests tend to have some “real return” characteristics and therefore may also provide a means to manage the effects of inflation on a diversified portfolio of more traditional asset classes. The fund shall be invested and reinvested in common stocks and other forms of equity securities, depositary receipts, investment company shares, fixed-income securities and other debt obligations, asset-backed securities, mortgage-backed securities, securities issued by publicly traded real estate companies, futures contracts, forward contracts, swaps, options, and other structured investments. The fund employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Environmental, Social and Governance Fund – This fund is managed to have returns, net of fees, over time, closely matching the MSCI UAS Environmental, Social, and Governance (ESG) Leaders Index. The fund invests in domestic large cap and mid-cap investments with high ESG rankings.

International Equity Fund – This fund is investing primarily in the equity securities of non-U.S. issuers. The fund is a multimanager fund comprising two investment managers of differing investment strategies, style, and long-term market correlation.

Passive U.S. Bond Index Fund – This fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the underlying index, Bloomberg Barclays U.S. Aggregate Bond Index.

Russell 3000 Index Fund – This fund invests in one or more commingled funds managed by SSgA, which, in combination, are designed to replicate the returns and characteristics of the Russell 3000 Index. The fund measures the performance of the largest 3,000 U.S. companies representing approximately 98.0% of the investable U.S. equity market.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

Standard & Poor's 500 Stock Index Fund – This fund offers diversified investment in the U.S. equity market and replicates the returns and characteristics of the Standard & Poor's (S&P) 500 Composite Stock Price Index.

State Street Institutional Treasury Money Market Fund – The Treasury Money Market Fund seeks a high level of current income consistent with preserving principal and liquidity and the maintenance of a stable \$1.00 per share net asset value (“NAV”). The money market investment is neither insured nor guaranteed by the U.S. Government.

T. Rowe Price U.S. Small-Cap Trust – This fund provides long-term capital appreciation by investing primarily in the common stocks of small companies that appear undervalued or offer the potential for superior earnings growth.

World Equity Ex-U.S. Index Fund – This fund provides income and capital appreciation and to replicate the returns of the MSCI Index and provide broad-based, low cost exposure to both the developed and emerging markets.

(ii) *Pooled Investment Funds*

The Board contracts with an external investment manager who is given authority to invest in a wholly owned pooled environment to accommodate 14 participant-directed funds.

Alaska Balanced Trust – The purpose of this fund is to provide exposure to a diversified mix of stocks, bonds, and money market securities. The fund seeks to provide a mixture of income and modest capital appreciation.

Alaska Long-Term Balanced Trust – The purpose of this fund is to provide exposure to a diversified mix of stocks, bonds, and money market securities.

Alaska Target Date Retirement 2010–2065 Trusts – The purpose of these funds is to provide a diverse mix of stocks, bonds, and money market securities for long-term investors with a higher tolerance for risk. The trusts are allocated among a broad range of underlying T. Rowe Price stock and bond portfolios. The allocations for the trusts with a stated retirement date will change over time; these trusts emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term postretirement withdrawal horizon.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(iii) Synthetic Investment Contracts

Stable Value Fund – This fund seeks to preserve principal and to offer a competitive rate of interest consistent with stability and safety of principal. The fund primarily holds cash reserves and synthetic investment contracts (SICs), issued by high quality banks and insurance companies that allow for participant-directed withdrawals and transfers to principal plus accrued interest. SICs are supported by fixed income portfolios made up of high-quality fixed income assets owned by the Plan. SICs credit a rate of interest based on a formula that intends to smooth the long-term performance of the fixed income portfolios supporting SICs. The supporting fixed income portfolios are benchmarked to the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index.

(d) Payment of Benefits

Participants are eligible to withdraw from the Supplemental Annuity Plan 60 days after termination. Benefits are payable in the form of a lump sum or a periodic payment option, unless the participant elects to defer commencement of benefits. The Plan issues disbursements through its contracted recordkeeper. Various annuities can also be purchased from an insurance carrier, which are excluded from plan assets.

Participants may request a hardship withdrawal for an unforeseeable emergency, within the definition allowed by the Internal Revenue Code. Hardship withdrawals are disbursed as lump sums and must be approved by the plan administrator.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into U.S. law on March 27, 2020. Section 2202 of the CARES Act provided expanded distribution options for up to \$100,000 of coronavirus-related distributions from eligible retirements plans. The Department of Administration, Division of Retirement and Benefits, in coordination with Empower Retirement, allowed for coronavirus-related distributions for members effective June 3, 2021.

Qualified active members of the Plan could request an in-service distribution of 25% of their account balance or \$25,000 maximum, whichever is less, between both the Plan and the State of Alaska Deferred Compensation Plan (DCP). Qualified terminated members could request up to an amount not to exceed \$100,000 from their account. Coronavirus-related withdrawals were required to be processed before December 31, 2020. The CARES Act had an option for the recipient to re-contribute any portion or all of the coronavirus-related withdrawal within three years of receipt.

(e) Supplemental Benefits Cafeteria Plan

Benefits available under the Supplemental Benefits Cafeteria Plan include life, accidental death, disability, and critical illness insurance. Selection of these benefits is at the discretion of the employee, with certain restrictions, and may be amended and/or changed on an annual basis or in conjunction with an employee's change in status. The Plan is funded entirely by employee contributions based on benefit selections. All supplemental benefits are provided through contractual arrangements and are currently administered through an external TPA.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(f) Funding of the Annuity Plan

Supplemental annuity plan contributions from employers and participants were deposited with investment managers under contract with the Plan. The amounts credited to each participant account include the appreciation or depreciation in the unit values of the investment funds in addition to contributions received during the period.

(g) Income Taxes

The Plan is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code.

(h) Termination, Partial Termination, or Complete Discontinuance of Contributions

Although the State has established the Plan with the bona fide intention and expectation that it will continue the Plan indefinitely, the State may, in its sole and absolute discretion, terminate the Plan in whole or in part at any time without liability whatsoever for such termination. If the Plan is terminated, the deposit contracts shall remain in force until all individual employee benefit accounts have been completely distributed in accordance with the Plan.

The employers are under no obligation or liability to continue making contributions to, or participate in, the Plan. Employers in their sole and absolute discretion may discontinue participation and contributions with no liability whatsoever for such termination except liability to the State under the terms of the participation agreement.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In preparing the financial statements, the plan administrator is required to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and additions and deductions for the reporting periods. Actual results could differ from those estimates.

(b) Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2022 are composed of ownership of pooled investments and money market funds. The money market fund consists of nonparticipant-directed funds used to pay administrative costs of the Plan.

(c) Contributions Receivable

Contributions applicable to wages earned through June 30 are accrued if received after June 30. These contributions are considered fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary.

(d) Due from State of Alaska General Fund

Amounts due from the State of Alaska General Fund represent State of Alaska contributions receivable, less administrative and investment expenses paid after June 30.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(e) Valuation of Collective Investment Funds

The Plan's investments in collective investment funds held in trust are stated at fair value based on the net asset value per unit, as reported by the TPA, multiplied by the number of units held by the Plan. The net asset value per unit is determined by the TPA based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

(f) Valuation of Pooled Investment Funds

The Plan's ownership of pooled investment funds held in trust are stated at fair value based on the unit values, as reported by the trustees, multiplied by the number of units held by the Plan. The unit value is determined by the trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

(g) Valuation of Synthetic Investment Contracts

The Plan's investment in fully benefit-responsive SICs are stated at contract value.

(h) Reclassifications

The Plan made certain reclassifications to the 2021 balances in the accompanying supplemental schedules to make them consistent with the 2022 presentation.

(3) Investments

The Plan is primarily participant directed, which means that the Plan's participants decide in which options to invest. Of total plan fiduciary net position of \$4,428,744,000 at June 30, 2022, 99.6% or \$4,412,831,000 were specifically allocated to individual participant accounts.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

The carrying values of participant-directed investments at June 30, 2022 and 2021 are as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Alaska Balanced Trust	\$ 1,046,166	1,217,645
Alaska Long-Term Balanced Trust	678,647	771,486
Stable Value Fund	510,408	491,868
S&P 500 Stock Index Fund	434,904	525,484
U.S. Small-Cap Trust	197,175	284,471
Passive U.S. Bond Index Fund	141,741	190,149
Environmental, Social, and Governance Fund	134,842	170,464
Russell 3000 Index Fund	131,132	136,280
Alaska Target Date Retirement 2055 Trust	117,453	126,305
Alaska Target Date Retirement 2050 Trust	111,622	124,902
Alaska Target Date Retirement 2045 Trust	101,237	111,642
Alaska Target Date Retirement 2025 Trust	100,684	115,257
International Equity Fund	95,882	150,615
Alaska Target Date Retirement 2030 Trust	89,771	96,586
Alaska Target Date Retirement 2035 Trust	89,117	97,531
Alaska Target Date Retirement 2040 Trust	83,465	94,296
Alaska Target Date Retirement 2020 Trust	77,643	93,312
World Equity Ex-U.S. Index Fund	72,688	58,739
State Street Institutional Treasury Money Market	69,735	67,593
Alaska Target Date Retirement 2015 Trust	66,992	83,149
BlackRock Strategic Completion Fund	37,325	36,405
Alaska Target Date Retirement 2060 Trust	9,486	7,262
Alaska Target Date Retirement 2010 Trust	9,089	10,061
Alaska Target Date Retirement 2065 Trust	4,570	2,876
JP Morgan Smart Retirement Blend 2015 R6	922	—
JP Morgan Smart Retirement Blend 2020 R6	135	—
Total	<u>\$ 4,412,831</u>	<u>5,064,378</u>

For additional information on synthetic investment contracts, 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 <https://treasury.dor.alaska.gov/armb/reports-and-policies/annual-audited-financial-schedules>

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2022 and 2021

(4) Investment Loss Trust Fund

The Investment Loss Trust Fund was established by the State of Alaska to hold harmless Plan participants who had invested in a guaranteed investment contract that suffered losses during the 1990s. The Investment Loss Trust Fund is comprised of cash and cash equivalents managed by the State Treasury. The associated participant payable represents amounts due to participants under a settlement agreement associated with the guaranteed investment contract.

The Insurance Commissioner of the State of California, on behalf of policyholders of Executive Life Insurance Company, had filed a complaint against certain parties in 1999 for fraud related to the purchase of Aurora National Life Assurance Company guaranteed insurance contracts. In 2005, the Insurance Commissioner received a portion of settlement proceeds related to this complaint, and the Plan received some settlement funds between 2006–2010. In 2015, the last remaining defendant settled in the 16-year lawsuit. The Plan received a final distribution related to the lawsuit in July 2020 totaling \$1,159,000.

(5) Risk and Uncertainty

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net position.

The Plan may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Administrative and Investment Deductions

Years ended June 30, 2022 and 2021

(In thousands)

	Administrative	Investment	Totals	
			2022	2021
Personal services:				
Wages	\$ 444	205	649	685
Benefits	299	107	406	391
Total personal services	743	312	1,055	1,076
Travel:				
Transportation	—	4	4	2
Per diem	—	1	1	—
Total travel	—	5	5	2
Contractual services:				
Management and consulting	4,713	143	4,856	4,225
Investment management and custodial fees	—	5,430	5,430	6,557
Accounting and auditing	43	2	45	37
Data processing	1,237	129	1,366	953
Communications	4	1	5	6
Advertising and printing	13	—	13	9
Rentals/leases	13	10	23	45
Legal	17	9	26	15
Repairs and maintenance	—	—	—	1
Transportation	27	—	27	27
Other professional services	51	9	60	56
Total contractual services	6,118	5,733	11,851	11,931
Other:				
Equipment	1	2	3	9
Supplies	3	6	9	7
Total other	4	8	12	16
Total administrative and investment deductions	\$ 6,865	6,058	12,923	13,025

See accompanying independent auditors' report.

STATE OF ALASKA
SUPPLEMENTAL BENEFITS SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2022 and 2021

(In thousands)

<u>Firm</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
KPMG LLP	Auditing services	\$ 37	31
State Street Bank and Trust	Custodial banking services	651	775
Alaska IT Group	Data processing services	—	7
Applied Microsystems Incorporated	Data processing services	30	3
DLT Solutions	Data processing services	—	58
International Business Machines	Data processing services	—	1
Sagitec Solutions	Data processing services	1,158	736
SHI International Corporation	Data processing services	4	3
TechData Service Company	Data processing services	30	—
State of Alaska, Department of Law	Legal services	26	15
The Segal Company Incorporated	Management consulting services	—	1
		<u>\$ 1,936</u>	<u>1,630</u>

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

See accompanying independent auditors' report.



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

October 14, 2022

Audit Committee
Alaska Retirement Management Board
State of Alaska Department of Revenue
Juneau, Alaska

To the audit committee,

We have audited the financial statements as of June 30, 2022 and for each of the years then ended, and expect to issue our report thereon under date of October 14, 2022 for the following entities (collectively, the Systems):

- State of Alaska Public Employees' Retirement System
- State of Alaska Teachers' Retirement System
- State of Alaska Judicial Retirement System
- State of Alaska Deferred Compensation Plan
- State of Alaska Supplemental Benefits System
- State of Alaska National Guard and Naval Militia Retirement System

Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of Alaska Retirement Management Board, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (AICPA). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or Alaska Retirement Management Board of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Systems' internal control. However, our required communications over any significant deficiencies and material weaknesses in internal control identified during our audit have been provided to you, in writing, under separate cover.

We also have a responsibility to communicate significant matters related to the financial statement audits that are, in our professional judgment, relevant to the responsibilities of the Alaska Retirement Management Board



Audit Committee
State of Alaska
Page 2 of 4

in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Significant Unusual Transactions

In connection with our audit of the Systems' financial statements, no significant unusual transactions were identified.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements and Financial Statement Presentation and Disclosure Omissions

In connection with our audit of the Systems' financial statements, no uncorrected financial statement misstatements in the Systems' books and records or financial statement presentation and disclosure omissions were identified as of and for the year ended June 30, 2022. We have communicated that finding to management.

Corrected Misstatements

In connection with our audit of the Systems' financial statements, no corrected financial statement misstatements in the Systems' books and records were identified as of and for the year ended June 30, 2022.

Non-GAAP Accounting Policies and Practices

The Systems' have adopted certain accounting policies or practices that, if applied to significant items or transactions, are not in accordance with U.S. generally accepted accounting principles. The Systems' have evaluated the effect of the application of such policies and practices on the financial statements and concluded that such effect is not material to the 2022 financial statements.

Auditors' Report

A draft of the auditors' report, including expected language of additional paragraphs to be added to the report, including the other matters paragraphs and the qualification for the National Guard and Naval Militia Retirement System was provided and discussed with the audit committee on October 10, 2022.

Significant Accounting Policies and Practices

In connection with our audit of the Systems' financial statements, no new, or changes in, significant accounting policies and practices were identified.

Qualitative Aspects of Accounting Practices

We have discussed with the audit committee and management our judgments about the quality, not just the acceptability, of the Systems' accounting policies as applied in its financial reporting. The discussions generally included such matters as the consistency of the Systems' accounting policies and their application, and the understandability and completeness of the Systems' financial statements, which include related disclosures.

Significant Accounting Estimates and Significant Financial Statement Disclosures

The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The primary items subject to estimation include the following:



Actuarial Estimates

The financial statements for the System's contain certain actuarial estimates as required by the Governmental Accounting Standards Board. These actuarial estimates include the estimated future plan benefit obligations including postemployment and postretirement benefit obligations. We evaluated the key factors and assumptions used to develop those obligations including possible management bias in developing the estimate, in determining that the total pension liability and total other postemployment benefit liabilities are reasonable in relation to the financial statement as a whole, except as discussed in the next paragraph.

During our audit, we were unable to obtain sufficient appropriate audit evidence regarding portions of the census data that is a key factor in developing the National Guard and Naval Militia Retirement System's total pension liability. As a result, we issued a qualified opinion over that System's financial statements.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Systems' financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We will, however, read the other information included in PERS and TRS Annual Comprehensive Financial Reports when it is available to ensure there are no matters that came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Noncompliance with Laws and Regulations, including Illegal Acts or Fraud

In connection with our audit of the Systems' financial statements, no identified or suspected instances of non-compliance with laws and regulations, including illegal acts or fraud, have come to our attention.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Significant Issues Discussed, or Subject to Correspondence, with Management

We generally discuss a variety of matters with the audit committee, the Alaska Retirement Management Board, and management each year prior to our retention by the Alaska Management Retirement Board as the Systems' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with other accountants during the year ended June 30, 2022.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' reports on the Systems' financial statements.

Written Communications

Attached to this letter please find copies of the following written communications between management and us:

1. Management representation letters

* * * * *



Audit Committee
State of Alaska
Page 4 of 4

This letter to the Alaska Retirement Management Board is intended solely for the information and use of the Alaska Retirement Management Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

6th Floor State Office Building
333 Willoughby Avenue
P.O. Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4460
Toll-Free: (800) 821-2251
FAX: (907) 465-3086
Alaska.gov/drb

October 14, 2022

KPMG LLP
701 West 8th Avenue, Suite 600
Anchorage, Ak 99501

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the combining statement of fiduciary net position of the Public Employee's Retirement System (the Plan), the related combining statement of changes in fiduciary net position and the related notes to the financial statements as of and for the year ended June 30, 2022, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the respective financial position and changes in financial position in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

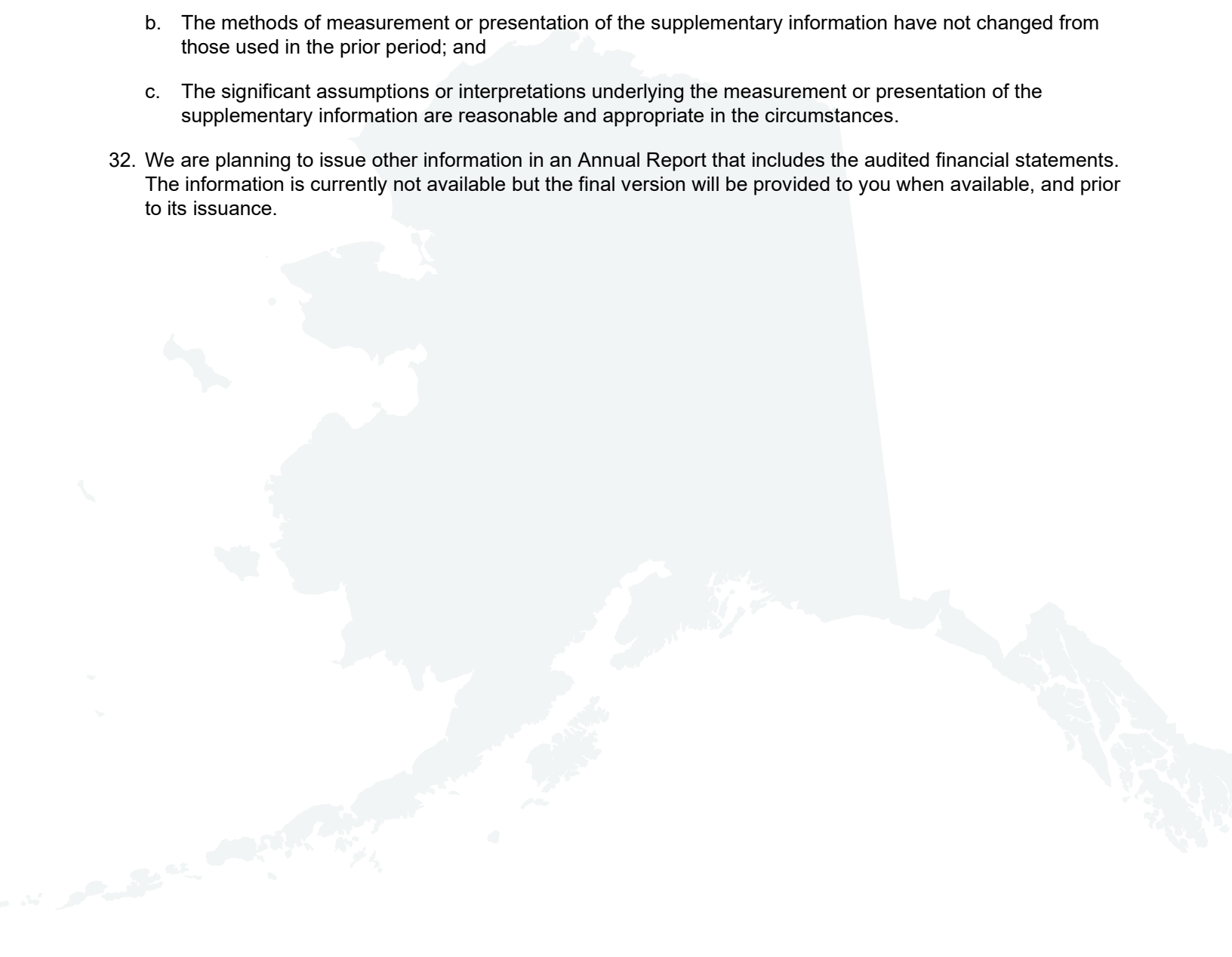
Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 14, 2022:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of Alaska Retirement Management Board (ARMB), or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.
3. There have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There have been no instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.

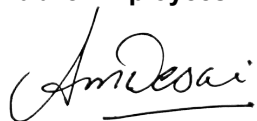
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have disclosed to you all side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have disclosed to you, in writing, all other matters (e.g. breach of fiduciary responsibilities, nonexempt transactions/prohibited party-in-interest transactions, loans or loans in default, or events that may jeopardize the tax status).
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
10. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud, or suspected fraud, affecting the Plan involving:
 - a. Management / Plan Administrator,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
16. The Plan or Plan sponsor has no plans or intentions to terminate the plan or merge the plan into or with another plan.

17. We have no knowledge of any officer, trustee of the Plan, Plan sponsor, Plan, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
18. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
19. We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.
20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with U.S. GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
21. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
22. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. The projected employer contributions in the net pension liability discount rate calculation are prepared in accordance with paragraphs 41-43 of GASB Statement 67.
24. The projected employer contributions in the discount rate calculation are prepared in accordance with paragraphs 49-51 of GASB Statement 74.
25. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for funding purposes and for determining accumulated plan benefits are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary.
26. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for determining claims incurred but not reported, postemployment benefit obligation, and postretirement benefit obligation are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary. All required filings of the Plan and trust documents have been made with the appropriate regulatory agencies.
27. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust).
28. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
29. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*.

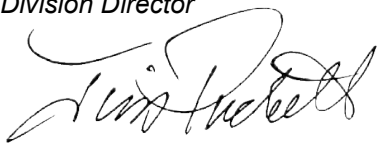
30. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.
31. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
32. We are planning to issue other information in an Annual Report that includes the audited financial statements. The information is currently not available but the final version will be provided to you when available, and prior to its issuance.
- 

Very truly yours,

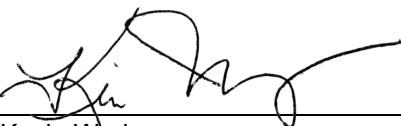
Public Employees' Retirement System



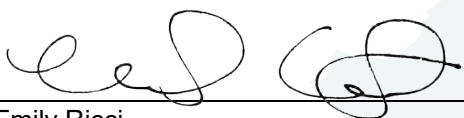
Ajay Desai
Division Director



James Puckett
Chief Pension Officer



Kevin Worley
Chief Financial Officer



Emily Ricci
Chief Health Policy Officer





THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

6th Floor State Office Building
333 Willoughby Avenue
P.O. Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4460
Toll-Free: (800) 821-2251
FAX: (907) 465-3086
Alaska.gov/drb

October 14, 2022

KPMG LLP
701 West 8th Avenue, Suite 600
Anchorage, Ak 99501

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the combining statement of fiduciary net position of the Teachers' Retirement System (the Plan), the related combining statement of changes in fiduciary net position, and the related notes to the financial statements as of and for the year ended June 30, 2022, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position and changes in financial position in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 14, 2022:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements; and
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. All minutes of the meetings of Alaska Retirement Management Board (ARMB), or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.
3. There have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There have been no instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.

5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. W We have disclosed to you all side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have disclosed to you, in writing, all other matters (e.g. breach of fiduciary responsibilities, nonexempt transactions/prohibited party-in-interest transactions, loans or loans in default, or events that may jeopardize the tax status).
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
10. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the Plan involving:
 - a. Management / Plan Administrator,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
16. The Plan or Plan sponsor has no plans or intentions to terminate the plan or merge the plan into or with another plan.
17. We have no knowledge of any officer, trustee of the Plan, Plan sponsor, Plan, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

18. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
19. We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.
20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with U.S. GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
21. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
22. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. The projected employer contributions in the net pension liability discount rate calculation are prepared in accordance with paragraphs 41-43 of GASB Statement 67.
24. The projected employer contributions in the discount rate calculation are prepared in accordance with paragraphs 49-51 of GASB Statement 74.
25. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for funding purposes and for determining accumulated plan benefits are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary.
26. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for determining claims incurred but not reported, postemployment benefit obligation, and postretirement benefit obligation are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary. All required filings of the Plan and trust documents have been made with the appropriate regulatory agencies.
27. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust).
28. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
29. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*.

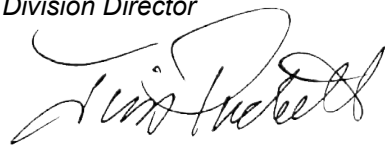
30. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines;
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.
31. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
32. We are planning to issue other information in an Annual Report that includes the audited financial statements. The information is currently not available but the final version will be provided to you when available, and prior to its issuance.

Very truly yours,

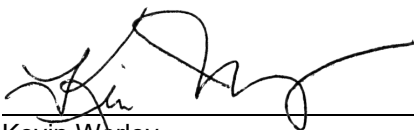
Teachers' Retirement System



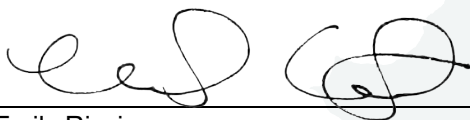
Ajay Desai
Division Director



James Puckett
Chief Pension Officer



Kevin Worley
Chief Financial Officer



Emily Ricci
Chief Health Policy Officer





THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

6th Floor State Office Building
333 Willoughby Avenue
P.O. Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4460
Toll-Free: (800) 821-2251
FAX: (907) 465-3086
Alaska.gov/drbb

October 14, 2022

KPMG LLP
701 West 8th Avenue, Suite 600
Anchorage, Ak 99501

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the combining financial statements of fiduciary net position of the Judicial Retirement System (the plan), the related combining statement of changes in fiduciary net position and the related notes to the financial statements as of and for the year ended June 30, 2022, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the respective financial positions and changes in financial positions in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 14, 2022:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of Alaska Retirement Management Board (ARMB), or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.

3. There have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There have been no instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have disclosed to you all side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have disclosed to you, in writing, all other matters (e.g. breach of fiduciary responsibilities, nonexempt transactions/prohibited party-in-interest transactions, loans or loans in default, or events that may jeopardize the tax status).
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
10. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the Plan involving:
 - a. Management / Plan Administrator,
 - b. Employees who have significant roles in internal control, or

- c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
 16. The Plan or Plan sponsor has no plans or intentions to terminate the plan or merge the plan into or with another plan.
 17. We have no knowledge of any officer, trustee of the Plan, Plan sponsor, Plan, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
 18. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
 19. We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.
 20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with U.S. GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
 21. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
 22. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 23. The projected employer contributions in the net pension liability discount rate calculation are prepared in accordance with paragraphs 41-43 of GASB Statement 67.
 24. The projected employer contributions in the discount rate calculation are prepared in accordance with paragraphs 49-51 of GASB Statement 74.
 25. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for funding purposes and for determining accumulated plan benefits are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary.
 26. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for determining claims incurred but not reported, postemployment benefit obligation, and postretirement benefit obligation are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary. All required filings of the Plan and trust documents have been made with the appropriate regulatory agencies.

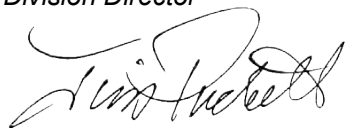
27. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust).
28. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
29. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*.
30. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and/or prescribed guidelines;
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.
31. We acknowledge our responsibility for the presentation of the supplementary information and:
- a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.

Very truly yours,

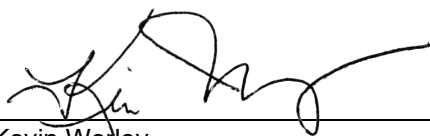
Judicial Retirement System



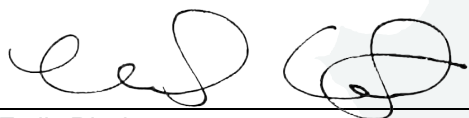
Ajay Desai
Division Director



James Puckett
Chief Pension Officer



Kevin Worley
Chief Financial Officer



Emily Ricci
Chief Health Policy Officer





THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

6th Floor State Office Building
333 Willoughby Avenue
P.O. Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4460
Toll-Free: (800) 821-2251
FAX: (907) 465-3086
Alaska.gov/drb

October 14, 2022

KPMG LLP
701 West 8th Avenue, Suite 600
Anchorage, Ak 99501

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the statement of fiduciary net position of the National Guard and Naval Militia Retirement System (the Plan), the related statement of changes in fiduciary net position and the related notes to the financial statements as of and for the year ended June 30, 2022, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position and changes in financial position in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

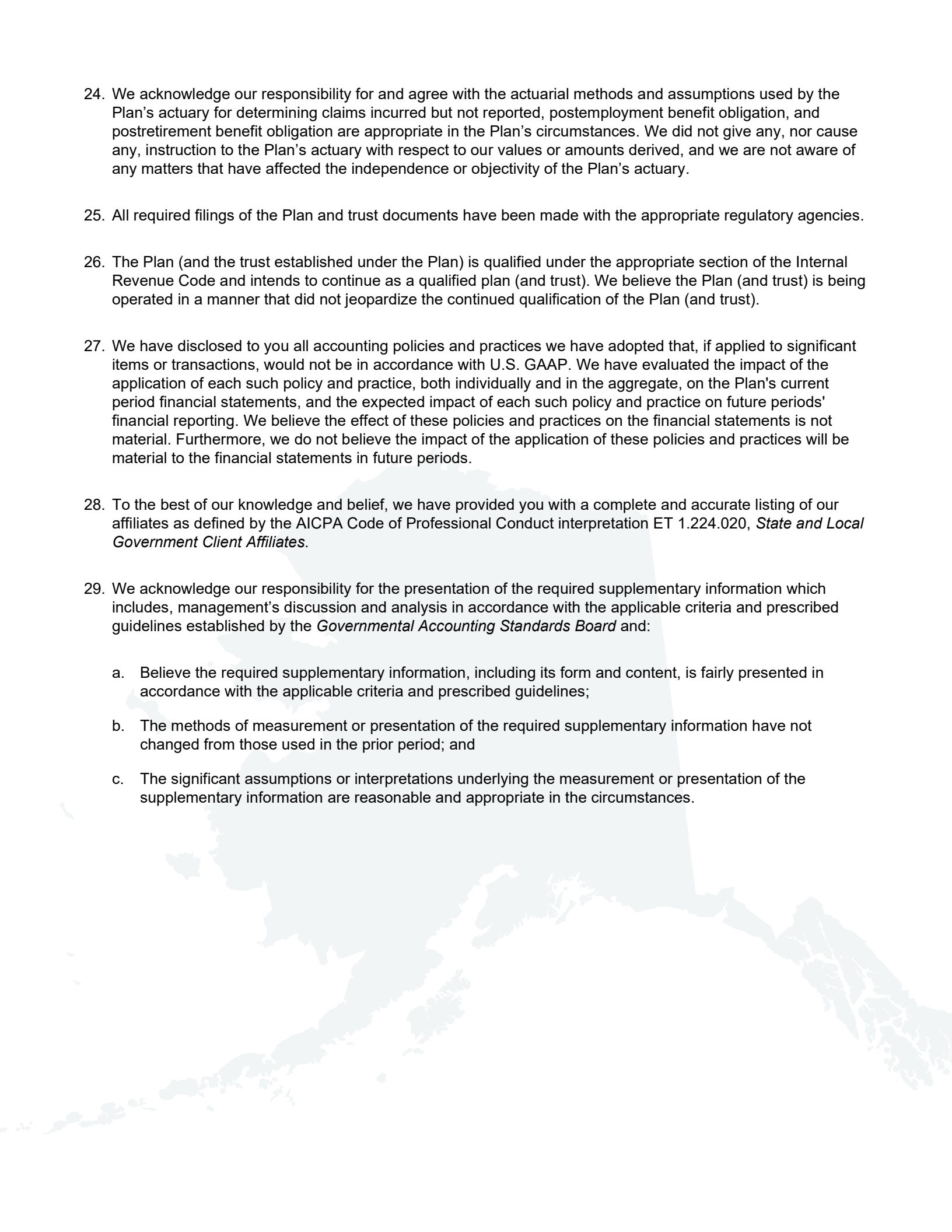
Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 14, 2022:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of Alaska Retirement Management Board (ARMB), or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.

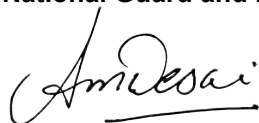
3. There have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There have been no instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*.
9. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements, except as disclosed in the financial statements.
10. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
11. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud, or suspected fraud, affecting the Plan involving:
 - a. Management / Plan Administrator,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
15. The Plan or Plan sponsor has no plans or intentions to terminate the plan or merge the plan into or with another plan.
16. We have no knowledge of any officer, trustee of the Plan, Plan sponsor, Plan, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
17. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
18. We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.
19. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with U.S. GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
20. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
21. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. The projected employer contributions in the net pension liability discount rate calculation are prepared in accordance with paragraphs 41-43 of GASB Statement 67.
23. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for funding purposes and for determining accumulated plan benefits are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary.

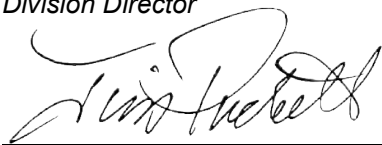
- 
24. We acknowledge our responsibility for and agree with the actuarial methods and assumptions used by the Plan's actuary for determining claims incurred but not reported, postemployment benefit obligation, and postretirement benefit obligation are appropriate in the Plan's circumstances. We did not give any, nor cause any, instruction to the Plan's actuary with respect to our values or amounts derived, and we are not aware of any matters that have affected the independence or objectivity of the Plan's actuary.
25. All required filings of the Plan and trust documents have been made with the appropriate regulatory agencies.
26. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust).
27. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
28. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*.
29. We acknowledge our responsibility for the presentation of the required supplementary information which includes, management's discussion and analysis in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines;
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.

Very truly yours,

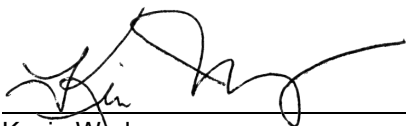
National Guard and Naval Militia Retirement System



Ajay Desai
Division Director



James Puckett
Chief Pension Officer



Kevin Worley
Chief Financial Officer





THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

6th Floor State Office Building
333 Willoughby Avenue
P.O. Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4460
Toll-Free: (800) 821-2251
FAX: (907) 465-3086
Alaska.gov/drb

October 14, 2022

KPMG LLP
701 West 8th Avenue, Suite 600
Anchorage, Ak 99501

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of fiduciary net position of the Deferred Compensation Plan (the Plan), the related statements of changes in fiduciary net position, and the related notes to the financial statements as of and for the years ended June 30, 2022 and 2021, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position and changes in financial position in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 14, 2022:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of Alaska Retirement Management Board (ARMB), or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.

3. There have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There have been no instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have disclosed to you all side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have disclosed to you, in writing, all other matters (e.g. breach of fiduciary responsibilities, nonexempt transactions/prohibited party-in-interest transactions, loans or loans in default, or events that may jeopardize the tax status).
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
10. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud, or suspected fraud, affecting the Plan involving:
 - a. Management / Plan Administrator,
 - b. Employees who have significant roles in internal control, or

- c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
 16. We have no loans to executive officers, non-accrued loans, or zero interest loans.
 17. The Plan or Plan sponsor has no plans or intentions to terminate the plan or merge the plan into or with another plan.
 18. We have no knowledge of any officer, trustee of the Plan, Plan sponsor, Plan, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
 19. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
 20. We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.
 21. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with U.S. GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
 22. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
 23. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 24. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust).
 25. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
 26. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*.

27. We acknowledge our responsibility for the presentation of the required supplementary information which includes in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:

- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines;
- b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period; and
- c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.

28. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:

- a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
- b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period; and
- c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.

Very truly yours,

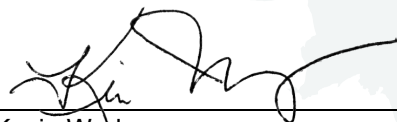
Deferred Compensation Plan



Ajay Desai
Division Director



James Puckett
Chief Pension Officer



Kevin Worley
Chief Financial Officer



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

6th Floor State Office Building
333 Willoughby Avenue
P.O. Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4460
Toll-Free: (800) 821-2251
FAX: (907) 465-3086
Alaska.gov/drbb

October 14, 2022

KPMG LLP
701 West 8th Avenue, Suite 600
Anchorage, Ak 99501

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of fiduciary net position of the Supplemental Benefits System (the Plan), the related statements of changes in fiduciary net position and the related notes to the financial statements as of and for the years ended June 30, 2022 and 2021, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the respective financial position and changes in financial position in conformity with U.S. generally accepted accounting principles (U.S. GAAP)..

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 14, 2022:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements; and
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. All minutes of the meetings of Alaska Retirement Management Board (ARMB), or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.
3. There have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There have been no instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.

5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have disclosed to you all side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have disclosed to you, in writing, all other matters (e.g. breach of fiduciary responsibilities, nonexempt transactions/prohibited party-in-interest transactions, loans or loans in default, or events that may jeopardize the tax status).
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
10. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the Plan involving:
 - a. Management / Plan Administrator,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
16. We have no loans to executive officers, non-accrued loans, or zero interest loans.
17. The Plan or Plan sponsor has no plans or intentions to terminate the plan or merge the plan into or with another plan.
18. We have no knowledge of any officer, trustee of the Plan, Plan sponsor, Plan, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

19. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
20. We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.
21. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with U.S. GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
22. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
23. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
24. All required filings of the Plan and trust documents have been made with the appropriate regulatory agencies.
25. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust)..
26. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
27. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*.
28. We acknowledge our responsibility for the presentation of the required supplementary information which includes in accordance with the applicable criteria and prescribed guidelines established by the Governmental Accounting Standards Board and:
 - a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate
29. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
 - a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period; and

- c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.

Very truly yours,

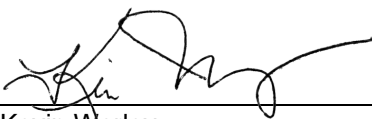
Supplemental Benefits System



Ajay Desai
Division Director



James Puckett
Chief Pension Officer



Kevin Worley
Chief Financial Officer





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

October 14, 2022

Management and the Audit Committee
Alaska Retirement Management Board
Juneau, Alaska

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of the State of Alaska National Guard and Naval Militia Retirement System's (the System) financial statements as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and/or significant deficiencies and therefore, material weaknesses and/or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the System's internal control to be a material weakness:

Review of Census Data

The System provides benefits to those who have at least 5 years of Alaska Guard service and 20 years of U.S. military service. The Department of Military and Veterans Affairs (DMVA) does not maintain appropriate records for individuals who were active as of the valuation date and have since left the State of Alaska and does not maintain any records for individuals who have the required Alaska Guard service after they leave the state. The Division of Retirement and Benefits (Division) did not design control activities to validate the census data. We identified the potential for census data errors during our audit and ultimately modified our audit opinion because we could not obtain sufficient appropriate audit evidence about the census data.



Management and the Audit Committee)
Alaska Retirement Management Board
October 14, 2022
Page 2 of 2

This communication is intended solely for the information and use of management, the audit committee, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



ALASKA RETIREMENT MANAGEMENT BOARD

Invested Assets

June 30, 2022

(With Independent Auditors' Report Thereon)

ALASKA RETIREMENT MANAGEMENT BOARD

Invested Assets

June 30, 2022

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1
Schedule of Invested Assets and Investment Income and Changes in Invested Assets	3
Notes to Schedules	4



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

Independent Auditors' Report

Alaska Retirement Management Board and
State of Alaska Department of Revenue
Treasury Division:

Report on the Audit of the Schedules

Opinion

We have audited the accompanying schedules of Invested Assets of the Alaska Retirement Management Board as of June 30, 2022, and of Investment Income and Changes in Invested Assets of the Alaska Retirement Management Board for the year then ended, and the related notes to the schedules (collectively referred to as "the Schedules").

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the invested assets of the Alaska Retirement Management Board as of June 30, 2022, and the investment income and changes in invested assets of the Alaska Retirement Management Board for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Company 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 opinion.

Emphasis of Matter

We draw attention to note 1 of the Schedules, which describes that the accompanying Schedules were prepared to present the invested assets of the Alaska Retirement Management Board and changes therein. The presentation of the Schedules is not intended to be a complete presentation of the financial status of the State of Alaska Retirement and Benefit Plans.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the 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 Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 Schedules. 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 Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- 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 Treasury'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 schedules.

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.

KPMG LLP

Anchorage, Alaska
October 10, 2022

ALASKA RETIREMENT MANAGEMENT BOARD
SCHEDULE OF INVESTED ASSETS
June 30, 2022

	Pooled Investments	Participant Directed Investments	Total ARMB Assets
Investments (at Fair Value)			
Cash and Cash Equivalents	\$ 356,409,262	-	356,409,262
Fixed Income Securities	6,549,549,997	-	6,549,549,997
Broad Domestic Equity	7,438,634,459	-	7,438,634,459
Global Equity Ex-U.S.	4,941,425,567	-	4,941,425,567
Opportunistic	1,790,037,397	-	1,790,037,397
Private Equity	5,054,769,160	-	5,054,769,160
Real Assets	4,523,859,529	-	4,523,859,529
Participant Directed	-	7,121,500,928	7,121,500,928
Synthetic Investment Contracts (at contract value)	-	883,122,512	883,122,512
Securities Lending Collateral Invested	58,022,544	-	58,022,544
Securities Lending Collateral Payable	(58,022,544)	-	(58,022,544)
Total Invested Assets	\$ 30,654,685,371	8,004,623,440	38,659,308,811

ALASKA RETIREMENT MANAGEMENT BOARD
SCHEDULE OF INVESTMENT INCOME AND CHANGES IN INVESTED ASSETS
Year ended June 30, 2022

	Pooled Investments	Participant Directed Investments	Total ARMB Assets
Investment Income			
Cash and Cash Equivalents	\$ 320,118	-	320,118
Fixed Income Securities	(577,892,264)	-	(577,892,264)
Broad Domestic Equity	(929,148,074)	-	(929,148,074)
Global Equity Ex-U.S.	(1,330,801,763)	-	(1,330,801,763)
Opportunistic	(214,033,532)	-	(214,033,532)
Private Equity	485,896,213	-	485,896,213
Real Assets	576,788,764	-	576,788,764
Participant Directed	-	(1,042,772,035)	(1,042,772,035)
Synthetic Investment Contracts (at contract value)	-	14,578,071	14,578,071
Securities Lending Income	944,322	-	944,322
Less: Securities Lending Expense	(188,915)	-	(188,915)
Net Securities Lending Income	755,407	-	755,407
Total Investment Income	\$ (1,988,115,131)	(1,028,193,964)	(3,016,309,095)
Total Invested Assets, Beginning of Year	33,733,885,647	9,058,387,049	42,792,272,696
Total Contributions	1,093,806,840	507,112,704	1,600,919,544
Total (Withdrawals)	(2,184,891,985)	(532,682,349)	(2,717,574,334)
Total Invested Assets, End of Year	\$ 30,654,685,371	8,004,623,440	38,659,308,811

See accompanying notes to Schedules

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(1) THE ACCOUNTING ENTITY

The Alaska Retirement Management Board (Board) is the investment oversight authority for the State of Alaska's Retirement and Benefits Plans (Plans). These Plans are made up of six systems: the Public Employees' Retirement System (PERS), Teachers Retirement System (TRS), Judicial Retirement System (JRS), National Guard and Naval Militia Retirement Systems (MRS), Supplemental Benefits System (SBS), and Deferred Compensation Plan (DCP). The systems comprise a mix of individual Defined Benefit and Defined Contribution Retirement Plans. These schedules of invested assets and of investment income and changes in invested assets (the Schedules) are those of the six systems' invested assets and not the systems as a whole. Fiduciary responsibility for the Board's Invested Assets is pursuant to Alaska Statutes 37.10.210-390.

Alaska Statute 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.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Schedules are prepared using the accrual basis of accounting for investment income. Assets are reported at fair value. Contributions represent contributions from employers and employees. Withdrawals represent benefits paid to plan participants and administrative and investment management expenses. Contributions, benefits paid, and all expenses are recorded on a cash basis.

Investments

Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. Fair values of investments that have no readily determinable fair value are generally reported by using the net asset value per share (or its equivalent) of the investment. Pooled participant directed accounts and the collective investment funds are valued based on a unit value determined by the managers or trustees multiplied by the total units held by each Plan. The unit value is determined by the respective managers or trustees based on the fair value of the underlying assets.

The Plan's investments in fully benefit-responsive Synthetic Investment Contracts (SICs) are stated at contract value.

Investment purchases and sales are recorded on a trade-date basis. Investment income includes realized and unrealized gains and losses and interest income on investments and income from securities lending.

(3) FAIR VALUE MEASUREMENTS

Various inputs are used in valuing the investments held by the Board. U.S. generally accepted accounting principles (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 – Quoted prices for identical assets in an active market.

Level 2 – Inputs, other than quoted prices, that are observable for an asset, either directly or indirectly.

Level 3 – Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(3) FAIR VALUE MEASUREMENTS (Cont.)

The Board categorizes fair value measurements within the fair value hierarchy established by GAAP. The Board has the following fair value measurements at June 30, 2022 (in thousands):

Investment by fair value level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Deposits	\$ 44,394	44,394		
Money Market	442,572		442,572	
Repurchase Agreement	62,991		62,991	
Total Cash Equivalents	549,957	44,394	505,563	
Debt Securities				
Commingled Debt Funds	2,000,898	1,649,171	351,727	
Corporate Bonds	1,247,042		1,247,042	
Foreign Government Agency	17,607		17,607	
Mortgage Backed	1,570,845		1,570,845	
Other Asset Backed	519,481		519,481	
U.S. Government Agency	204,628		204,628	
U.S. Treasury Bills, Notes, and Bonds	825,065		825,065	
Yankee Corporate Bonds	367,520		367,520	
Yankee Government Bonds	86,637		86,637	
Total Debt Securities	6,839,723	1,649,171	5,190,552	
Equity				
Commingled Equity Funds	4,190,084	4,190,084		
Common and Preferred Equity	10,300,110	10,298,280	5	1,824
Depository Receipts	189,591	189,591		
Futures	1,183	1,183		
Real Estate Investment Trust	879,472	879,472		
Rights	5	5		
Warrants	9	9		
Total Equity	15,560,453	15,558,624	5	1,824
Other				
Balanced Funds	1,970,418		1,970,418	
Target Date Funds	2,524,604		2,524,604	
Securities Lending Collateral Invested	58,023		58,023	
Total Other	4,553,045		4,553,045	
Total investments by fair value level	\$ 27,503,178	17,252,189	10,249,165	1,824
Investment measured at NAV				
Alternative Beta	\$ 348,757			
Alternative Fixed Income	835,523			
Energy	63,709			
Farmland	964,479			
Infrastructure	798,285			
Private Equity	5,084,977			
Real Estate	1,771,880			
Timber	377,302			
Total Investment measured at NAV	10,244,912			
Total Investments measured at fair value	\$ 37,748,090			
Synthetic Investment Contracts at Cost				
Synthetic Investment Contracts at Cost	\$ 883,123			
Net Receivables / (Payables)	28,096			
Total Invested Assets	\$ 38,659,309			

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(3) FAIR VALUE MEASUREMENTS (Cont.)

Securities classified as level 1 are valued using prices quoted in active markets for those securities. Securities classified as level 2 are valued using matrix pricing using various sources. Each balanced and target date options classified as level 2 are priced daily by the investment managers based on the prevailing market values of the underlying security portfolios. Securities classified as level 3 are valued using the last traded price or a price determined by the investment manager's valuation committee.

Investments in alternative beta, alternative fixed income, energy, farmland, infrastructure, private equity, real estate, and timber are measured at net asset value (NAV) per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. These investments undergo annual independent financial statement audits. Additional information about these investments is listed in the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently available)</u>	<u>Redemption Notice Period</u>
Alternative Beta	\$ 348,756,730	-	N/A	N/A
Alternative Fixed Income	835,522,909	87,473,959	Quarterly	2-90 days
Energy	63,709,003	31,213,720	No redemptions	No redemptions
Farmland	964,479,365	106,111,010	N/A	N/A
Infrastructure	798,284,765	-	Quarterly	30-90 days
Private Equity	5,084,977,473	1,227,065,761	No redemptions	No redemptions
Real Estate	1,771,880,221	149,206,098	Varied	Varied
Timber	377,301,787	-	N/A	N/A
Total investments measured at the NAV	<u>\$ 10,244,912,253</u>			

Alternative Beta & Alternative Fixed Income: Investment strategies include pooled investment vehicles and securities in a variety of markets.

Energy: This type includes investments in three energy funds which invest in the debt and equity of energy-related companies. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded for 10 years after the commitment date of the most recent commitment.

Farmland: This type includes investments of a wholly owned agriculture fund. This fund is for the purpose of owning and managing real estate property devoted to agricultural use. Investment properties include row crops, permanent crops, and vegetable crops. This investment is a fund of one, and therefore can be liquidated at any time.

Infrastructure: This type includes investments in two open-ended infrastructure funds. Investments include electricity generation, transmission, toll roads, pipelines, bridges, and other infrastructure-related assets. Funds can be redeemed on a quarterly basis with proper notice.

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(3) FAIR VALUE MEASUREMENTS (CONT.)

Private Equity: This type includes investments in 41 private equity funds including two gatekeeper managers who invest on behalf of the Alaska Retirement Management Board. These funds are diversified in various sectors including but not limited to venture capital, acquisitions, debt, and special situations. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded for 10 years after the commitment date of the most recent commitment.

Real Estate: This type includes investments in 19 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. Four of these funds are open-ended. Two of these open-ended funds are funds of one, and therefore can be liquidated at any time. For the remaining 15 funds, investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These 15 remaining investments are expected to be funded for 10 years after the commitment date of the most recent commitment.

Timber: Investments in two wholly owned funds that invest in timberland property and related opportunities.

Synthetic Investment Contracts: The Board's investment manager entered into investment contracts, on behalf of the Board, with five financial institutions. These institutions provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. The contracts are included in the Board's statements at contract value. They are fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration. Accounts and terms of SICs in effect at June 30, 2022, are as follows:

	As of June 30, 2022	
	Contract Provider	Alaska Retirement Management Board
Contract Value of Investment Contract	Prudential Insurance Company of America	171,271,687
Market Value of Portfolio	Prudential Insurance Company of America	159,474,330
Average Crediting Rate	Prudential Insurance Company of America	1.87%
Contract Value of Investment Contract	New York Life Insurance Co.	170,919,928
Market Value of Portfolio	New York Life Insurance Co.	158,981,681
Average Crediting Rate	New York Life Insurance Co.	1.84%
Contract Value of Investment Contract	Pacific Life Insurance Co.	171,472,664
Market Value of Portfolio	Pacific Life Insurance Co.	159,828,103
Average Crediting Rate	Pacific Life Insurance Co.	1.91%
Contract Value of Investment Contract	State Street Bank & Trust Co.	171,408,856
Market Value of Portfolio	State Street Bank & Trust Co.	159,077,713
Average Crediting Rate	State Street Bank & Trust Co.	1.82%
Contract Value of Investment Contract	Massachusetts Mutual Life Insurance Co.	170,997,578
Market Value of Portfolio	Massachusetts Mutual Life Insurance Co.	158,931,308
Average Crediting Rate	Massachusetts Mutual Life Insurance Co.	1.85%

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(4) DEPOSIT AND INVESTMENT RISK

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The ARMB invests its cash in the State of Alaska, Treasury Division's (Treasury) Short-Term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. At June 30, 2022, all securities within the Short-term Fixed Income Pool met these compliance metrics.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration is the average fair value weighted duration of each security considering all related cash flows. At June 30, 2022, the effective duration of the Board's fixed income investments by type, was as follows:

	Effective Duration (in years)
Corporate Bonds	7.65
Foreign Government Agency	5.06
Mortgage Backed	5.23
Other Asset Backed	0.88
U.S. Government Agency	3.38
U.S. Treasury Bills, Notes, and Bond:	12.66
Yankee Corporate Bonds	4.34
Yankee Government Bonds	6.04
Total Portfolio	6.34

Synthetic Investment Contracts

The Board contracts with an external investment manager who is given the authority to invest in SICs and a reserve. This external manager also manages the securities underlying the SICs. In the case of the Board's constant duration SICs, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the Plan's structured payout SICs is the weighted average maturity of the contract payments. Through the Board's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on SICs as follows:

Constant duration SICs duration cannot exceed the longer of six years or the duration of the Bloomberg Barclays Aggregate Bond Index plus one-half year. The weighted average duration of the constant duration SICs was 4.62 years at June 30, 2022. The duration of the Bloomberg Barclays Aggregate Bond Index was 6.44 years at June 30, 2022. The account's weighted average effective duration will generally not exceed the effective duration of the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index plus 10%. The weighted average duration of the account was 4.62 years at June 30, 2022. The duration of the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index was 4.62 years at June 30, 2022. The balance of the reserve is invested in the custodian's Institutional Treasury Money Market Fund and the external manager's Cash Reserves Trust Fund.

The account held buy-and-hold SICs and did not hold structured payout SICs investments at June 30, 2022.

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(4) DEPOSIT AND INVESTMENT RISK (Cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the Board's Invested Assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations. Securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated. Using Standard & Poor's Corporation rating scale, the values for each rating are as follows (in thousands):

Rating	US Dollar	Foreign
A	\$ 782,972	
A-1	437	
AA	160,325	
AAA	453,019	
B	8,381	
BB	20,362	
BBB	666,692	5,214
Not Rated	3,352,816	12,393
U.S. Government Agency	204,628	
U.S. Treasury Bills, Notes, and Bonds	825,065	
Grand Total	\$ 6,474,697	17,607

Synthetic Investment Contracts

The Board's investment policy has the following credit risk limitations for SICs, investments underlying the synthetic investment contracts and the reserve:

Synthetic investment contract issuers must have an investment grade rating. Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent. Corporate debt securities must have a minimum rating of BBB- of equivalent. Asset-backed securities must have a minimum rating of AAA or equivalent. The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. The Board does not have a policy in relation to custodial credit risk for deposits. At June 30, 2022, the Board's Invested Assets had uncollateralized and uninsured foreign currency deposits of \$14,255,000.

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(4) DEPOSIT AND INVESTMENT RISK (Cont.)

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Board's Stable Value Fund policy requires that all investments underlying a synthetic investment contract be denominated in U.S. dollars. For all other funds, through its asset allocation, the Board limits risk by limiting total investments in foreign currencies to the following:

<u>Pension System</u>	<u>Opportunistic</u>	<u>Global Equity Ex-U.S.</u>	<u>Private Equity Pool</u>	<u>Real Assets Pool</u>
PERS	10%	22%	20%	21%
TRS	10%	22%	20%	21%
JRS	10%	22%	20%	21%
MRS	10%	17%	12%	11%

At June 30, 2022, the Board had exposure to foreign currency risk with the following deposits and investments (in thousands):

		Foreign Government			Private Equity	Rights & Warrants	
		Agency	Deposits	Equity			Futures
Australian Dollar	\$	-	105	68,389	-	586	5
Brazilian Real		4,135	575	53,673	-	-	-
Canadian Dollar		-	586	108,491	-	-	-
Chilean Peso		6,138	13	2,812	-	-	-
Colombian Peso		-	-	1,602	-	-	-
Czech Koruna		-	8	994	-	-	-
Danish Krone		-	149	50,335	-	-	-
Euro Currency		-	1,828	727,080	407	357,242	-
Hong Kong Dollar		-	223	208,611	-	-	-
Hungarian Forint		-	7	2,722	-	-	-
Iceland Krona		-	-	1,664	-	-	-
Indian Rupee		-	69	81,467	-	-	-
Indonesian Rupiah		-	33	6,878	-	-	-
Japanese Yen		-	3,294	505,173	-	-	-
Kuwaiti Dinar		-	41	2,288	-	-	-
Malaysian Ringgit		-	-	7,092	-	-	-
Mexican Peso		2,994	12	28,508	-	-	-
New Israeli Sheqel		-	113	9,796	-	-	-
New Taiwan Dollar		-	270	69,723	-	-	-
New Zealand Dollar		-	54	5,140	-	-	-
Norwegian Krone		-	18	21,055	-	-	-
Philippine Peso		-	1	3,474	-	-	-
Polish Zloty		-	9	1,378	-	-	-
Pound Sterling		-	2,260	280,072	-	67,849	-
Qatari Rial		-	10	7,552	-	-	-
Russian Ruble		-	113	-	-	-	-
Saudi Riyal		-	15	9,742	-	-	-
Singapore Dollar		-	28	29,337	-	-	-
Sol		4,340	-	-	-	-	-
South African Rand		-	31	8,539	-	-	-
South Korean Won		-	1	72,555	-	-	-
Swedish Krona		-	289	68,132	-	20,293	-
Swiss Franc		-	573	203,082	-	-	9
Thailand Baht		-	8	7,148	-	-	-
Turkish Lira		-	25	8,564	-	-	-
Uae Dirham		-	10	8,329	-	-	-
Yuan Renminbi		-	3,484	54,890	-	-	-
Grand Total	\$	17,607	14,255	2,726,287	407	445,970	14

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(4) DEPOSIT AND INVESTMENT RISK (Cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2022, the Board's Invested Assets did not have exposure to any one issuer greater than 5% of total invested assets.

Synthetic Investment Contracts

The Board's policy regarding concentration of credit risk for, underlying investments, and reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed thirty-five percent of the synthetic investment contracts' total value.

No investment will be made if, at the time of the purchase, the investment could cause any single issuer, or all issuers of the securities held as supporting investments under the synthetic investment contracts to exceed the thresholds in the table below..

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agency Securities	100%	100%
Agency Mortgage-Backed Securities	50%	50%
Non-Agency Mortgage-Backed Securities	5%	50%
Asset-backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government entity securities	5%	50%
Money Market Instruments – Non Gov/Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The maximum exposure to securities rated between BBB- and BBB+ is limited to twenty percent of the total value underlying synthetic investment contracts

For the reserve, the total investment of any single issuer of money market instruments may not exceed 5% of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

(5) DERIVATIVES, FOREIGN EXCHANGE, AND COUNTERPARTY CREDIT RISK

The Board is exposed to credit risk on investment derivative instruments that are in asset positions. The Board has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Board has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Board have a policy for contingencies. On June 30, 2022, the Board had the following derivative instruments:

	Changes in Fair Value		Classification	Fair Value	
	Classification	Amount		Amount	Notional
Commodity Futures Long	Investment Revenue	\$ 2,258,966	Futures	\$ -	221,011
Commodity Futures Short	Investment Revenue	1,703,433	Futures	-	(3,386)
Fixed Income Futures Long	Investment Revenue	(8,532,205)	Futures	-	63,400,000
Fixed Income Futures Short	Investment Revenue	1,760,212	Futures	-	-
Foreign Currency Futures Long	Investment Revenue	14,418	Long Term Instruments	-	-
FX Forwards	Investment Revenue	4,414,632	Futures	(312,131)	158,682,318
Index Futures Long	Investment Revenue	(16,709,454)	Futures	-	32,861
Index Futures Short	Investment Revenue	(3,865,617)	Common Stock	-	-
Rights	Investment Revenue	(75,274)	Common Stock	5,267	11,967
Warrants	Investment Revenue	(4,616,588)	Common Stock	9,235	67,643

Alaska Retirement Management Board

Invested Assets

Notes to Schedules

June 30, 2022

(5) DERIVATIVES, FOREIGN EXCHANGE, AND COUNTERPARTY CREDIT RISK (Cont.)

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2022, the Board had the following Foreign Currency risk related to derivatives:

Currency Name	Rights & Warrants	Receivables	Payables	Total Exposure
Australian Dollar	\$ 5,267	(659,982)	-	(654,715)
Brazilian Real	-	(16,898)	254,469	237,571
Canadian Dollar	-	(185,771)	-	(185,771)
Chilean Peso	-	-	474,092	474,092
Danish Krone	-	-	7,627	7,627
Euro Currency	133	(890,791)	185,296	(705,362)
Japanese Yen	-	-	475,761	475,761
Mexican Peso	-	-	8,271	8,271
Pound Sterling	-	(304,277)	-	(304,277)
Sol	-	-	9,236	9,236
South Korean Won	-	-	63,047	63,047
Swedish Krona	-	-	70,156	70,156
Swiss Franc	9,102	197,634	-	206,736
	\$ 14,502	(1,860,085)	1,547,955	(297,628)

At June 30, 2022, the Board had no counterparty credit and counterparty concentration risk associated with its investment derivative positions.

(6) SECURITIES LENDING

Alaska Statute 37.10.071 authorizes the Board to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The Board lends marketable debt and equity securities through a contract with State Street Bank and Trust (the Bank). International equity security loans were collateralized at not less than 105 percent of their fair value. All other security loans were collateralized at not less than 102 percent of their fair value. Loaned securities and collateral were marked to market daily and collateral was received or delivered the following day, as necessary, to maintain collateral levels. The Board cannot pledge or sell collateral received until and unless a borrower defaults. At year-end, the Board had no credit risk exposure to the borrowers because the amounts the Board owed to the borrowers exceeded the amounts the borrowers owed the Board.

The fair value of securities on loan at June 30, 2022, was approximately \$55.9 million. At June 30, 2022, cash collateral received totaling \$58.0 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling \$58.0 million is reported as security lending collateral invested in the Schedule of Invested Assets.

Cash collateral was invested in a registered 2(a)-7 money market fund. Maturities of investments in the money market fund generally did not match the maturities of the loaned securities because the lending agreements were terminable at will. Securities under loan, cash collateral and cash collateral payable are recorded on the financial schedules at fair value. The Bank and the Board received a fee from earnings on invested collateral. The Bank and the Board shared the fee paid by the borrower.

There was limited credit risk associated with the lending transactions since the Board was indemnified by the Bank against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnified the Board against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications were subject to limitation relating to a force majeure event as outlined in the contract.

For the year ended June 30, 2022 there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities.

Division of Retirement & Benefits

Alaska Retirement Management Board

Audit Committee

November 30, 2022

GASB 68 and 75 Participating Employer Allocation Schedules

The Division of Retirement and Benefits (DRB) has completed the annual audits of the PERS and TRS. The PERS and TRS are required by GASB 67 and 74 to report SYSTEM pension and Other Post Employment Benefits (OPEB) totals, plan net assets, and net pension liabilities and OPEB assets in the management discussion and analysis (MD&A), notes to financial statements, and in Required Supplementary Information.

The PERS and TRS Net Pension Liability (NPL) and Net OPEB Asset (NOA) information located on pages 2 and 3 is extracted from our audited financial statements for information purposes.

The next step for DRB is the audit of the allocation schedules for the following 8 plans:

1. PERS DB Pension
2. PERS DB Alaska Retiree HealthCare Trust
3. PERS DCR Occupational Death & Disability Plan
4. PERS DCR Retiree Major Medical Insurance Plan
5. TRS DB Pension
6. TRS DB Alaska Retiree HealthCare Trust
7. TRS DCR Occupational Death & Disability Plan
8. TRS DCR Retiree Major Medical Insurance Plan

As required by GASB 68 and 75, EMPLOYER allocation schedules for the net pension liability and net OPEB assets, as well as the Deferred Outflows and Deferred Inflows Of Resources, and Pension Expense and OPEB Expense (Benefit) are provided to participating PERS and TRS employers to assist in their financial reporting requirements.

DRB, in conjunction with Buck Global LLC, develop these schedules, incorporate them into the audit report allocation schedules, and then these schedules are audited by our external auditor, KPMG. The attached reports are intended for completion and issuance of final reports by December 31, 2022, or soon thereafter.

PERS ITEMS FOR ALLOCATION

PERS DB Pension:

(4) Net Pension Liability – Defined Benefit Pension Plan

The components of the net pension liability of the participating employers at June 30, 2022 were as follows (in thousands):

Total pension liability	\$	15,912,991
Plan fiduciary net position		<u>(10,816,140)</u>
Employers' net pension liability	\$	<u><u>5,096,851</u></u>
 Plan fiduciary net position as a percentage of the total pension liability		 67.97%

PERS DB OPEB:

(5) Net OPEB Asset

The components of the net OPEB asset of the participating employers for each Plan at June 30, 2022 were as follows (in thousands):

	<u>ARHCT Plan</u>	<u>ODD Plan</u>	<u>RMP</u>
Total OPEB liability	\$ 6,901,568	17,620	172,956
Plan fiduciary net position	<u>(8,869,134)</u>	<u>(61,458)</u>	<u>(207,686)</u>
Employers' net OPEB asset	<u><u>\$ (1,967,566)</u></u>	<u><u>(43,838)</u></u>	<u><u>(34,730)</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 128.51%	 348.80%	 120.08%

TRS ITEMS FOR ALLOCATION

TRS DB Pension:

(4) Net Pension Liability – Defined Benefit Pension Plan

The components of the net pension liability of the participating employers at June 30, 2022 were as follows (in thousands):

Total pension liability	\$	7,693,553
Plan fiduciary net position		<u>(6,026,651)</u>
Employers' net pension liability	\$	<u>1,666,902</u>
Plan fiduciary net position as a percentage of the total pension liability		78.33 %

TRS DB OPEB:

(5) Net OPEB Asset

The components of the net OPEB asset of the participating employers for each Plan at June 30, 2022 were as follows (in thousands):

	<u>ARHCT Plan</u>	<u>ODD Plan</u>	<u>RMP</u>
Total OPEB liability	\$ 2,515,713	517	47,543
Plan fiduciary net position	<u>(3,392,211)</u>	<u>(6,557)</u>	<u>(66,909)</u>
Employers' net OPEB asset	<u>\$ (876,498)</u>	<u>(6,040)</u>	<u>(19,366)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	134.84%	1,268.28%	140.73%

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Schedule of Employer and Nonemployer Allocations	3-6
Schedule of Pension Amounts by Employer and Nonemployer	8-13
Notes to Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer	14-19
Supplemental Schedules:	
Schedule of Employer Allocations of Special Funding Amounts (Unaudited)	20-23
Schedule of Special Funding Amounts by Employer (Unaudited)	24-27
Schedule of Employer and Nonemployer Contributions (Unaudited)	28-31

Independent Auditors' Report

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

We have audited the accompanying schedule of employer and nonemployer allocations of the State of Alaska Public Employees' Retirement System Defined Benefit Pension Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of the Plan as of and for the year ended June 30, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) for the total of all participating entities for the Plan as of and for the year ended June 30, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Public Employees' Retirement System, which includes the Defined Benefit Pension Plan, as of and for the year ended June 30, 2022, and our report thereon, dated October 20, 2021, expressed an unmodified opinion on those financial statements.

Other Information

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

Restriction on Use

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

[(signed) KPMG LLP]

Anchorage, Alaska
Date

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Employer:			
State of Alaska	101	\$ 2,240,025,000	49.77796 %
Southwest Region School District	102	5,175,000	0.11500
Annette Island School District	103	3,180,000	0.07067
Bering Strait School District	104	13,155,000	0.29233
Chatham School District	105	1,000,000	0.02222
Alaska Municipal League	106	—	—
City of Valdez	107	16,966,000	0.37702
Juneau Borough School District	108	21,867,000	0.48593
Matanuska-Susitna Borough	109	41,983,000	0.93295
Matanuska-Susitna Borough School District	110	51,641,000	1.14757
Anchorage School District	111	149,551,000	3.32333
Copper River School District	112	2,120,000	0.04711
University of Alaska	113	181,717,000	4.03813
City of Kenai	115	12,725,000	0.28278
Fairbanks North Star Borough	116	41,704,000	0.92675
Fairbanks North Star Borough School District	117	54,507,000	1.21126
Denali Borough School District	118	2,298,000	0.05107
City And Borough of Sitka	120	16,257,000	0.36126
Chugach School District	121	1,075,000	0.02389
Ketchikan Gateway Borough	122	9,026,000	0.20058
City of Soldotna	123	7,193,000	0.15984
Iditarod Area School District	124	1,560,000	0.03467
Kuspuk School District	125	3,520,000	0.07822
City And Borough of Juneau	126	60,752,000	1.35003
City of Kodiak	128	13,359,000	0.29686
City of Fairbanks	129	13,749,000	0.30553
City of Wasilla	131	14,493,000	0.32206
Sitka Borough School District	133	4,109,000	0.09131
City of Palmer	134	7,007,000	0.15571
City And Borough of Wrangell	135	5,572,000	0.12382
City of Bethel	136	11,723,000	0.26051
Valdez City School District	137	3,559,000	0.07909
Hoonah City School District	138	770,000	0.01711
City of Nome	139	5,757,000	0.12793
City of Kotzebue	140	7,367,000	0.16371
Galena City School District	141	6,849,000	0.15220
City of Petersburg	143	8,153,000	0.18118
Bristol Bay Borough	144	5,071,000	0.11269
North Slope Borough	145	119,958,000	2.66571
Wrangell Public School District	146	790,000	0.01756
City of Cordova	148	5,073,000	0.11273
Nome City School District	149	2,120,000	0.04711
City of King Cove	151	1,865,000	0.04144
Alaska Housing Finance Corporation	152	31,154,000	0.69231
Lower Yukon School District	153	14,762,000	0.32804

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Northwest Arctic Borough School District	154	\$ 11,248,000	0.24995
Southeast Island School District	155	1,077,000	0.02393
Pribilof School District	156	427,000	0.00949
Lower Kuskokwim School District	157	30,127,000	0.66948
Kodiak Island Borough School District	158	11,176,000	0.24835
Yukon Flats School District	159	1,574,000	0.03498
Yukon / Koyukuk School District	160	4,360,000	0.09689
North Slope Borough School District	161	19,357,000	0.43015
Cordova Community Medical Center	163	7,194,000	0.15987
Lake And Peninsula Borough School District	164	2,936,000	0.06524
Tanana School District	166	148,000	0.00329
Southeast Regional Resource Center	167	3,625,000	0.08055
Hydaburg City School District	168	1,087,000	0.02416
City of Tanana	169	—	0.00017
North Pacific Fishery Management Council	170	2,630,000	0.05844
City of Barrow	171	2,281,000	0.05069
City of Saint Paul	172	3,402,000	0.07560
Municipality of Anchorage	173	339,057,000	7.53455
Kodiak Island Borough	174	4,032,000	0.08960
Nome Joint Utility System	175	1,293,000	0.02873
City of Sand Point	176	1,812,000	0.04027
Ketchikan Gateway Borough School District	177	12,204,000	0.27120
City of Dillingham	178	4,081,000	0.09069
City of Unalaska	179	19,442,000	0.43204
Kenai Peninsula Borough	180	33,072,000	0.73493
City of Ketchikan	181	16,512,000	0.36693
City of Seward	182	8,113,000	0.18029
City of Fort Yukon	183	882,000	0.01960
Bristol Bay Borough School District	184	843,000	0.01873
Cordova City School District	185	1,596,000	0.03547
City of Craig	186	2,929,000	0.06509
Petersburg Medical Center	187	14,587,000	0.32415
Haines Borough	189	3,669,000	0.08153
Kenai Peninsula Borough School District	190	28,404,000	0.63120
City of North Pole	191	4,804,000	0.10675
City of Galena	192	1,493,000	0.03318
City of Nenana	193	343,000	0.00762
Yupit School District	195	3,274,000	0.07276
Nenana City School District	196	2,893,000	0.06429
City of Saxman	198	199,000	0.00442
City of Hoonah	199	1,437,000	0.03193
City of Pelican	200	199,000	0.00442
City of Whittier	202	2,429,000	0.05398
Anchorage Community Development Authority	203	2,155,000	0.04789
Craig City School District	204	1,608,000	0.03573
Dillingham City School District	205	2,249,000	0.04998

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
City of Thorne Bay	206	\$ 634,000	0.01409
City of Akutan	208	1,406,000	0.03124
Unalaska City School District	209	1,887,000	0.04193
Kashunamiut School District	211	3,264,000	0.07253
City of Homer	215	10,888,000	0.24195
Special Education Service Agency	218	378,000	0.00840
Bartlett Regional Hospital	219	64,163,000	1.42583
Northwest Arctic Borough	220	4,104,000	0.09120
Saint Mary's School District	221	1,770,000	0.03933
City of Selawik	222	—	0.00028
Bristol Bay Regional Housing Authority	223	2,217,000	0.04927
Copper River Basin Regional Housing Authority	224	1,021,000	0.02269
Skagway City School District	225	529,000	0.01176
City of Klawock	227	1,236,000	0.02747
Petersburg City School District	228	1,761,000	0.03913
Aleutians East Borough	230	1,512,000	0.03360
City of Kivalina	231	—	0.00097
City of Huslia	235	263,000	0.00584
City of Kaltag	237	52,000	0.00116
Haines Borough School District	240	1,503,000	0.03340
City of Noorvik	241	—	0.00702
City of Elim	242	—	0.00047
City of Atka	243	55,000	0.00122
Aleutians East Borough School District	244	1,616,000	0.03591
Delta/Greely School District	246	2,244,000	0.04987
Lake And Peninsula Borough	247	689,000	0.01531
City And Borough of Yakutat	248	1,466,000	0.03258
City of Unalakleet	249	—	0.00616
Klawock City School District	251	1,095,000	0.02433
City of Mekoryuk	254	—	0.00106
Alaska Gateway School District	255	4,266,000	0.09480
City of Saint George	256	—	0.00733
Pelican City School District	257	67,000	0.00149
Denali Borough	258	987,000	0.02193
City of Allakaket	259	—	0.00069
City of Kachemak	260	37,000	0.00082
Cook Inlet Housing Authority	262	19,610,000	0.43577
Interior Regional Housing Authority	263	1,771,000	0.03936
Yakutat School District	264	493,000	0.01096
Kake City School District	265	1,012,000	0.02249
Aleutian Housing Authority	267	1,330,000	0.02956
Bering Straits Regional Housing Authority	270	2,002,000	0.04449
City of Egegik	271	212,000	0.00471
Ilisagvik College	275	8,787,000	0.19527
North Pacific Rim Housing Authority	276	2,480,000	0.05511
Saxman Seaport	278	55,000	0.00122
Tlingit-Haida Regional Housing Authority	279	4,895,000	0.10878

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
City of Toksook Bay	280	\$ 25,000	0.00056 %
Baranof Island Housing Authority	281	1,139,000	0.02531
City of Delta Junction	282	454,000	0.01009
City of Anderson	283	—	0.00042
Inter-Island Ferry Authority	284	1,737,000	0.03860
City of Hooper Bay	285	—	0.00176
City of Seldovia	286	177,000	0.00393
City of Koyuk	287	—	0.00062
Northwest Inupiat Housing Authority	288	712,000	0.01582
City of Upper Kalskag	290	25,000	0.00056
City of Shaktoolik	291	121,000	0.00269
Tagiugmiullu Nunamiullu Housing Authority	293	1,920,000	0.04267
Municipality of Skagway	296	6,537,000	0.14527
City of Nulato	297	—	0.00421
City of Aniak	298	477,000	0.01060
Alaska Gasline Development Corporation	299	1,420,000	0.03156
Total present value of projected future employer contributions		4,009,018,000	89.11981
Nonemployer:			
State of Alaska	999	489,612,000	10.88019 %
Total of all participating entities		\$ 4,498,630,000	100.00000 %

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

Page intentionally blank

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Pension Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Deferred outflows of resources	
			Difference Between Projected and Actual Investment Earnings	Total deferred outflows of resources
Employers:				
State of Alaska	101	\$ 2,537,109,223	72,536,769	72,536,769
Southwest Region School District	102	5,861,336	167,577	167,577
Annette Island School District	103	3,601,749	102,975	102,975
Bering Strait School District	104	14,899,687	425,987	425,987
Chatham School District	105	1,132,625	32,382	32,382
Alaska Municipal League	106	—	—	—
City of Valdez	107	19,216,123	549,395	549,395
Juneau Borough School District	108	24,767,120	708,100	708,100
Matanuska-Susitna Borough	109	47,551,012	1,359,499	1,359,499
Matanuska-Susitna Borough School District	110	58,489,909	1,672,245	1,672,245
Anchorage School District	111	169,385,262	4,842,779	4,842,779
Copper River School District	112	2,401,165	68,650	68,650
University of Alaska	113	205,817,291	5,884,382	5,884,382
City of Kenai	115	14,412,658	412,063	412,063
Fairbanks North Star Borough	116	47,235,010	1,350,464	1,350,464
Fairbanks North Star Borough School District	117	61,736,013	1,765,052	1,765,052
Denali Borough School District	118	2,602,773	74,414	74,414
City And Borough of Sitka	120	18,413,091	526,436	526,436
Chugach School District	121	1,217,572	34,811	34,811
Ketchikan Gateway Borough	122	10,223,077	292,281	292,281
City of Soldotna	123	8,146,975	232,925	232,925
Iditarod Area School District	124	1,766,886	50,516	50,516
Kuspuk School District	125	3,986,841	113,985	113,985
City And Borough of Juneau	126	68,809,259	1,967,279	1,967,279
City of Kodiak	128	15,130,743	432,593	432,593
City of Fairbanks	129	15,572,467	445,222	445,222
City of Wasilla	131	16,415,140	469,314	469,314
Sitka Borough School District	133	4,663,958	133,058	133,058
City of Palmer	134	7,936,306	226,902	226,902
City And Borough of Wrangell	135	6,310,989	180,433	180,433
City of Bethel	136	13,277,768	379,616	379,616
Valdez City School District	137	4,031,014	115,248	115,248
Hoonah City School District	138	872,122	24,934	24,934
City of Nome	139	6,520,524	186,424	186,424
City of Kotzebue	140	8,344,051	238,559	238,559
Galena City School District	141	7,757,351	221,785	221,785
City of Petersburg	143	9,234,295	264,011	264,011
Bristol Bay Borough	144	5,743,543	164,210	164,210
North Slope Borough	145	135,867,479	3,884,495	3,884,495
Wrangell Public School District	146	894,774	25,582	25,582
City of Cordova	148	5,745,809	164,275	164,275
Nome City School District	149	2,401,166	68,650	68,650
City of King Cove	151	2,112,346	60,393	60,393
Alaska Housing Finance Corporation	152	35,285,812	1,008,833	1,008,833
Lower Yukon School District	153	16,719,816	478,025	478,025
Northwest Arctic Borough School District	154	12,739,771	364,234	364,234
Southeast Island School District	155	1,219,838	34,876	34,876
Pribilof School District	156	483,631	13,827	13,827
Lower Kuskokwim School District	157	34,122,606	975,576	975,576
Kodiak Island Borough School District	158	12,658,222	361,903	361,903
Yukon Flats School District	159	1,782,752	50,969	50,969
Yukon / Koyukuk School District	160	4,938,247	141,186	141,186
North Slope Borough School District	161	21,924,230	626,821	626,821
Aleutian Region School District	162	—	—	—

Deferred inflows of resources			Pension expense (benefit)			
Difference between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan pension expense	Net	Total pension expense (benefit)
					amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	
—	—	—	—	165,737,694	12,164,832	177,902,526
—	—	—	—	382,894	(721,370)	(338,476)
—	—	—	—	235,286	125,193	360,479
—	—	—	—	973,328	(2,125,225)	(1,151,897)
—	—	—	—	73,989	(91,519)	(17,530)
—	—	—	—	—	(222,882)	(222,882)
—	—	—	—	1,255,301	(1,035,695)	219,606
—	—	—	—	1,617,922	(4,633,794)	(3,015,872)
—	—	—	—	3,106,289	(3,564,174)	(457,885)
—	—	—	—	3,820,877	(7,009,003)	(3,188,126)
—	—	—	—	11,065,161	(25,825,713)	(14,760,552)
—	—	—	—	156,857	(88,959)	67,898
—	—	—	—	13,445,098	(19,429,965)	(5,984,867)
—	—	—	—	941,513	(1,538,855)	(597,342)
—	—	—	—	3,085,646	(3,491,333)	(405,687)
—	—	—	—	4,032,930	(11,181,483)	(7,148,553)
—	—	—	—	170,027	87,552	257,579
—	—	—	—	1,202,843	(332,085)	870,758
—	—	—	—	79,538	(56,764)	22,774
—	—	—	—	667,827	(1,017,955)	(350,128)
—	—	—	—	532,204	(632,997)	(100,793)
—	—	—	—	115,423	(466,344)	(350,921)
—	—	—	—	260,442	(65,513)	194,929
—	—	—	—	4,494,993	(8,828,223)	(4,333,230)
—	—	—	—	988,422	(1,142,616)	(154,194)
—	—	—	—	1,017,278	(1,047,058)	(29,780)
—	—	—	—	1,072,326	(516,340)	555,986
—	—	—	—	304,022	(763,709)	(459,687)
—	—	—	—	518,442	(951,593)	(433,151)
—	—	—	—	412,288	(598,058)	(185,788)
—	—	—	—	867,376	(555,011)	312,365
—	—	—	—	263,328	(294,542)	(31,214)
—	—	—	—	56,972	(268,926)	(211,954)
—	—	—	—	425,956	(837,480)	(411,524)
—	—	—	—	545,079	(1,238,690)	(693,611)
—	—	—	—	506,752	152,008	658,760
—	—	—	—	603,234	(1,112,854)	(509,620)
—	—	—	—	375,199	(699,154)	(323,955)
—	—	—	—	8,875,598	(22,960,444)	(14,084,846)
—	—	—	—	58,451	(813,380)	(754,929)
—	—	—	—	375,347	(817,428)	(442,081)
—	—	—	—	156,857	(384,032)	(227,175)
—	—	—	—	137,990	(64,311)	73,679
—	—	—	—	2,305,060	(4,060,932)	(1,755,872)
—	—	—	—	1,092,229	(617,535)	474,694
—	—	—	—	832,231	(2,608,661)	(1,776,430)
—	—	—	—	79,686	(737,161)	(657,475)
—	—	—	—	31,593	(160,421)	(128,828)
—	—	—	—	2,229,073	(5,671,188)	(3,442,115)
—	—	—	—	826,903	(1,986,996)	(1,160,093)
—	—	—	—	116,459	(411,760)	(295,301)
—	—	—	—	322,593	(629,026)	(306,433)
—	—	—	—	1,432,209	(3,189,816)	(1,757,607)
—	—	—	—	—	—	—

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Pension Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Deferred outflows of resources	
			Difference Between Projected and Actual Investment Earnings	Total deferred outflows of resources
Cordova Community Medical Center	163	\$ 8,148,107	232,957	232,957
Lake And Peninsula Borough School District	164	3,325,388	95,074	95,074
Sitka Community Hospital	165	—	—	—
Tanana School District	166	167,629	4,793	4,793
Southeast Regional Resource Center	167	4,105,767	117,385	117,385
Hydaburg City School District	168	1,231,164	35,199	35,199
City of Tanana	169	8,673	248	248
North Pacific Fishery Management Council	170	2,978,805	85,165	85,165
City of Barrow	171	2,583,519	73,864	73,864
City of Saint Paul	172	3,853,192	110,164	110,164
Municipality of Anchorage	173	384,024,572	10,979,385	10,979,385
Kodiak Island Borough	174	4,566,746	130,565	130,565
Nome Joint Utility System	175	1,464,485	41,870	41,870
City of Sand Point	176	2,052,317	58,676	58,676
Ketchikan Gateway Borough School District	177	13,822,560	395,191	395,191
City of Dillingham	178	4,822,244	132,151	132,151
City of Unalaska	179	22,020,503	629,573	629,573
Kenai Peninsula Borough	180	37,458,187	1,070,942	1,070,942
City of Ketchikan	181	18,701,911	534,694	534,694
City of Seward	182	9,188,990	262,716	262,716
City of Fort Yukon	183	998,976	28,561	28,561
Bristol Bay Borough School District	184	954,803	27,298	27,298
Cordova City School District	185	1,807,670	51,682	51,682
City of Craig	186	3,317,460	94,847	94,847
Petersburg Medical Center	187	16,521,607	472,358	472,358
Haines Borough	189	4,155,603	118,810	118,810
Kenai Peninsula Borough School District	190	32,171,092	919,782	919,782
City of North Pole	191	5,441,132	155,564	155,564
City of Galena	192	1,691,010	48,347	48,347
City of Nenana	193	388,491	11,107	11,107
Yupit School District	195	3,708,216	106,019	106,019
Nenana City School District	196	3,276,685	93,681	93,681
City of Saxman	198	225,392	6,444	6,444
City of Hoonah	199	1,627,583	46,533	46,533
City of Pelican	200	225,392	6,444	6,444
City of Whittier	202	2,751,147	78,656	78,656
Anchorage Community Development Authority	203	2,440,808	69,783	69,783
Craig City School District	204	1,821,262	52,070	52,070
Dillingham City School District	205	2,547,275	72,827	72,827
City of Thorne Bay	208	718,085	20,530	20,530
City of Akutan	208	1,592,471	45,529	45,529
Unalaska City School District	209	2,137,264	61,105	61,105
Kashunami School District	211	3,696,889	105,695	105,695
City of Homer	215	12,332,025	352,577	352,577
Special Education Service Agency	218	428,132	12,240	12,240
Bartlett Regional Hospital	219	72,672,644	2,077,734	2,077,734
Northwest Arctic Borough	220	4,648,295	132,896	132,896
Saint Mary's School District	221	2,004,747	57,316	57,316
City of Selawik	222	14,408	412	412
Bristol Bay Regional Housing Authority	223	2,511,031	71,791	71,791
Copper River Basin Regional Housing Authority	224	1,156,411	33,062	33,062
Skagway City School District	225	599,159	17,130	17,130
City of Klawock	227	1,399,925	40,024	40,024
Petersburg City School District	228	1,994,553	57,025	57,025

Deferred inflows of resources			Pension expense (benefit)			
Difference between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan pension expense	Net	Total pension expense (benefit)
					amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	
—	—	—	—	532,278	(825,545)	(293,267)
—	—	—	—	217,232	(614,210)	(396,978)
—	—	—	—	—	302	302
—	—	—	—	10,950	(91,330)	(80,380)
—	—	—	—	268,211	487,540	755,851
—	—	—	—	80,426	126,576	207,002
—	—	—	—	567	(1,020)	(453)
—	—	—	—	194,592	(270,048)	(75,456)
—	—	—	—	168,769	(519,352)	(350,583)
—	—	—	—	251,711	461,582	713,293
—	—	—	—	25,086,562	(49,603,252)	(24,516,690)
—	—	—	—	298,325	(1,186,346)	(888,021)
—	—	—	—	95,668	(492,996)	(397,328)
—	—	—	—	134,068	(378,066)	(243,998)
—	—	—	—	902,964	(946,778)	(43,814)
—	—	—	—	301,950	(1,315,890)	(1,013,940)
—	—	—	—	1,438,498	(2,473,252)	(1,034,754)
—	—	—	—	2,446,971	(1,973,800)	473,171
—	—	—	—	1,221,710	(2,244,965)	(1,023,255)
—	—	—	—	600,275	6,365	606,640
—	—	—	—	65,258	(301,677)	(236,419)
—	—	—	—	62,373	184,390	246,763
—	—	—	—	118,087	(376,724)	(258,637)
—	—	—	—	216,714	33,801	250,515
—	—	—	—	1,079,281	364,796	1,444,077
—	—	—	—	271,466	(1,132,986)	(861,520)
—	—	—	—	2,101,590	(4,375,072)	(2,273,482)
—	—	—	—	355,444	(574,218)	(218,774)
—	—	—	—	110,466	(287,217)	(176,751)
—	—	—	—	25,378	15,061	40,439
—	—	—	—	242,241	(343,022)	(100,781)
—	—	—	—	214,051	(570,825)	(356,774)
—	—	—	—	14,724	(6,326)	8,398
—	—	—	—	106,323	(297,412)	(191,089)
—	—	—	—	14,724	(45,111)	(30,387)
—	—	—	—	179,720	(2,809)	176,911
—	—	—	—	159,447	(463,253)	(303,806)
—	—	—	—	118,975	(164,148)	(45,173)
—	—	—	—	166,402	(23,427)	142,975
—	—	—	—	46,909	(32,813)	14,096
—	—	—	—	104,029	(310,050)	(206,021)
—	—	—	—	139,618	196,425	336,043
—	—	—	—	241,501	166,759	408,260
—	—	—	—	805,595	(1,494,360)	(688,765)
—	—	—	—	27,968	25,568	53,536
—	—	—	—	4,747,370	(4,198,461)	548,909
—	—	—	—	303,652	(312,587)	(8,935)
—	—	—	—	130,961	(440,749)	(309,788)
—	—	—	—	941	(1,694)	(753)
—	—	—	—	164,034	(176,151)	(12,117)
—	—	—	—	75,543	(67,634)	7,909
—	—	—	—	39,140	32,622	71,762
—	—	—	—	91,451	(116,026)	(24,575)
—	—	—	—	130,295	(171,940)	(41,645)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Schedule of Pension Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Deferred outflows of resources	
			Difference Between Projected and Actual Investment Earnings	Total deferred outflows of resources
Aleutians East Borough	230	\$ 1,712,530	48,962	48,962
City of Kivalina	231	49,607	1,418	1,418
City of Huslia	235	297,880	8,516	8,516
City of Kaltag	237	58,897	1,684	1,684
Haines Borough School District	240	1,702,336	48,670	48,670
City of Noorvik	241	357,681	10,226	10,226
City of Elm	242	23,794	680	680
City of Atka	243	62,294	1,781	1,781
Aleutians East Borough School District	244	1,830,323	52,330	52,330
Delta/Greely School District	246	2,541,611	72,665	72,665
Lake And Peninsula Borough	247	780,379	22,311	22,311
City And Borough of Yakutat	248	1,660,429	47,472	47,472
City of Unalakleet	249	314,138	8,981	8,981
Klawock City School District	251	1,240,225	35,458	35,458
City of Mekoryuk	254	54,087	1,546	1,546
Alaska Gateway School District	255	4,831,780	138,142	138,142
City of Saint George	256	373,708	10,684	10,684
Pelican City School District	257	75,886	2,170	2,170
Denali Borough	258	1,117,901	31,961	31,961
City of Atkasook	259	35,254	1,008	1,008
City of Kachemak	260	41,807	1,198	1,198
Cook Inlet Housing Authority	262	22,210,784	635,013	635,013
Interior Regional Housing Authority	263	2,005,880	57,349	57,349
Yakutat School District	264	558,384	15,964	15,964
Kake City School District	265	1,146,217	32,771	32,771
City of Quinhagak	266	—	—	—
Aleutian Housing Authority	267	1,506,392	43,068	43,068
Bering Straits Regional Housing Authority	270	2,267,516	64,829	64,829
City of Egegik	271	240,117	6,865	6,865
Ilisagvik College	275	9,952,379	284,542	284,542
North Pacific Rim Housing Authority	276	2,808,911	80,308	80,308
Saxman Seaport	278	62,294	1,781	1,781
Tingit-Haida Regional Housing Authority	279	5,544,201	158,510	158,510
City of Toksook Bay	280	28,316	810	810
Baranof Island Housing Authority	281	1,290,060	36,883	36,883
City of Delta Junction	282	514,212	14,701	14,701
City of Anderson	283	21,419	612	612
Inter-Island Ferry Authority	284	1,967,370	56,248	56,248
City of Hooper Bay	285	89,589	2,561	2,561
City of Seldovia	286	200,475	5,732	5,732
City of Koyuk	287	31,365	897	897
Northwest Inupiat Housing Authority	288	806,429	23,056	23,056
City of Upper Kalskag	290	28,316	810	810
City of Shaktoolik	291	137,048	3,918	3,918
Tagiugmiullu Nunamiullu Housing Authority	293	2,174,641	62,174	62,174
Municipality of Skagway	296	7,403,972	211,682	211,682
City of Nulato	297	214,646	6,137	6,137
City of Aniak	298	540,262	15,446	15,446
Alaska Gasline Development Corporation	299	1,608,328	45,983	45,983
Total attributable to employer contributions		\$ 4,542,304,010	129,865,924	129,865,924
Nonemployer:				
State of Alaska	999	554,546,990	15,854,676	15,854,676
Total of all participating entities		\$ 5,096,851,000	145,720,600	145,720,600

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

Deferred inflows of resources			Pension expense (benefit)			
Difference between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan pension expense	Net	Total pension expense (benefit)
					amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	
—	—	—	—	111,872	(168,810)	(56,938)
—	—	—	—	3,241	(5,833)	(2,592)
—	—	—	—	19,459	(61,954)	(42,495)
—	—	—	—	3,847	(34,718)	(30,871)
—	—	—	—	111,206	(205,143)	(93,937)
—	—	—	—	23,366	(42,054)	(18,688)
—	—	—	—	1,554	(2,704)	(1,150)
—	—	—	—	4,069	(17,820)	(13,751)
—	—	—	—	119,567	(210,556)	(90,989)
—	—	—	—	166,032	(888,197)	(732,165)
—	—	—	—	50,979	(38,408)	12,571
—	—	—	—	108,468	(160,085)	(51,617)
—	—	—	—	20,521	70,537	91,058
—	—	—	—	81,018	(229,938)	(148,920)
—	—	—	—	3,533	(2,762)	771
—	—	—	—	315,638	73,940	389,578
—	—	—	—	24,413	(43,938)	(19,525)
—	—	—	—	4,957	(26,353)	(21,396)
—	—	—	—	73,027	(9,933)	63,094
—	—	—	—	2,303	(4,145)	(1,842)
—	—	—	—	2,738	5,219	7,957
—	—	—	—	1,450,929	(375,485)	1,075,444
—	—	—	—	131,035	(413,438)	(282,403)
—	—	—	—	36,477	(40,548)	(4,071)
—	—	—	—	74,877	(159,571)	(84,694)
—	—	—	—	—	—	—
—	—	—	—	98,406	(177,979)	(79,573)
—	—	—	—	148,126	(861,222)	(713,096)
—	—	—	—	15,686	57,035	72,721
—	—	—	—	650,143	(1,494,715)	(844,572)
—	—	—	—	183,493	66,335	249,828
—	—	—	—	4,069	(132,923)	(128,854)
—	—	—	—	362,177	(635,926)	(273,749)
—	—	—	—	1,850	(2,070)	(220)
—	—	—	—	84,274	(114,952)	(30,678)
—	—	—	—	33,591	100,795	134,386
—	—	—	—	1,399	(2,518)	(1,119)
—	—	—	—	128,519	(304,061)	(175,542)
—	—	—	—	5,852	(10,533)	(4,681)
—	—	—	—	13,096	(4,141)	8,955
—	—	—	—	2,049	(3,688)	(1,639)
—	—	—	—	52,680	(808,325)	(755,645)
—	—	—	—	1,850	(1,638)	212
—	—	—	—	8,953	75,474	84,427
—	—	—	—	142,059	327,716	469,775
—	—	—	—	483,668	(1,061,196)	(577,528)
—	—	—	—	14,022	10,579	24,601
—	—	—	—	35,293	115,937	151,230
—	—	—	—	105,065	(843,313)	(738,248)
—	—	—	—	296,727,859	(220,799,067)	75,928,792
—	—	—	—	36,226,008	220,799,067	257,025,075
—	—	—	—	332,953,867	—	332,953,867

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

(1) Plan Description

The State of Alaska Public Employees' Retirement System (the System) Defined Benefit Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits to State and local government employees.

Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the Plan to new members effective July 1, 2006.

There are three tiers within the Plan:

- Tier 1 employee: Entered the System between January 1, 1961 and June 30, 1986 – 5 years of credited service.
- Tier 2 employee: Entered the System between July 1, 1986 and June 30, 1996 – 5 years of credited service.
- Tier 3 employee: Entered the System between July 1, 1996 and June 30, 2006 – 5 years of credited service for the pension plan.

Members hired prior to July 1, 1986 with five or more paid-up years of credited service are entitled to monthly pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members first hired after June 30, 1986, the normal and early retirement ages are 60 and 55, respectively. Members with 30 or more years of credited service (20 years for peace officers and firefighters) may retire at any age and receive a normal benefit.

The normal monthly pension benefit is based on years of service and average monthly compensation. For members hired prior to July 1, 1996, and all peace officers and firefighters, the average monthly compensation is based upon the members' three highest, consecutive years' salaries. For all other members hired after June 30, 1996, average monthly compensation is based upon the members' five highest, consecutive years' salaries.

The benefit related to all years of service prior to July 1, 1986 and for years of service through a total of 10 years for general members is equal to 2% of the member's average monthly compensation for each year of service. The benefit for each year over 10 years of service subsequent to June 30, 1986 is equal to 2.25% of the member's average monthly compensation for the second 10 years and 2.5% for all remaining years of service. For peace officers and firefighters, the benefit for years of service through a total of 10 years is equal to 2% of the member's average monthly compensation and 2.5% for all remaining years of service.

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

Married members must receive their benefits in the form of a joint and survivor annuity unless their spouse consents to another form of benefit or another person is eligible for benefits under a qualified domestic relations order.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

(2) Basis of Presentation

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

(3) Allocation Methodology

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

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). Employer contributions were 15.54% of annual payroll for the fiscal year 2022.

Alaska Statute 39.35.280 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.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

(5) Collective Net Pension Liability

(a) Components of Collective Net Pension Liability

The components of the collective net pension liability of the Plan as of June 30, 2022 are as follows:

Total pension liability	\$ 15,912,991,000
Plan fiduciary net position	<u>(10,816,140,000)</u>
Net pension liability	<u>\$ 5,096,851,000</u>

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

Inflation	2.50% per year
Salary increases	For Peace Officer/Firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.75%.
Mortality - Peace Officer / Firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

Mortality - Others	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time.</p> <p>Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	<p>Please see the experience study report dated July 15, 2022.</p>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

(b) Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%).

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	6.51%
Global equity (ex-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the Plan'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:

<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$ 6,861,457,000	5,096,851,000	3,608,924,000

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2022:

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred outflows of resources:						
Difference between projected and actual investment earnings on pension plan investments						
	2018	5 years	(4,811,600)	—	(4,811,600)	—
	2019	5 years	54,162,000	—	27,081,000	27,081,000
	2020	5 years	186,583,200	—	62,194,400	124,388,800
	2021	5 years	(1,682,596,800)	—	(420,649,200)	(1,261,947,600)
	2022	5 years	—	1,570,248,000	314,049,600	1,256,198,400
	Total deferred outflows of resources		\$ (1,446,663,200)	1,570,248,000	(22,135,800)	145,720,600
Deferred inflows of resources:						
Difference between expected and actual experience						
	2021	1.2 years	16,252,333	—	16,252,333	—
	Total deferred outflows of resources		\$ 16,252,333	—	16,252,333	—

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

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

June 30, 2022

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

Year ending June 30:		
2023	\$	(17,324,200)
2024		(44,405,200)
2025		(106,599,600)
2026		<u>314,049,600</u>
Total	\$	<u>145,720,600</u>

(7) Collective Pension Expense

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

Service cost	\$	119,376,000
Interest on total pension liability		1,120,832,000
Change in assumptions		227,035,000
Member contributions		(66,412,000)
Administrative expense		9,038,000
Expected investment return net of investment expenses		(865,637,000)
Other		(187,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between expected and actual experience		(188,955,333)
Difference between projected and actual investment earnings on pension plan investments		<u>(22,135,800)</u>
Total pension expense	\$	<u>332,953,867</u>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Southwest Region School District	102	\$ 1,434,000	0.29288 %
Annette Island School District	103	879,000	0.17953
Bering Strait School District	104	3,642,000	0.74385
Chatham School District	105	276,000	0.05637
Alaska Municipal League	106	—	—
City of Valdez	107	4,697,000	0.95933
Juneau Borough School District	108	6,052,000	1.23608
Matanuska-Susitna Borough	109	11,620,000	2.37331
Matanuska-Susitna Borough School District	110	14,292,000	2.91905
Anchorage School District	111	41,392,000	8.45404
Copper River School District	112	587,000	0.11989
University of Alaska	113	50,293,000	10.27201
City of Kenai	115	3,521,000	0.71914
Fairbanks North Star Borough	116	11,542,000	2.35738
Fairbanks North Star Borough School District	117	15,084,000	3.08081
Denali Borough School District	118	634,000	0.12949
City And Borough of Sitka	120	4,500,000	0.91910
Chugach School District	121	298,000	0.06086
Ketchikan Gateway Borough	122	2,499,000	0.51040
City of Soldotna	123	1,992,000	0.40685
Iditarod Area School District	124	432,000	0.08823
Kuspuk School District	125	977,000	0.19955
City And Borough of Juneau	126	16,815,000	3.43435
City of Kodiak	128	3,695,000	0.75468
City of Fairbanks	129	3,806,000	0.77735
City of Wasilla	131	4,012,000	0.81942
Sitka Borough School District	133	1,134,000	0.23161
City of Palmer	134	1,939,000	0.39603
City And Borough of Wrangell	135	1,541,000	0.31474
City of Bethel	136	3,245,000	0.66277
Valdez City School District	137	983,000	0.20077
Hoonah City School District	138	214,000	0.04371
City of Nome	139	1,595,000	0.32577
City of Kotzebue	140	2,038,000	0.41625
Galena City School District	141	1,894,000	0.38684
City of Petersburg	143	2,258,000	0.46118
Bristol Bay Borough	144	1,404,000	0.28676
North Slope Borough	145	33,201,000	6.78108
Wrangell Public School District	146	218,000	0.04453
City of Cordova	148	1,404,000	0.28676
Nome City School District	149	587,000	0.11989
City of King Cove	151	515,000	0.10519
Alaska Housing Finance Corporation	152	8,623,000	1.76119
Lower Yukon School District	153	4,087,000	0.83474
Northwest Arctic Borough School District	154	3,113,000	0.63581
Southeast Island School District	155	299,000	0.06107
Pribilof School District	156	117,000	0.02390
Lower Kuskokwim School District	157	8,340,000	1.70339

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Kodiak Island Borough School District	158	\$ 3,093,000	0.63172 %
Yukon Flats School District	159	436,000	0.08905
Yukon / Koyukuk School District	160	1,209,000	0.24693
North Slope Borough School District	161	5,357,000	1.09413
Cordova Community Medical Center	163	1,992,000	0.40685
Lake And Peninsula Borough School District	164	813,000	0.16605
Tanana School District	166	41,000	0.00837
Southeast Regional Resource Center	167	1,004,000	0.20506
Hydaburg City School District	168	300,000	0.06127
City of Tanana	169	—	—
North Pacific Fishery Management Council	170	728,000	0.14869
City of Barrow	171	629,000	0.12847
City of Saint Paul	172	941,000	0.19219
Municipality of Anchorage	173	93,839,000	19.16599
Kodiak Island Borough	174	1,114,000	0.22753
Nome Joint Utility System	175	357,000	0.07291
City of Sand Point	176	502,000	0.10253
Ketchikan Gateway Borough School District	177	3,379,000	0.69014
City of Dillingham	178	1,128,000	0.23039
City of Unalaska	179	5,384,000	1.09965
Kenai Peninsula Borough	180	9,154,000	1.86964
City of Ketchikan	181	4,571,000	0.93360
City of Seward	182	2,245,000	0.45853
City of Fort Yukon	183	243,000	0.04963
Bristol Bay Borough School District	184	234,000	0.04779
Cordova City School District	185	438,000	0.08946
City of Craig	186	810,000	0.16544
Petersburg Medical Center	187	4,039,000	0.82494
Haines Borough	189	1,016,000	0.20751
Kenai Peninsula Borough School District	190	7,860,000	1.60535
City of North Pole	191	1,329,000	0.27144
City of Galena	192	415,000	0.08476
City of Nenana	193	95,000	0.01940
Yupit School District	195	908,000	0.18545
Nenana City School District	196	803,000	0.16401
City of Saxman	198	55,000	0.01123
City of Hoonah	199	401,000	0.08190
City of Pelican	200	55,000	0.01123
City of Whittier	202	672,000	0.13725
Anchorage Community Development Authority	203	594,000	0.12132
Craig City School District	204	445,000	0.09089
Dillingham City School District	205	622,000	0.12704
City of Thorne Bay	206	176,000	0.03595
City of Akutan	208	388,000	0.07925
Unalaska City School District	209	523,000	0.10682
Kashunamiut School District	211	903,000	0.18443

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
City of Homer	215	\$ 3,012,000	0.61518 %
Special Education Service Agency	218	105,000	0.02145
Bartlett Regional Hospital	219	17,757,000	3.62675
Northwest Arctic Borough	220	1,133,000	0.23141
Saint Mary's School District	221	492,000	0.10049
City of Selawik	222	—	—
Bristol Bay Regional Housing Authority	223	616,000	0.12581
Copper River Basin Regional Housing Authority	224	283,000	0.05780
Skagway City School District	225	148,000	0.03023
City of Klawock	227	343,000	0.07006
Petersburg City School District	228	491,000	0.10028
Aleutians East Borough	230	417,000	0.08517
City of Kivalina	231	—	—
City of Huslia	235	73,000	0.01491
City of Kaltag	237	16,000	0.00327
Haines Borough School District	240	416,000	0.08497
City of Noorvik	241	—	—
City of Elim	242	—	—
City of Atka	243	16,000	0.00327
Aleutians East Borough School District	244	451,000	0.09211
Delta/Greeley School District	246	621,000	0.12684
Lake And Peninsula Borough	247	191,000	0.03901
City And Borough of Yakutat	248	406,000	0.08292
City of Unalakleet	249	—	—
Klawock City School District	251	301,000	0.06148
City of Mekoryuk	254	—	—
Alaska Gateway School District	255	1,180,000	0.24101
City of Saint George	256	—	—
Pelican City School District	257	18,000	0.00368
Denali Borough	258	272,000	0.05555
City of Allakaket	259	—	—
City of Kachemak	260	11,000	0.00225
Cook Inlet Housing Authority	262	5,428,000	1.10863
Interior Regional Housing Authority	263	492,000	0.10049
Yakutat School District	264	138,000	0.02819
Kake City School District	265	280,000	0.05719
Aleutian Housing Authority	267	369,000	0.07537
Bering Straits Regional Housing Authority	270	552,000	0.11274
City of Egegik	271	59,000	0.01205
Illisagvik College	275	2,429,000	0.49611
North Pacific Rim Housing Authority	276	685,000	0.13991
Saxman Seaport	278	16,000	0.00327
Tlingit-Haida Regional Housing Authority	279	1,354,000	0.27654
City of Toksook Bay	280	8,000	0.00163
Baranof Island Housing Authority	281	316,000	0.06454
City of Delta Junction	282	127,000	0.02594
City of Anderson	283	—	—

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Inter-Island Ferry Authority	284	\$ 478,000	0.09763 %
City of Hooper Bay	285	—	—
City of Seldovia	286	50,000	0.01021
City of Koyuk	287	—	—
Northwest Inupiat Housing Authority	288	196,000	0.04003
City of Upper Kalskag	290	8,000	0.00163
City of Shaktoolik	291	34,000	0.00694
Tagiugmiullu Nunamiullu Housing Authority	293	532,000	0.10866
Municipality of Skagway	296	1,808,000	0.36927
City of Nulato	297	—	—
City of Aniak	298	132,000	0.02696
Alaska Gasline Development Corporation	299	392,000	0.08006
		\$ <u>489,612,000</u>	<u>100.00000 %</u>

See accompanying independent auditors' report

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net pension liability attributable to employer	Employer pension expense and related revenue attributable to special funding situation
Southwest Region School District	102	\$ 1,624,183	106,094
Annette Island School District	103	995,578	65,037
Bering Strait School District	104	4,125,022	269,469
Chatham School District	105	312,605	20,421
Alaska Municipal League	106	—	—
City of Valdez	107	5,319,942	347,527
Juneau Borough School District	108	6,854,649	447,783
Matanuska-Susitna Borough	109	13,161,107	859,755
Matanuska-Susitna Borough School District	110	16,187,482	1,057,454
Anchorage School District	111	46,881,631	3,082,562
Copper River School District	112	664,851	43,432
University of Alaska	113	56,963,130	3,721,140
City of Kenai	115	3,987,974	260,516
Fairbanks North Star Borough	116	13,072,762	853,984
Fairbanks North Star Borough School District	117	17,084,522	1,116,053
Denali Borough School District	118	718,085	46,909
City And Borough of Sitka	120	5,096,814	332,951
Chugach School District	121	337,522	22,049
Ketchikan Gateway Borough	122	2,830,431	184,899
City of Soldotna	123	2,256,190	147,387
Iditarod Area School District	124	489,294	31,963
Kuspuk School District	125	1,106,575	72,287
City And Borough of Juneau	126	19,045,096	1,244,129
City of Kodiak	128	4,185,051	273,390
City of Fairbanks	129	4,310,772	281,603
City of Wasilla	131	4,544,093	296,845
Sitka Borough School District	133	1,284,397	83,904
City of Palmer	134	2,196,161	143,465
City And Borough of Wrangell	135	1,745,376	114,017
City of Bethel	136	3,675,369	240,095
Valdez City School District	137	1,113,371	72,731
Hoonah City School District	138	242,382	15,834
City of Nome	139	1,806,538	118,013
City of Kotzebue	140	2,308,291	150,790
Galena City School District	141	2,145,193	140,136
City of Petersburg	143	2,557,468	167,068
Bristol Bay Borough	144	1,590,206	103,881
North Slope Borough	145	37,604,296	2,456,516
Wrangell Public School District	146	246,912	16,130
City of Cordova	148	1,590,206	103,881
Nome City School District	149	664,851	43,432

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net pension liability attributable to employer	Employer pension expense and related revenue attributable to special funding situation
City of King Cove	151	\$ 583,302	38,104
Alaska Housing Finance Corporation	152	9,766,629	638,009
Lower Yukon School District	153	4,629,040	302,394
Northwest Arctic Borough School District	154	3,525,863	230,328
Southeast Island School District	155	338,655	22,123
Pribilof School District	156	132,517	8,657
Lower Kuskokwim School District	157	9,446,096	617,070
Kodiak Island Borough School District	158	3,503,210	228,849
Yukon Flats School District	159	493,825	32,259
Yukon / Koyukuk School District	160	1,369,344	89,453
North Slope Borough School District	161	6,067,474	396,360
Cordova Community Medical Center	163	2,256,190	147,387
Lake And Peninsula Borough School District	164	920,824	60,153
Tanana School District	166	46,438	3,034
Southeast Regional Resource Center	167	1,137,156	74,285
Hydaburg City School District	168	339,788	22,197
City of Tanana	169	—	—
North Pacific Fishery Management Council	170	824,551	53,864
City of Barrow	171	712,421	46,539
City of Saint Paul	172	1,065,801	69,624
Municipality of Anchorage	173	106,284,436	6,943,074
Kodiak Island Borough	174	1,261,745	82,424
Nome Joint Utility System	175	404,347	26,414
City of Sand Point	176	568,578	37,143
Ketchikan Gateway Borough School District	177	3,827,141	250,010
City of Dillingham	178	1,277,601	83,460
City of Unalaska	179	6,098,055	398,358
Kenai Peninsula Borough	180	10,368,053	677,297
City of Ketchikan	181	5,177,231	338,205
City of Seward	182	2,542,744	166,106
City of Fort Yukon	183	275,228	17,979
Bristol Bay Borough School District	184	265,034	17,313
Cordova City School District	185	496,090	32,407
City of Craig	186	917,427	59,931
Petersburg Medical Center	187	4,574,674	298,842
Haines Borough	189	1,150,747	75,173
Kenai Peninsula Borough School District	190	8,902,436	581,555

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net pension liability attributable to employer	Employer pension expense and related revenue attributable to special funding situation
City of North Pole	191	\$ 1,505,259	98,332
City of Galena	192	470,040	30,706
City of Nenana	193	107,599	7,029
Yupit School District	195	1,028,424	67,182
Nenana City School District	196	909,498	59,413
City of Saxman	198	62,294	4,069
City of Hoonah	199	454,183	29,670
City of Pelican	200	62,294	4,069
City of Whittier	202	761,124	49,721
Anchorage Community Development Authority	203	672,779	43,950
Craig City School District	204	504,018	32,925
Dillingham City School District	205	704,493	46,021
City of Thorne Bay	206	199,342	13,022
City of Akutan	208	439,459	28,708
Unalaska City School District	209	592,363	38,696
Kashunamiut School District	211	1,022,761	66,812
City of Homer	215	3,411,468	222,856
Special Education Service Agency	218	118,926	7,769
Bartlett Regional Hospital	219	20,112,029	1,313,827
Northwest Arctic Borough	220	1,283,265	83,830
Saint Mary's School District	221	557,252	36,403
City of Selawik	222	—	—
Bristol Bay Regional Housing Authority	223	697,697	45,577
Copper River Basin Regional Housing Authority	224	320,533	20,939
Skagway City School District	225	167,629	10,950
City of Klawock	227	388,491	25,378
Petersburg City School District	228	556,119	36,329
Aleutians East Borough	230	472,305	30,854
City of Kivalina	231	—	—
City of Huslia	235	82,682	5,401
City of Kaltag	237	18,122	1,184
Haines Borough School District	240	471,172	30,780
City of Noorvik	241	—	—
City of Elim	242	—	—
City of Atka	243	18,122	1,184
Aleutians East Borough School District	244	510,814	33,369
Delta/Greely School District	246	703,360	45,947
Lake And Peninsula Borough	247	216,331	14,132
City And Borough of Yakutat	248	459,846	30,040
City of Unalakleet	249	—	—
Klawock City School District	251	340,920	22,271
City of Mekoryuk	254	—	—

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net pension liability attributable to employer	Employer pension expense and related revenue attributable to special funding situation
Alaska Gateway School District	255	\$ 1,336,498	87,307
City of Saint George	256	—	—
Pelican City School District	257	20,387	1,332
Denali Borough	258	308,074	20,125
City of Allakaket	259	—	—
City of Kachemak	260	12,459	814
Cook Inlet Housing Authority	262	6,147,891	401,613
Interior Regional Housing Authority	263	557,252	36,403
Yakutat School District	264	156,302	10,211
Kake City School District	265	317,135	20,717
Aleutian Housing Authority	267	417,939	27,302
Bering Straits Regional Housing Authority	270	625,209	40,842
City of Egegik	271	66,825	4,365
Ilisagvik College	275	2,751,147	179,720
North Pacific Rim Housing Authority	276	775,848	50,683
Saxman Seaport	278	18,122	1,184
Tlingit-Haida Regional Housing Authority	279	1,533,575	100,181
City of Toksook Bay	280	9,061	592
Baranof Island Housing Authority	281	357,910	23,381
City of Delta Junction	282	143,843	9,397
City of Anderson	283	—	—
Inter-Island Ferry Authority	284	541,395	35,367
City of Hooper Bay	285	—	—
City of Seldovia	286	56,631	3,699
City of Koyuk	287	—	—
Northwest Inupiat Housing Authority	288	221,995	14,502
City of Upper Kalskag	290	9,061	592
City of Shaktoolik	291	38,509	2,516
Tagiugmiullu Nunamiullu Housing Authority	293	602,557	39,362
Municipality of Skagway	296	2,047,787	133,773
City of Nulato	297	—	—
City of Aniak	298	149,507	9,767
Alaska Gasline Development Corporation	299	443,989	29,004
Total for all employers		\$ 554,546,990	36,226,008

See accompanying independent auditors' report

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual contributions</u>
Employer:		
State of Alaska	101	\$ 250,431,787
Southwest Region School District	102	388,362
Annette Island School District	103	244,495
Bering Strait School District	104	1,077,494
Chatham School District	105	75,565
Alaska Municipal League	106	—
City of Valdez	107	1,579,595
Juneau Borough School District	108	1,913,976
Matanuska-Susitna Borough	109	3,874,788
Matanuska-Susitna Borough School District	110	4,360,674
Anchorage School District	111	12,502,979
Copper River School District	112	135,727
University of Alaska	113	18,398,156
City of Kenai	115	1,137,096
Fairbanks North Star Borough	116	3,708,959
Fairbanks North Star Borough School District	117	4,588,036
Denali Borough School District	118	136,713
City And Borough of Sitka	120	2,953,057
Chugach School District	121	63,732
Ketchikan Gateway Borough	122	956,971
City of Soldotna	123	686,581
Iditarod Area School District	124	93,579
Kuspuk School District	125	277,506
City And Borough of Juneau	126	5,847,838
City of Kodiak	128	1,140,733
City of Fairbanks	129	1,464,949
City of Wasilla	131	1,318,961
Sitka Borough School District	133	333,871
City of Palmer	134	625,924
City And Borough of Wrangell	135	688,631
City of Bethel	136	1,044,208
Valdez City School District	137	298,741
Hoonah City School District	138	64,633
City of Nome	139	564,034
City of Kotzebue	140	685,644
Galena City School District	141	624,286
City of Petersburg	143	718,453
Bristol Bay Borough	144	545,022
North Slope Borough	145	11,123,739
Wrangell Public School District	146	104,677
City of Cordova	148	464,152
Nome City School District	149	214,407
City of King Cove	151	163,737
Alaska Housing Finance Corporation	152	2,918,281
Lower Yukon School District	153	1,218,329

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Actual contributions
Northwest Arctic Borough School District	154	\$ 1,091,212
Southeast Island School District	155	98,442
Pribilof School District	156	56,778
Lower Kuskokwim School District	157	2,600,621
Kodiak Island Borough School District	158	965,614
Yukon Flats School District	159	106,070
Yukon / Koyukuk School District	160	399,230
North Slope Borough School District	161	1,588,982
Aleutian Region School District	162	—
Cordova Community Medical Center	163	683,924
Lake And Peninsula Borough School District	164	265,193
Sitka Community Hospital	165	—
Tanana School District	166	13,949
Southeast Regional Resource Center	167	337,376
Hydaburg City School District	168	61,084
City of Tanana	169	—
North Pacific Fishery Management Council	170	235,260
City of Barrow	171	173,584
City of Saint Paul	172	254,028
Municipality of Anchorage	173	33,192,725
Kodiak Island Borough	174	386,987
Nome Joint Utility System	175	156,570
City of Sand Point	176	140,359
Ketchikan Gateway Borough School District	177	834,168
City of Dillingham	178	356,315
City of Unalaska	179	1,719,697
Kenai Peninsula Borough	180	3,074,238
City of Ketchikan	181	1,635,655
City of Seward	182	757,000
City of Fort Yukon	183	83,243
Bristol Bay Borough School District	184	60,803
Cordova City School District	185	111,727
City of Craig	186	240,447
Petersburg Medical Center	187	1,302,798
Haines Borough	189	339,944
Kenai Peninsula Borough School District	190	2,472,417
City of North Pole	191	425,997
City of Galena	192	132,901
City of Nenana	193	24,999
Yup'it School District	195	273,035
Nenana City School District	196	267,980
City of Saxman	198	10,217
City of Hoonah	199	128,397
City of Pelican	200	19,344
City of Whittier	202	238,526

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Actual contributions
Anchorage Community Development Authority	203	\$ 186,454
Craig City School District	204	100,205
Dillingham City School District	205	201,212
City of Thome Bay	206	56,548
City of Akutan	208	113,066
Unalaska City School District	209	165,005
Kashunamiut School District	211	306,227
City of Homer	215	1,007,909
Special Education Service Agency	218	38,980
Bartlett Regional Hospital	219	6,159,618
Northwest Arctic Borough	220	370,916
Saint Mary's School District	221	142,070
City of Selawik	222	—
Bristol Bay Regional Housing Authority	223	209,359
Copper River Basin Regional Housing Authority	224	111,906
Skagway City School District	225	54,394
City of Klawock	227	117,205
Petersburg City School District	228	114,901
Aleutians East Borough	230	147,987
City of Kivalina	231	—
City of Huslia	235	23,586
City of Kaltag	237	4,390
Haines Borough School District	240	109,926
City of Noorvik	241	—
City of Elim	242	—
City of Atka	243	5,690
Aleutians East Borough School District	244	149,422
Delta/Greely School District	246	197,019
Lake And Peninsula Borough	247	63,691
City And Borough of Yakutat	248	146,304
City of Unalakleet	249	107,472
Klawock City School District	251	79,564
City of Mekoryuk	254	3,715
Alaska Gateway School District	255	312,451
City of Saint George	256	—
Pelican City School District	257	14,921
Denali Borough	258	81,590
City of Allakaket	259	—
City of Kachemak	260	1,240
Cook Inlet Housing Authority	262	1,801,060
Interior Regional Housing Authority	263	185,111
Yakutat School District	264	31,393
Kake City School District	265	81,897
City of Quinhagak	266	—
Aleutian Housing Authority	267	127,842

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Actual contributions
Bering Straits Regional Housing Authority	270	\$ 211,658
City of Egegik	271	43,321
Ilisagvik College	275	810,810
North Pacific Rim Housing Authority	276	235,376
Saxman Seaport	278	1,393
Tlingit-Haida Regional Housing Authority	279	437,543
City of Toksook Bay	280	4,125
Baranof Island Housing Authority	281	107,889
City of Delta Junction	282	36,265
City of Anderson	283	—
Inter-Island Ferry Authority	284	169,262
City of Hooper Bay	285	—
City of Seldovia	286	13,296
City of Koyuk	287	—
Northwest Inupiat Housing Authority	288	226,045
City of Upper Kalskag	290	6,145
City of Shaktoolik	291	3,484
Tagiugmiullu Nunamiullu Housing Authority	293	257,531
Municipality of Skagway	296	578,984
City of Nulato	297	29,090
City of Aniak	298	30,221
Alaska Gasline Development Corporation	299	126,646
Total employer contributions		415,538,244
Nonemployer:		
State of Alaska	999	97,700,000
Total of all participating entities		\$ 513,238,244

See accompanying independent auditors' report.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Table of Contents

	Pages
Independent Auditors' Report	1-2
Schedule of Employer and Nonemployer Allocations	3-6
Schedule of OPEB Amounts by Employer and Nonemployer	8-13
Notes to Schedule of Employer and Nonemployer Allocations and Schedule of OPEB Amounts by Employer and Nonemployer	14-19
Supplemental Schedules	
Schedule of Employer Allocations of Special Funding Amounts (Unaudited)	20-22
Schedule of Special Funding Amounts by Employer (Unaudited)	23-26
Schedule of Employer and Nonemployer Contributions (Unaudited)	27-29

Independent Auditors' Report

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

We have audited the accompanying schedule of employer and nonemployer allocations of the State of Alaska Public Employees' Retirement System Alaska Retiree Healthcare Trust (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total of 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, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and the 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, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Public Employees' Retirement System, which includes the Alaska Retiree Healthcare Trust, as of and for the year ended June 30, 2022, and our report thereon, dated October 20, 2021, expressed an unmodified opinion on those financial statements.

Other Information

The supplemental schedule of employer allocations of special funding amounts, supplemental schedule of special funding amounts by employer, and supplemental schedule of employer and nonemployer contributions have not been subject to the auditing procedures applied in the audit of the schedule of employer and nonemployer allocations and schedule of 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 Public Employees' Retirement System management, the members of the Alaska Retirement Management Board, State of Alaska Public Employees' Retirement System Alaska Retiree Healthcare Trust employers and nonemployers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

[(signed) KPMG LLP]

Anchorage, Alaska
Date

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Employer:			
State of Alaska	101	\$ 977,053,000	49.78864 %
Southwest Region School District	102	2,243,000	0.11430
Annette Island School District	103	1,377,000	0.07017
Bering Strait School District	104	5,701,000	0.29051
Chatham School District	105	432,000	0.02201
Alaska Municipal League	106	—	—
City of Valdez	107	7,350,000	0.37454
Juneau Borough School District	108	9,470,000	0.48257
Matanuska-Susitna Borough	109	18,184,000	0.92662
Matanuska-Susitna Borough School District	110	22,365,000	1.13967
Anchorage School District	111	64,770,000	3.30055
Copper River School District	112	919,000	0.04683
University of Alaska	113	78,704,000	4.01059
City of Kenai	115	5,513,000	0.28093
Fairbanks North Star Borough	116	18,060,000	0.92030
Fairbanks North Star Borough School District	117	23,606,000	1.20291
Denali Borough School District	118	996,000	0.05075
City And Borough of Sitka	120	7,040,000	0.35874
Chugach School District	121	466,000	0.02375
Ketchikan Gateway Borough	122	3,907,000	0.19909
City of Soldotna	123	3,113,000	0.15863
Iditarod Area School District	124	677,000	0.03450
Kuspuk School District	125	1,524,000	0.07766
City And Borough of Juneau	126	26,313,000	1.34086
City of Kodiak	128	5,784,000	0.29474
City of Fairbanks	129	5,951,000	0.30325
City of Wasilla	131	6,280,000	0.32002
Sitka Borough School District	133	1,776,000	0.09050
City of Palmer	134	3,033,000	0.15456
City And Borough of Wrangell	135	2,414,000	0.12301
City of Bethel	136	5,078,000	0.25876
Valdez City School District	137	1,540,000	0.07848
Hoonah City School District	138	334,000	0.01702
City of Nome	139	2,495,000	0.12714
City of Kotzebue	140	3,191,000	0.16261
Galena City School District	141	2,966,000	0.15114
City of Petersburg	143	3,531,000	0.17993
Bristol Bay Borough	144	2,196,000	0.11190
North Slope Borough	145	51,952,000	2.64737
Wrangell Public School District	146	346,000	0.01763
City of Cordova	148	2,198,000	0.11201
Nome City School District	149	919,000	0.04683
City of King Cove	151	805,000	0.04102
Alaska Housing Finance Corporation	152	13,494,000	0.68763
Lower Yukon School District	153	6,392,000	0.32572
Northwest Arctic Borough School District	154	4,870,000	0.24817
Southeast Island School District	155	468,000	0.02385
Pribilof School District	156	184,000	0.00938
Lower Kuskokwim School District	157	13,046,000	0.66480
Kodiak Island Borough School District	158	4,839,000	0.24659
Yukon Flats School District	159	683,000	0.03480

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Yukon / Koyukuk School District	160	\$ 1,890,000	0.09631 %
North Slope Borough School District	161	8,384,000	0.42723
Cordova Community Medical Center	163	3,114,000	0.15868
Lake And Peninsula Borough School District	164	1,275,000	0.06497
Tanana School District	166	65,000	0.00331
Southeast Regional Resource Center	167	1,570,000	0.08000
Hydaburg City School District	168	471,000	0.02400
City of Tanana	169	—	0.00029
North Pacific Fishery Management Council	170	1,140,000	0.05809
City of Barrow	171	987,000	0.05030
City of Saint Paul	172	1,473,000	0.07506
Municipality of Anchorage	173	146,845,000	7.48292
Kodiak Island Borough	174	1,744,000	0.08887
Nome Joint Utility System	175	560,000	0.02854
City of Sand Point	176	784,000	0.03995
Ketchikan Gateway Borough School District	177	5,284,000	0.26926
City of Dillingham	178	1,766,000	0.08999
City of Unalaska	179	8,422,000	0.42917
Kenai Peninsula Borough	180	14,320,000	0.72972
City of Ketchikan	181	7,151,000	0.36440
City of Seward	182	3,511,000	0.17891
City of Fort Yukon	183	380,000	0.01936
Bristol Bay Borough School District	184	363,000	0.01850
Cordova City School District	185	691,000	0.03521
City of Craig	186	1,267,000	0.06456
Petersburg Medical Center	187	6,318,000	0.32195
Haines Borough	189	1,588,000	0.08092
Kenai Peninsula Borough School District	190	12,299,000	0.62673
City of North Pole	191	2,081,000	0.10604
City of Galena	192	647,000	0.03297
City of Nenana	193	150,000	0.00764
Yupit School District	195	1,419,000	0.07231
Nenana City School District	196	1,254,000	0.06390
City of Saxman	198	87,000	0.00443
City of Hoonah	199	622,000	0.03170
City of Pelican	200	87,000	0.00443
City of Whittier	202	1,051,000	0.05356
Anchorage Community Development Authority	203	931,000	0.04744
Craig City School District	204	695,000	0.03542
Dillingham City School District	205	973,000	0.04958
City of Thorne Bay	206	273,000	0.01391
City of Akutan	208	610,000	0.03108
Unalaska City School District	209	818,000	0.04168
Kashunamiut School District	211	1,414,000	0.07205
City of Homer	215	4,715,000	0.24027
Special Education Service Agency	218	162,000	0.00826
Bartlett Regional Hospital	219	27,790,000	1.41612
Northwest Arctic Borough	220	1,774,000	0.09040
Saint Mary's School District	221	767,000	0.03908
Bristol Bay Regional Housing Authority	223	961,000	0.04897
Copper River Basin Regional Housing Authority	224	449,000	0.02288

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Skagway City School District	225	\$ 230,000	0.01172 %
City of Klawock	227	535,000	0.02726
Petersburg City School District	228	765,000	0.03898
Aleutians East Borough	230	654,000	0.03333
City of Huslia	235	112,000	0.00571
City of Kaltag	237	22,000	0.00112
Haines Borough School District	240	650,000	0.03312
City of Elim	242	—	0.00032
City of Atka	243	23,000	0.00117
Aleutians East Borough School District	244	700,000	0.03567
Delta/Greely School District	246	969,000	0.04938
Lake And Peninsula Borough	247	300,000	0.01529
City And Borough of Yakutat	248	636,000	0.03241
City of Unalakleet	249	—	0.00616
Klawock City School District	251	472,000	0.02405
City of Mekoryik	254	—	—
Alaska Gateway School District	255	1,847,000	0.09412
Pelican City School District	257	27,000	0.00138
Denali Borough	258	429,000	0.02186
City of Allakaket	259	—	—
City of Kachemak	260	18,000	0.00092
Cook Inlet Housing Authority	262	8,493,000	0.43279
Interior Regional Housing Authority	263	768,000	0.03914
Yakutat School District	264	212,000	0.01080
Kake City School District	265	438,000	0.02232
Aleutian Housing Authority	267	577,000	0.02940
Bering Straits Regional Housing Authority	270	866,000	0.04413
City of Egegik	271	91,000	0.00464
Illisagvik College	275	3,803,000	0.19379
North Pacific Rim Housing Authority	276	1,072,000	0.05463
Saxman Seaport	278	23,000	0.00117
Tlingit-Haida Regional Housing Authority	279	2,119,000	0.10798
City of Toksook Bay	280	17,000	0.00087
Baranof Island Housing Authority	281	494,000	0.02517
City of Delta Junction	282	196,000	0.00999
City of Anderson	283	—	0.00031
Inter-Island Ferry Authority	284	752,000	0.03832
City of Seldovia	286	80,000	0.00408
Northwest Inupiat Housing Authority	288	307,000	0.01564
City of Upper Kalskag	290	7,000	0.00036
City of Shaktoolik	291	54,000	0.00275
Tagiugmiullu Nunamiullu Housing Authority	293	831,000	0.04235
Municipality of Skagway	296	2,832,000	0.14431
City of Nulato	297	—	0.00426
City of Aniak	298	207,000	0.01055
Alaska Gasline Development Corporation	299	614,000	0.03129
Total present value of projected future employer contributions		1,743,182,000	88.84031

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Nonemployer:			
State of Alaska	999	\$ 218,998,000	11.15969 %
Total of all participating entities		<u>\$ 1,962,180,000</u>	<u>100.00000 %</u>

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

Page intentionally blank

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Schedule of OPEB Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Employer / nonemployer	Employer/ nonemployer number	Net OPEB Asset	Deferred outflows of resources		
			Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions	Total deferred outflows of resources
Employer:					
State of Alaska	101	\$ 979,623,792	55,577,620	421,058	55,998,678
Southwest Region School District	102	2,248,902	127,588	46,432	174,020
Annette Island School District	103	1,380,623	78,328	—	78,328
Bering Strait School District	104	5,716,000	324,289	135,751	460,040
Chatham School District	105	433,137	24,573	2,918	27,491
Alaska Municipal League	106	—	—	12,857	12,857
City of Valdez	107	7,369,339	418,089	73,521	491,610
Juneau Borough School District	108	9,494,917	538,681	303,677	842,358
MatanuskaSusitna Borough	109	18,231,845	1,034,359	249,373	1,283,732
MatanuskaSusitna Borough School District	110	22,423,846	1,272,186	430,346	1,702,532
Anchorage School District	111	64,940,421	3,684,306	1,615,898	5,300,204
Copper River School District	112	921,418	52,275	—	52,275
University of Alaska	113	78,911,084	4,476,912	1,820,445	6,297,357
City of Kenai	115	5,527,506	313,595	103,207	416,802
Fairbanks North Star Borough	116	18,107,519	1,027,305	223,581	1,250,886
Fairbanks North Star Borough School District	117	23,668,111	1,342,778	658,132	2,000,910
Denali Borough School District	118	998,621	56,055	—	56,055
City And Borough of Sitka	120	7,058,523	400,456	115,981	518,437
Chugach School District	121	467,226	26,507	—	26,507
Ketchikan Gateway Borough	122	3,917,280	222,242	88,863	311,105
City of Soldotna	123	3,121,191	177,076	46,836	223,912
Iditarod Area School District	124	678,781	38,510	12,352	50,862
Kuspuk School District	125	1,529,010	86,690	11,379	98,069
City And Borough of Juneau	126	26,382,234	1,496,760	646,748	2,143,508
City of Kodiak	128	5,799,219	329,011	71,383	400,394
City of Fairbanks	129	5,966,658	338,510	80,718	419,228
City of Wasilla	131	6,296,524	357,225	42,403	399,628
Sitka Borough School District	133	1,780,673	101,024	40,359	141,383
City of Palmer	134	3,040,980	172,526	58,624	231,150
City And Borough of Wrangell	135	2,420,352	137,315	59,960	197,275
City of Bethel	136	5,091,361	288,851	37,726	326,577
Valdez City School District	137	1,544,052	87,600	11,554	99,154
Hoonah City School District	138	334,879	18,999	17,304	36,303
City of Nome	139	2,501,565	141,923	59,100	201,023
City of Kotzebue	140	3,199,396	181,513	75,646	257,159
Galena City School District	141	2,973,804	168,715	—	168,715
City of Petersburg	143	3,540,291	200,854	76,163	277,017
Bristol Bay Borough	144	2,201,778	124,915	59,261	184,176
North Slope Borough	145	52,088,695	2,955,181	1,534,474	4,489,655
Wrangell Public School District	146	346,910	19,681	48,263	67,944
City of Cordova	148	2,203,783	125,029	53,530	178,559
Nome City School District	149	921,418	52,275	35,020	87,295
City of King Cove	151	807,118	45,791	8,064	53,855
Alaska Housing Finance Corporation	152	13,529,505	767,578	313,489	1,081,067
Lower Yukon School District	153	6,408,818	363,596	49,123	412,719
Northwest Arctic Borough School District	154	4,882,814	277,020	166,780	443,800
Southeast Island School District	155	469,231	26,621	36,883	63,504
Pribilof School District	156	184,484	10,466	11,788	22,254
Lower Kuskokwim School District	157	13,080,326	742,094	360,968	1,103,062
Kodiak Island Borough School District	158	4,851,732	275,256	127,413	402,669
Yukon Flats School District	159	684,797	38,851	17,564	56,415
Yukon / Koyukuk School District	160	1,894,973	107,509	51,437	158,946
North Slope Borough School District	161	8,406,060	476,006	176,380	653,286
Aleutian Region School District	162	—	—	—	—
Cordova Community Medical Center	163	3,122,193	177,133	63,637	240,770
Lake And Peninsula Borough School District	164	1,278,355	72,526	40,797	113,323
Sitka Community Hospital	165	—	—	—	—
Tanana School District	166	65,171	3,697	4,861	8,558
Southeast Regional Resource Center	167	1,574,131	89,306	—	89,306
Hydaburg City School District	168	472,239	26,792	—	26,792

Deferred inflows of resources					OPEB expense (benefit)		
Difference between expected and actual experience	Change of assumptions	Difference between projected and actual investment earnings	Change in proportion and differences 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 changes in proportion and differences between employer contributions and proportionate share of contributions	
						Proportionate share of contributions	Total OPEB expense (benefit)
6,933,790	44,956,359	—	—	51,890,149	(332,771,287)	1,853,495	(330,917,792)
15,918	103,205	—	—	119,123	(763,936)	126,084	(637,852)
9,772	63,359	—	8,823	81,954	(468,988)	(68,232)	(537,220)
40,458	262,316	—	—	302,774	(1,941,685)	387,026	(1,554,659)
3,068	19,877	—	—	22,943	(147,133)	7,121	(140,012)
—	—	—	—	—	—	41,483	41,483
52,160	338,190	—	—	390,350	(2,503,312)	152,420	(2,350,892)
67,205	435,736	—	—	502,941	(3,225,356)	865,858	(2,359,498)
129,045	836,686	—	—	965,731	(6,193,229)	570,590	(5,622,639)
158,716	1,029,063	—	—	1,187,779	(7,617,222)	1,112,370	(6,504,852)
459,649	2,980,210	—	—	3,439,859	(22,059,802)	4,588,387	(17,471,415)
6,522	42,285	—	1,411	50,218	(312,999)	(12,296)	(325,295)
558,534	3,821,344	—	—	4,179,878	(28,805,538)	6,032,119	(20,773,419)
39,124	253,665	—	—	292,789	(1,877,655)	273,898	(1,603,757)
128,165	830,980	—	—	959,145	(6,150,996)	605,295	(5,545,701)
167,523	1,086,164	—	—	1,253,687	(8,039,890)	1,942,306	(6,097,584)
7,068	45,828	—	14,271	87,167	(339,224)	(66,955)	(406,179)
49,960	323,926	—	—	373,886	(2,397,731)	353,605	(2,044,126)
3,307	21,442	—	2,795	27,544	(158,713)	(6,350)	(165,063)
27,727	179,770	—	—	207,497	(1,330,672)	263,844	(1,066,828)
22,092	143,236	—	—	165,328	(1,060,246)	137,489	(922,757)
4,804	31,160	—	—	35,954	(230,577)	49,003	(181,574)
10,815	70,123	—	—	80,938	(518,054)	27,827	(491,227)
186,734	1,210,719	—	—	1,397,453	(8,961,859)	1,953,529	(7,008,330)
41,047	266,135	—	—	307,182	(1,969,954)	175,059	(1,794,895)
42,232	273,819	—	—	316,051	(2,026,832)	226,270	(1,800,562)
44,567	288,957	—	—	333,524	(2,138,885)	67,500	(2,071,385)
12,604	81,718	—	—	94,322	(604,882)	113,830	(491,052)
21,524	139,555	—	—	161,079	(1,033,000)	155,942	(877,058)
17,131	111,073	—	—	128,204	(822,176)	173,314	(648,862)
36,037	233,650	—	—	269,687	(1,729,499)	40,170	(1,689,329)
10,929	70,859	—	—	81,788	(524,504)	21,026	(503,478)
2,370	15,368	—	—	17,738	(113,756)	54,701	(59,055)
17,706	114,800	—	—	132,506	(849,764)	144,914	(704,850)
22,645	146,825	—	—	169,470	(1,086,812)	176,111	(910,701)
21,049	136,472	—	4,447	161,968	(1,010,180)	(34,455)	(1,044,635)
25,058	162,469	—	—	187,527	(1,202,612)	198,666	(1,003,946)
15,584	101,043	—	—	116,627	(747,928)	144,914	(603,014)
368,685	2,390,426	—	—	2,759,111	(17,694,162)	4,425,598	(13,268,564)
2,455	15,920	—	—	18,375	(117,843)	153,158	35,315
15,598	101,135	—	—	116,733	(748,810)	145,598	(603,012)
6,522	42,285	—	—	48,807	(312,909)	103,372	(209,627)
5,713	37,040	—	—	42,753	(274,172)	24,903	(249,269)
95,762	620,889	—	—	716,651	(4,595,877)	960,649	(3,635,228)
45,362	294,110	—	—	339,472	(2,177,030)	106,691	(2,070,339)
34,561	224,079	—	—	258,640	(1,658,657)	505,548	(1,153,109)
3,321	21,534	—	—	24,855	(159,395)	120,223	(39,172)
1,306	8,466	—	—	9,772	(62,668)	41,246	(21,422)
92,583	600,275	—	—	692,858	(4,443,294)	1,082,806	(3,360,488)
34,341	222,653	—	—	256,994	(1,648,099)	334,410	(1,313,689)
4,847	31,426	—	—	36,273	(232,621)	55,495	(177,126)
13,413	86,963	—	—	100,376	(643,709)	140,036	(503,673)
59,498	385,766	—	—	445,264	(2,855,479)	490,334	(2,365,145)
—	—	—	—	—	—	—	—
22,099	143,282	—	—	165,381	(1,060,587)	108,134	(952,453)
9,048	58,666	—	—	67,714	(434,248)	117,146	(317,102)
—	—	—	—	—	—	—	—
461	2,991	—	—	3,452	(22,138)	16,858	(5,280)
11,142	72,239	—	20,917	104,298	(534,721)	(85,054)	(619,775)
3,343	21,672	—	12,160	37,175	(160,416)	(48,411)	(208,827)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Schedule of OPEB Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Employer / nonemployer	Employer/ nonemployer number	Net OPEB Asset	Difference Between Projected and Actual Investment Earnings	Deferred outflows of resources	
				Changes in Proportion and Differences Between Employer Contributions	Total deferred outflows of resources
City of Tanana	169	\$ 5,731	325	—	325
North Pacific Fishery Management Council	170	1,143,000	64,847	23,642	88,489
City of Barrow	171	989,597	58,143	28,352	84,495
City of Saint Paul	172	1,476,876	83,789	—	83,789
Municipality of Anchorage	173	147,231,374	8,352,970	3,645,673	11,998,643
Kodiak Island Borough	174	1,748,589	99,204	78,976	178,180
Nome Joint Utility System	175	561,473	31,854	38,621	70,475
City of Sand Point	176	786,063	44,596	16,633	61,229
Ketchikan Gateway Borough School District	177	5,297,903	300,569	52,589	353,158
City of Dillingham	178	1,770,847	100,455	79,309	179,764
City of Unalaska	179	8,444,160	479,068	141,104	620,172
Kenai Peninsula Borough	180	14,357,678	814,563	144,567	959,130
City of Ketchikan	181	7,169,816	406,770	189,202	595,972
City of Seward	182	3,520,238	199,716	5,684	205,400
City of Fort Yukon	183	381,000	21,616	17,717	39,333
Bristol Bay Borough School District	184	363,955	20,648	—	20,648
Cordova City School District	185	692,818	39,306	23,593	62,899
City of Craig	186	1,270,334	72,071	—	72,071
Petersburg Medical Center	187	6,334,624	359,366	2,827	362,213
Haines Borough	189	1,592,178	90,330	67,082	157,412
Kenai Peninsula Borough School District	190	12,331,361	699,603	300,317	999,920
City of North Pole	191	2,086,475	118,373	36,298	154,671
City of Galena	192	648,702	36,803	19,616	56,419
City of Nenana	193	150,395	8,532	—	8,532
Yupit School District	195	1,422,734	80,717	29,086	109,803
Nenana City School District	196	1,257,299	71,331	38,942	110,273
City of Saxman	198	87,229	4,949	117	5,066
City of Hoonah	199	623,637	35,361	14,687	50,068
City of Pelican	200	87,229	4,949	3,496	8,445
City of Whittier	202	1,053,765	59,784	—	59,784
Anchorage Community Development Authority	203	933,450	52,958	12,006	64,964
Craig City School District	204	696,829	39,534	3,921	43,455
Dillingham City School District	205	975,560	55,347	8,990	64,337
City of Thome Bay	206	273,718	15,529	—	15,529
City of Akutan	208	611,605	34,699	18,055	52,754
Unalaska City School District	209	820,152	46,530	—	46,530
Kashunamiut School District	211	1,417,720	80,432	3,897	84,329
City of Homer	215	4,727,406	268,203	114,498	382,701
Special Education Service Agency	218	162,426	9,215	—	9,215
Bartlett Regional Hospital	219	27,863,120	1,580,776	338,290	1,919,066
Northwest Arctic Borough	220	1,778,668	100,910	26,708	127,618
Saint Mary's School District	221	769,018	43,629	21,005	64,634
Bristol Bay Regional Housing Authority	223	963,529	54,664	16,517	71,181
Copper River Basin Regional Housing Authority	224	450,181	25,540	9,304	34,844
Skagway City School District	225	230,605	13,083	—	13,083
City of Klawock	227	536,408	30,432	6,900	37,332
Petersburg City School District	228	767,013	43,515	5,548	49,063
Aleutians East Borough	230	655,721	37,201	16,445	53,646
City of Huslia	235	112,295	6,371	4,903	11,274
City of Kaltag	237	22,058	1,251	1,331	2,582
Haines Borough School District	240	651,710	36,974	14,014	50,988
City of Erim	242	6,248	354	—	354
City of Atka	243	23,061	1,308	669	1,977
Aleutians East Borough School District	244	701,842	39,818	15,853	55,671
Delta/Greely School District	246	971,550	55,120	53,684	108,804
Lake And Peninsula Borough	247	300,789	17,065	—	17,065
City And Borough of Yakutat	248	637,673	36,178	11,593	47,771
City of Unalakleet	249	121,277	6,880	—	6,880
Klawock City School District	251	473,242	26,849	16,882	43,731
City of Mekoryuk	254	—	—	392	392

Deferred inflows of resources				OPEB expense (benefit)			
Difference between expected and actual experience	Change of assumptions	Difference between projected and actual investment earnings	Change in proportion and differences 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 changes in proportion and differences between employer contributions and proportionate share of contributions	
						Proportionate share of contributions	Total OPEB expense (benefit)
41	263	—	44	348	(1,947)	(213)	(2,160)
8,090	52,454	—	—	60,544	(388,269)	67,063	(321,206)
7,004	45,414	—	—	52,418	(336,159)	93,115	(243,044)
10,453	67,779	—	27,218	105,447	(501,684)	(107,169)	(608,853)
1,042,106	6,756,662	—	—	7,798,768	(50,013,458)	11,474,538	(38,538,920)
12,377	80,245	—	—	92,622	(593,983)	235,568	(358,415)
3,974	25,767	—	—	29,741	(190,729)	131,601	(59,128)
5,564	36,074	—	—	41,638	(267,020)	44,774	(222,246)
37,499	243,128	—	—	280,627	(1,799,660)	67,207	(1,732,453)
12,533	81,258	—	—	93,791	(601,476)	231,896	(369,580)
59,768	387,515	—	—	447,283	(2,868,421)	335,125	(2,533,296)
101,624	658,895	—	—	760,519	(4,877,202)	331,353	(4,545,849)
50,748	329,033	—	—	379,781	(2,435,536)	527,285	(1,908,251)
24,916	161,549	—	—	186,465	(1,195,800)	(12,074)	(1,207,874)
2,697	17,485	—	—	20,182	(129,423)	52,942	(76,481)
2,576	16,702	—	13,441	32,719	(123,633)	(45,073)	(168,706)
4,904	31,794	—	—	36,698	(235,345)	64,658	(170,687)
8,991	58,297	—	2,135	69,423	(431,523)	(18,536)	(450,059)
44,837	290,705	—	—	335,542	(2,151,827)	(121,153)	(2,272,980)
11,289	73,067	—	—	84,336	(540,852)	192,400	(348,452)
87,282	565,904	—	—	653,186	(4,188,876)	818,633	(3,370,243)
14,768	95,751	—	—	110,519	(708,761)	95,973	(612,788)
4,592	29,770	—	—	34,362	(220,360)	56,787	(163,573)
1,064	6,902	—	7,682	15,848	(51,088)	(31,722)	(82,610)
10,070	65,291	—	—	75,361	(483,293)	77,850	(405,443)
8,899	57,699	—	—	66,598	(427,096)	99,388	(327,708)
617	4,003	—	—	4,620	(29,631)	(2,562)	(32,193)
4,414	28,620	—	—	33,034	(211,845)	36,782	(175,063)
617	4,003	—	—	4,620	(29,631)	9,527	(20,104)
7,459	48,359	—	2,329	58,147	(357,957)	(17,774)	(375,731)
6,807	42,837	—	—	49,444	(317,086)	51,247	(265,839)
4,932	31,978	—	—	36,910	(236,708)	2,995	(233,713)
6,905	44,770	—	—	51,675	(331,391)	282	(331,109)
1,937	12,561	—	423	14,921	(92,980)	121	(92,859)
4,329	28,067	—	—	32,396	(207,758)	51,078	(156,680)
5,805	37,638	—	8,803	52,246	(278,600)	(32,314)	(310,914)
10,035	65,061	—	—	75,096	(481,590)	(4,720)	(486,310)
33,461	216,948	—	—	250,409	(1,605,866)	298,882	(1,306,984)
1,150	7,454	—	850	9,454	(55,175)	(1,907)	(57,082)
197,216	1,278,679	—	—	1,475,895	(9,464,905)	646,118	(8,818,787)
12,589	81,626	—	—	94,215	(604,201)	59,687	(544,514)
5,443	35,291	—	—	40,734	(261,230)	80,533	(200,697)
6,820	44,218	—	—	51,038	(327,304)	46,640	(280,664)
3,186	20,659	—	—	23,845	(152,923)	24,269	(128,654)
1,632	10,583	—	1,414	13,629	(78,335)	(5,869)	(84,204)
3,797	24,617	—	—	28,414	(182,214)	17,471	(164,743)
5,429	35,199	—	—	40,628	(260,549)	9,014	(251,535)
4,641	30,092	—	—	34,733	(222,744)	54,430	(168,314)
795	5,153	—	—	5,948	(38,146)	16,160	(21,986)
156	1,012	—	—	1,168	(7,493)	5,533	(1,960)
4,613	29,908	—	—	34,521	(221,381)	40,157	(181,224)
44	287	—	48	379	(2,122)	(158)	(2,280)
163	1,058	—	—	1,221	(7,833)	2,564	(5,269)
4,968	32,209	—	—	37,177	(238,411)	45,760	(192,651)
6,877	44,586	—	—	51,463	(330,029)	172,472	(157,557)
2,129	13,804	—	1,206	17,139	(102,176)	(6,430)	(108,606)
4,513	29,264	—	—	33,777	(216,613)	41,659	(174,954)
858	5,566	—	713	7,137	(41,197)	(3,782)	(44,979)
3,350	21,718	—	—	25,068	(160,757)	43,038	(117,719)
—	—	—	—	—	—	1,235	1,235

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Schedule of OPEB Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Deferred outflows of resources					
Employer/nonemployer	Employer/ nonemployer number	Net OPEB Liability	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions	Total deferred outflows of resources
Alaska Gateway School District	255	\$ 1,851,860	105,063	—	105,063
Pelican City School District	257	27,071	1,536	1,620	3,156
Denali Borough	258	430,129	24,403	184	24,587
City of Allakaket	259	—	—	—	—
City of Kachemak	260	18,047	1,024	79	1,103
Cook Inlet Housing Authority	262	8,515,347	483,107	55,116	538,223
Interior Regional Housing Authority	263	770,021	43,686	26,411	70,097
Yakutat School District	264	212,558	12,059	1,864	13,923
Take City School District	265	439,152	24,915	9,400	34,315
Aleutian Housing Authority	267	578,518	32,821	11,523	44,344
Bering Straits Regional Housing Authority	270	688,279	49,261	55,504	104,765
City of Egegik	271	91,239	5,176	24,094	29,270
Ilisagvik College	275	3,813,006	216,326	94,858	311,184
North Pacific Rim Housing Authority	276	1,074,821	60,978	5,866	66,864
Saxman Seaport	278	23,061	1,308	8,078	9,386
Tlingit/Haida Regional Housing Authority	279	2,124,575	120,535	26,659	147,194
City of Toksook Bay	280	17,045	967	637	1,604
Baranof Island Housing Authority	281	495,300	28,100	11,782	39,882
City of Delta Junction	282	196,516	11,149	—	11,149
City of Anderson	283	6,102	346	—	346
Interisland Ferry Authority	284	753,979	42,776	21,213	63,989
City of Seldovia	286	80,210	4,551	—	4,551
Northwest Inupiat Housing Authority	288	307,808	17,463	61,739	79,202
City of Upper Kalskag	290	7,018	398	652	1,050
City of Shaktoolik	291	54,142	3,072	—	3,072
Tagiugmiullu Nunamiullu Housing Authority	293	833,187	47,270	—	47,270
Municipality of Skagway	296	2,839,451	161,092	72,064	233,156
City of Nulato	297	83,811	4,755	—	4,755
City of Aniak	298	207,545	11,775	—	11,775
Alaska Gasline Development Corporation	299	615,616	34,926	34,256	69,182
Total for employers		1,747,991,779	99,169,920	17,053,181	116,223,101
Nonemployer:					
State of Alaska	999	219,574,221	12,457,243	—	12,457,243
Total of all participating entities		\$ 1,967,566,000	111,627,163	17,053,181	128,680,344

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

Deferred inflows of resources				OPEB expense (benefit)			
Difference between expected and actual experience	Change of assumptions	Difference between projected and actual investment earnings	Change in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense (benefit)	Not amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	
						Proportionate share of contributions	Total OPEB expense (benefit)
13,107	84,985	—	7,468	105,560	(629,064)	(58,744)	(687,808)
192	1,242	—	—	1,434	(9,196)	9,825	629
3,044	19,739	—	—	22,783	(146,112)	(8,431)	(154,543)
—	—	—	—	—	—	—	—
128	828	—	—	956	(6,131)	425	(5,706)
60,272	390,782	—	—	451,054	(2,892,603)	39,346	(2,853,257)
5,450	35,337	—	—	40,787	(261,571)	79,284	(182,287)
1,504	9,755	—	—	11,259	(72,204)	4,352	(67,852)
3,108	20,153	—	—	23,261	(149,177)	30,420	(118,757)
4,095	26,549	—	—	30,644	(196,519)	41,269	(155,250)
6,146	39,847	—	—	45,993	(294,948)	177,916	(117,032)
646	4,187	—	—	4,833	(30,993)	88,101	57,108
26,989	174,984	—	—	201,973	(1,295,251)	250,146	(1,045,105)
7,808	49,325	—	—	56,933	(365,109)	17,802	(347,307)
163	1,058	—	—	1,221	(7,833)	24,952	17,119
15,038	97,500	—	—	112,538	(721,703)	74,652	(647,051)
121	782	—	—	903	(5,790)	2,385	(3,405)
3,506	22,730	—	—	26,236	(168,250)	32,215	(136,035)
1,391	9,018	—	6,938	17,347	(66,755)	(18,906)	(85,661)
43	280	—	47	370	(2,073)	(227)	(2,300)
5,337	34,601	—	—	39,938	(256,121)	65,176	(190,945)
568	3,681	—	846	5,095	(27,247)	(4,464)	(31,711)
2,179	14,126	—	—	16,305	(104,560)	200,916	96,356
50	322	—	—	372	(2,384)	2,930	546
383	2,485	—	5,545	8,413	(18,392)	(18,367)	(36,759)
5,897	38,236	—	11,245	55,378	(283,028)	(46,643)	(329,671)
20,098	130,307	—	—	150,405	(964,542)	171,496	(793,046)
593	3,846	—	645	5,084	(28,470)	(2,312)	(30,782)
1,469	9,525	—	8,129	19,123	(70,501)	(31,029)	(101,530)
4,357	28,251	—	—	32,608	(209,120)	140,207	(68,913)
12,372,312	80,217,882	—	171,993	92,762,187	(593,780,462)	49,235,644	(544,544,818)
1,554,150	10,076,580	—	16,881,188	28,511,918	(74,587,812)	(49,235,644)	(123,823,456)
13,926,462	90,294,462	—	17,053,181	121,274,105	(668,368,274)	—	(668,368,274)

**STATE OF ALASKA PUBLIC EMPLOYEES' 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 Public Employees' 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 to State and local government employees.

The Plan is established under Alaska Statute 39.35, 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 three tiers within the Plan:

- Tier 1 employee: Entered System between January 1, 1961 and June 30, 1986 – 5 years of credited service.
- Tier 2 employee: Entered System between July 1, 1986 and June 30, 1996 – 5 years of credited service.
- Tier 3 employee: Entered System between July 1, 1996 and June 30, 2006 – 10 years of credited service.

Major medical benefits are provided to retirees and their surviving spouses at no premium cost for all members hired before July 1, 1986 (Tier 1), and disabled retirees. Members hired after June 30, 1986 (Tier 2), and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996 [Tier 3]) must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers and their surviving spouses with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

(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.

**STATE OF ALASKA PUBLIC EMPLOYEES' 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

(3) Allocation Methodology

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of OPEB amounts by employer and nonemployer are based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for the fiscal years 2023 to 2039. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). Employer contributions were 6.46% of annual payroll for the year ended June 30, 2022.

Alaska Statute 39.35.280 requires the State, as a nonemployer contributing entity, to contribute each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the Plan's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

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

Total OPEB liability	\$	6,901,568,000
Plan fiduciary net position		<u>(8,869,134,000)</u>
Net OPEB asset	\$	<u><u>(1,967,566,000)</u></u>

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The

**STATE OF ALASKA PUBLIC EMPLOYEES' 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

new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation rate	2.50% per year
Salary increases	Graded by service, from 8.50% to 3.85% for peace officer/firefighter Graded by service, from 6.75% to 2.85% for all others
Investment rate of return	7.25%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 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.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

Mortality
All Others

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General 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 101% of male and 108% 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.

Deaths are assumed to result from occupational causes 35% of the time.

Other

Please see the experience study report dated July 15, 2022.

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

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

(b) Long-term Rate of Return

The long-term expected rate of return on postretirement healthcare plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%).

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Broad domestic equity	6.51%
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the postretirement healthcare plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	1,169,018,000	1,967,566,000	2,637,220,000

**STATE OF ALASKA PUBLIC EMPLOYEES' 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

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

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

	1% decrease	Current healthcare cost trend rate	1% increase
\$	2,715,997,000	1,967,566,000	1,073,795,000

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

	Year of deferral	Amortization period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred outflows of resources						
Difference between projected and actual earnings on OPEB plan investments	2018	5 years	\$ (4,768,294)	—	(4,768,294)	—
	2019	5 years	40,800,723	—	20,400,360	20,400,363
	2020	5 years	147,127,200	—	49,042,400	98,084,800
	2021	5 years	(1,383,608,000)	—	(345,902,000)	(1,037,706,000)
	2022	5 years	—	1,288,560,000	257,712,000	1,030,848,000
Total deferred outflows of resources			\$ (1,200,448,371)	1,288,560,000	(23,515,534)	111,627,163
Deferred inflows of resources:						
Difference between expected and actual experience	2021	1.5 years	\$ 26,940,333	—	26,940,333	—
	2022	1.3 years	—	60,348,000	46,421,538	13,926,462
			26,940,333	60,348,000	73,361,871	13,926,462
Change in assumptions	2021	1.5 years	96,945,333	—	96,945,333	—
	2022	1.3 years	—	391,276,000	300,981,538	90,294,462
			96,945,333	391,276,000	397,926,871	90,294,462
Total deferred inflows of resources			\$ 123,885,666	451,624,000	471,288,742	104,220,924

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 1.3 years for the 2022 amount, and 1.5 years for the 2021 amount.

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

Year ending June 30:		
2023	\$	(122,968,164)
2024		(39,147,600)
2025		(88,190,000)
2026		<u>257,712,003</u>
Total	\$	<u><u>7,406,239</u></u>

(7) Collective OPEB Expense (Benefit)

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

Service cost	\$	73,661,000
Interest on total OPEB liability		523,712,000
Change in benefit terms		(63,712,000)
Administrative expense		2,776,000
Expected investment return net of investment expenses		(709,876,000)
Other		(125,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between projected and actual investment earnings on OPEB plan investments		(23,515,532)
Difference between expected and actual experience		(73,361,871)
Change in assumptions		<u>(397,926,871)</u>
Total OPEB expense (benefit)	\$	<u><u>(668,368,274)</u></u>

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Southwest Region School District	102	\$ 641,000	0.29270 %
Annette Island School District	103	395,000	0.18037
Bering Strait School District	104	1,629,000	0.74384
Chatham School District	105	123,000	0.05616
Alaska Municipal League	106	—	—
City of Valdez	107	2,100,000	0.95891
Juneau Borough School District	108	2,708,000	1.23654
Matanuska-Susitna Borough	109	5,198,000	2.37354
Matanuska-Susitna Borough School District	110	6,392,000	2.91875
Anchorage School District	111	18,513,000	8.45350
Copper River School District	112	264,000	0.12055
University of Alaska	113	22,496,000	10.27224
City of Kenai	115	1,574,000	0.71873
Fairbanks North Star Borough	116	5,161,000	2.35664
Fairbanks North Star Borough School District	117	6,746,000	3.08039
Denali Borough School District	118	283,000	0.12922
City And Borough of Sitka	120	2,011,000	0.91827
Chugach School District	121	135,000	0.06164
Ketchikan Gateway Borough	122	1,118,000	0.51051
City of Soldotna	123	891,000	0.40685
Iditarod Area School District	124	192,000	0.08767
Kuspuk School District	125	436,000	0.19909
City And Borough of Juneau	126	7,521,000	3.43428
City of Kodiak	128	1,652,000	0.75434
City of Fairbanks	129	1,702,000	0.77718
City of Wasilla	131	1,794,000	0.81919
Sitka Borough School District	133	508,000	0.23197
City of Palmer	134	868,000	0.39635
City And Borough of Wrangell	135	690,000	0.31507
City of Bethel	136	1,454,000	0.66393
Valdez City School District	137	440,000	0.20092
Hoonah City School District	138	94,000	0.04292
City of Nome	139	713,000	0.32557
City of Kotzebue	140	913,000	0.41690
Galena City School District	141	847,000	0.38676
City of Petersburg	143	1,009,000	0.46073
Bristol Bay Borough	144	628,000	0.28676
North Slope Borough	145	14,850,000	6.78088
Wrangell Public School District	146	95,000	0.04338
City of Cordova	148	629,000	0.28722
Nome City School District	149	264,000	0.12055
City of King Cove	151	231,000	0.10548
Alaska Housing Finance Corporation	152	3,858,000	1.76166
Lower Yukon School District	153	1,828,000	0.83471
Northwest Arctic Borough School District	154	1,392,000	0.63562
Southeast Island School District	155	135,000	0.06164
Pribilof School District	156	52,000	0.02374
Lower Kuskokwim School District	157	3,729,000	1.70276
Kodiak Island Borough School District	158	1,383,000	0.63151
Yukon Flats School District	159	195,000	0.08904
Yukon / Koyukuk School District	160	538,000	0.24566

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
North Slope Borough School District	161	\$ 2,396,000	1.09407 %
Cordova Community Medical Center	163	891,000	0.40685
Lake And Peninsula Borough School District	164	362,000	0.16530
Tanana School District	166	17,000	0.00776
Southeast Regional Resource Center	167	450,000	0.20548
Hydaburg City School District	168	136,000	0.06210
City of Tanana	169	—	—
North Pacific Fishery Management Council	170	326,000	0.14886
City of Barrow	171	282,000	0.12877
City of Saint Paul	172	422,000	0.19270
Municipality of Anchorage	173	41,975,000	19.16911
Kodiak Island Borough	174	500,000	0.22831
Nome Joint Utility System	175	162,000	0.07397
City of Sand Point	176	223,000	0.10183
Ketchikan Gateway Borough School District	177	1,510,000	0.68950
City of Dillingham	178	504,000	0.23014
City of Unalaska	179	2,405,000	1.09818
Kenai Peninsula Borough	180	4,093,000	1.86897
City of Ketchikan	181	2,046,000	0.93426
City of Seward	182	1,005,000	0.45891
City of Fort Yukon	183	108,000	0.04932
Bristol Bay Borough School District	184	104,000	0.04749
Cordova City School District	185	197,000	0.08996
City of Craig	186	361,000	0.16484
Petersburg Medical Center	187	1,807,000	0.82512
Haines Borough	189	454,000	0.20731
Kenai Peninsula Borough School District	190	3,517,000	1.60595
City of North Pole	191	595,000	0.27169
City of Galena	192	185,000	0.08448
City of Nenana	193	43,000	0.01963
Yupit School District	195	406,000	0.18539
Nenana City School District	196	359,000	0.16393
City of Saxman	198	24,000	0.01096
City of Hoonah	199	177,000	0.08082
City of Pelican	200	24,000	0.01096
City of Whittier	202	300,000	0.13699
Anchorage Community Development Authority	203	266,000	0.12146
Craig City School District	204	198,000	0.09041
Dillingham City School District	205	281,000	0.12831
City of Thorne Bay	206	76,000	0.03470
City of Akutan	208	176,000	0.08037
Unalaska City School District	209	234,000	0.10685
Kashunamiut School District	211	406,000	0.18539
City of Homer	215	1,347,000	0.61507
Special Education Service Agency	218	48,000	0.02192
Bartlett Regional Hospital	219	7,945,000	3.62789
Northwest Arctic Borough	220	508,000	0.23197
Saint Mary's School District	221	220,000	0.10046
Bristol Bay Regional Housing Authority	223	275,000	0.12557
Copper River Basin Regional Housing Authority	224	126,000	0.05530
Skagway City School District	225	67,000	0.03059

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
City of Klawock	227	\$ 154,000	0.07032 %
Petersburg City School District	228	219,000	0.10000
Aleutians East Borough	230	188,000	0.08585
City of Huslia	235	32,000	0.01461
City of Kaltag	237	7,000	0.00320
Haines Borough School District	240	185,000	0.08448
City of Atka	243	7,000	0.00320
Aleutians East Borough School District	244	199,000	0.09087
Delta/Greely School District	246	278,000	0.12694
Lake And Peninsula Borough	247	86,000	0.03927
City And Borough of Yakutat	248	183,000	0.08356
City of Unalakleet	249	—	—
Klawock City School District	251	136,000	0.06210
Alaska Gateway School District	255	526,000	0.24018
Pelican City School District	257	7,000	0.00320
Denali Borough	258	123,000	0.05616
City of Kachemak	260	5,000	0.00228
Cook Inlet Housing Authority	262	2,428,000	1.10869
Interior Regional Housing Authority	263	220,000	0.10046
Yakutat School District	264	63,000	0.02877
Kake City School District	265	125,000	0.05708
Aleutian Housing Authority	267	164,000	0.07489
Bering Straits Regional Housing Authority	270	248,000	0.11324
City of Egegik	271	27,000	0.01233
Ilisagvik College	275	1,089,000	0.49726
North Pacific Rim Housing Authority	276	307,000	0.14018
Saxman Seaport	278	7,000	0.00320
Tlingit-Haida Regional Housing Authority	279	607,000	0.27717
City of Toksook Bay	280	—	—
Baranof Island Housing Authority	281	139,000	0.06347
City of Delta Junction	282	56,000	0.02557
City of Anderson	283	—	—
Inter-Island Ferry Authority	284	215,000	0.09817
City of Seldovia	286	22,000	0.01005
Northwest Inupiat Housing Authority	288	89,000	0.04064
City of Upper Kalskag	290	—	—
City of Shaktoolik	291	15,000	0.00685
Tagiugmiullu Nunamiullu Housing Authority	293	239,000	0.10913
Municipality of Skagway	296	809,000	0.36941
City of Nulato	297	—	—
City of Aniak	298	60,000	0.02740
Alaska Gasline Development Corporation	299	177,000	0.08082
Total of all participating employers		\$ 218,998,000	100.00000 %

See accompanying independent auditors' report.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net OPEB assetLiability attributable to employer	Proportionate Share of OPEB Plan Expense
Southwest Region School District	102	\$ (642,687)	(218,316)
Annette Island School District	103	(396,039)	(134,532)
Bering Strait School District	104	(1,633,286)	(554,816)
Chatham School District	105	(123,324)	(41,892)
Alaska Municipal League	106	—	—
City of Valdez	107	(2,105,525)	(715,232)
Juneau Borough School District	108	(2,715,125)	(922,309)
Matanuska-Susitna Borough	109	(5,211,677)	(1,770,370)
Matanuska-Susitna Borough School District	110	(6,408,818)	(2,177,030)
Anchorage School District	111	(18,561,709)	(6,305,281)
Copper River School District	112	(264,695)	(89,915)
University of Alaska	113	(22,555,191)	(7,661,839)
City of Kenai	115	(1,578,141)	(536,084)
Fairbanks North Star Borough	116	(5,174,579)	(1,757,768)
Fairbanks North Star Borough School District	117	(6,763,750)	(2,297,598)
Denali Borough School District	118	(283,745)	(96,386)
City And Borough of Sitka	120	(2,016,291)	(684,920)
Chugach School District	121	(135,355)	(45,979)
Ketchikan Gateway Borough	122	(1,120,942)	(380,776)
City of Soldotna	123	(893,344)	(303,463)
Iditarod Area School District	124	(192,505)	(65,393)
Kuspuk School District	125	(437,147)	(148,496)
City And Borough of Juneau	126	(7,540,789)	(2,561,553)
City of Kodiak	128	(1,656,347)	(562,649)
City of Fairbanks	129	(1,706,478)	(579,679)
City of Wasilla	131	(1,798,720)	(611,013)
Sitka Borough School District	133	(509,337)	(173,018)
City of Palmer	134	(870,284)	(295,629)
City And Borough of Wrangell	135	(691,816)	(235,005)
City of Bethel	136	(1,457,826)	(495,213)
Valdez City School District	137	(441,158)	(149,858)
Hoonah City School District	138	(94,247)	(32,015)
City of Nome	139	(714,876)	(242,838)
City of Kotzebue	140	(915,402)	(310,956)
Galena City School District	141	(849,229)	(288,477)
City of Petersburg	143	(1,011,655)	(343,652)
Bristol Bay Borough	144	(629,652)	(213,888)
North Slope Borough	145	(14,889,073)	(5,057,713)
Wrangell Public School District	146	(95,250)	(32,356)
City of Cordova	148	(630,655)	(214,229)
Nome City School District	149	(264,695)	(89,915)
City of King Cove	151	(231,608)	(78,676)

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net OPEB assetLiability attributable to employer	Proportionate Share of OPEB Plan Expense
Alaska Housing Finance Corporation	152	\$ (3,868,151)	(1,313,984)
Lower Yukon School District	153	(1,832,810)	(622,593)
Northwest Arctic Borough School District	154	(1,395,663)	(474,097)
Southeast Island School District	155	(135,355)	(45,979)
Pribilof School District	156	(52,137)	(17,711)
Lower Kuskokwim School District	157	(3,738,812)	(1,270,048)
Kodiak Island Borough School District	158	(1,386,639)	(471,031)
Yukon Flats School District	159	(195,513)	(66,414)
Yukon / Koyukuk School District	160	(539,416)	(183,236)
North Slope Borough School District	161	(2,402,304)	(816,046)
Cordova Community Medical Center	163	(893,344)	(303,463)
Lake And Peninsula Borough School District	164	(362,952)	(123,292)
Tanana School District	166	(17,045)	(5,790)
Southeast Regional Resource Center	167	(451,184)	(153,264)
Hydaburg City School District	168	(136,358)	(46,320)
City of Tanana	169	—	—
North Pacific Fishery Management Council	170	(326,858)	(111,031)
City of Barrow	171	(282,742)	(96,045)
City of Saint Paul	172	(423,110)	(143,728)
Municipality of Anchorage	173	(42,085,443)	(14,296,128)
Kodiak Island Borough	174	(501,316)	(170,293)
Nome Joint Utility System	175	(162,426)	(55,175)
City of Sand Point	176	(223,587)	(75,951)
Ketchikan Gateway Borough School District	177	(1,513,973)	(514,286)
City of Dillingham	178	(505,326)	(171,656)
City of Unalaska	179	(2,411,328)	(819,111)
Kenai Peninsula Borough	180	(4,103,769)	(1,394,021)
City of Ketchikan	181	(2,051,383)	(696,840)
City of Seward	182	(1,007,644)	(342,290)
City of Fort Yukon	183	(108,284)	(36,783)
Bristol Bay Borough School District	184	(104,274)	(35,421)
Cordova City School District	185	(197,518)	(67,096)
City of Craig	186	(361,950)	(122,952)
Petersburg Medical Center	187	(1,811,755)	(615,440)
Haines Borough	189	(455,195)	(154,626)
Kenai Peninsula Borough School District	190	(3,526,254)	(1,197,844)
City of North Pole	191	(596,566)	(202,649)
City of Galena	192	(185,487)	(63,009)
City of Nenana	193	(43,113)	(14,645)
Yupit School District	195	(407,068)	(138,278)
Nenana City School District	196	(359,945)	(122,271)
City of Saxman	198	(24,063)	(8,174)

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net OPEB assetLiability attributable to employer	Proportionate Share of OPEB Plan Expense
City of Hoonah	199	\$ (177,466)	(60,284)
City of Pelican	200	(24,063)	(8,174)
City of Whittier	202	(300,789)	(102,176)
Anchorage Community Development Authority	203	(266,700)	(90,596)
Craig City School District	204	(198,521)	(67,436)
Dillingham City School District	205	(281,739)	(95,705)
City of Thorne Bay	206	(76,200)	(25,885)
City of Akutan	208	(176,463)	(59,943)
Unalaska City School District	209	(234,616)	(79,697)
Kashunamiut School District	211	(407,068)	(138,278)
City of Homer	215	(1,350,544)	(458,770)
Special Education Service Agency	218	(48,126)	(16,348)
Bartlett Regional Hospital	219	(7,965,905)	(2,705,962)
Northwest Arctic Borough	220	(509,337)	(173,018)
Saint Mary's School District	221	(220,579)	(74,929)
Bristol Bay Regional Housing Authority	223	(275,724)	(93,661)
Copper River Basin Regional Housing Authority	224	(126,332)	(42,914)
Skagway City School District	225	(67,176)	(22,819)
City of Klawock	227	(154,405)	(52,450)
Petersburg City School District	228	(219,576)	(74,588)
Aleutians East Borough	230	(188,495)	(64,030)
City of Huslia	235	(32,084)	(10,899)
City of Kaltag	237	(7,018)	(2,384)
Haines Borough School District	240	(185,487)	(63,009)
City of Atka	243	(7,018)	(2,384)
Aleutians East Borough School District	244	(199,524)	(67,777)
Delta/Greely School District	246	(278,731)	(94,683)
Lake And Peninsula Borough	247	(86,226)	(29,290)
City And Borough of Yakutat	248	(183,482)	(62,327)
City of Unalakleet	249	—	—
Klawock City School District	251	(136,358)	(46,320)
Alaska Gateway School District	255	(527,384)	(179,149)
Pelican City School District	257	(7,018)	(2,384)
Denali Borough	258	(123,324)	(41,892)
City of Kachemak	260	(5,013)	(1,703)
Cook Inlet Housing Authority	262	(2,434,388)	(826,945)
Interior Regional Housing Authority	263	(220,579)	(74,929)
Yakutat School District	264	(63,166)	(21,457)
Take City School District	265	(125,329)	(42,573)
Aleutian Housing Authority	267	(164,432)	(55,856)
Bering Straits Regional Housing Authority	270	(248,653)	(84,466)
City of Egegik	271	(27,071)	(9,196)

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net OPEB assetLiability attributable to employer	Proportionate Share of OPEB Plan Expense
Ilisagvik College	275	\$ (1,091,865)	(370,899)
North Pacific Rim Housing Authority	276	(307,808)	(104,560)
Saxman Seaport	278	(7,018)	(2,384)
Tlingit-Haida Regional Housing Authority	279	(608,597)	(206,736)
City of Toksook Bay	280	—	—
Baranof Island Housing Authority	281	(139,366)	(47,342)
City of Delta Junction	282	(56,147)	(19,073)
City of Anderson	283	—	—
Inter-Island Ferry Authority	284	(215,566)	(73,226)
City of Seldovia	286	(22,058)	(7,493)
Northwest Inupiat Housing Authority	288	(89,234)	(30,312)
City of Upper Kalskag	290	—	—
City of Shaktoolik	291	(15,039)	(5,109)
Tagiugmiullu Nunamiullu Housing Authority	293	(239,629)	(81,400)
Municipality of Skagway	296	(811,129)	(275,535)
City of Nulato	297	—	—
City of Aniak	298	(60,158)	(20,435)
Alaska Gasline Development Corporation	299	(177,466)	(60,284)
Total of all participating employers		\$ <u>(219,574,221)</u>	<u>(74,587,812)</u>

See accompanying independent auditors' report

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Employer contributions		
		Actual	RDS	Total
Employer:				
State of Alaska	101	\$ 38,614,716	352,933	38,967,649
Southwest Region School District	102	72,131	659	72,790
Annette Island School District	103	4,781	44	4,825
Bering Strait School District	104	194,177	1,775	195,952
Chatham School District	105	10,735	98	10,833
Alaska Municipal League	106	—	—	—
City of Valdez	107	198,912	1,818	200,730
Juneau Borough School District	108	296,765	2,712	299,477
Matanuska-Susitna Borough	109	441,411	4,034	445,445
Matanuska-Susitna Borough School District	110	570,221	5,212	575,433
Anchorage School District	111	2,016,677	18,432	2,035,109
Copper River School District	112	15,864	145	16,009
University of Alaska	113	4,279,613	39,115	4,318,728
City of Kenai	115	155,945	1,425	157,370
Fairbanks North Star Borough	116	568,664	5,198	573,862
Fairbanks North Star Borough School District	117	698,046	6,380	704,426
Denali Borough School District	118	—	—	—
City And Borough of Sitka	120	219,124	2,003	221,127
Chugach School District	121	11,328	104	11,432
Ketchikan Gateway Borough	122	157,119	1,436	158,555
City of Soldotna	123	115,302	1,054	116,356
Iditarod Area School District	124	8,211	75	8,286
Kuspuk School District	125	71,364	652	72,016
City And Borough of Juneau	126	1,058,991	9,679	1,068,670
City of Kodiak	128	160,389	1,466	161,855
City of Fairbanks	129	177,344	1,621	178,965
City of Wasilla	131	169,292	1,547	170,839
Sitka Borough School District	133	42,932	392	43,324
City of Palmer	134	81,494	745	82,239
City And Borough of Wrangell	135	112,423	1,028	113,451
City of Bethel	136	98,118	897	99,015
Valdez City School District	137	29,485	269	29,754
Hoonah City School District	138	15,928	146	16,074
City of Nome	139	54,445	498	54,943
City of Kotzebue	140	42,028	384	42,412
Galena City School District	141	91,656	838	92,494
City of Petersburg	143	102,275	935	103,210
Bristol Bay Borough	144	52,442	479	52,921
North Slope Borough	145	1,721,013	15,730	1,736,743
Wrangell Public School District	146	17,415	159	17,574
City of Cordova	148	60,797	556	61,353
Nome City School District	149	52,457	479	52,936
City of King Cove	151	37,893	346	38,239
Alaska Housing Finance Corporation	152	580,116	5,302	585,418
Lower Yukon School District	153	212,796	1,945	214,741
Northwest Arctic Borough School District	154	162,915	1,489	164,404
Southeast Island School District	155	9,993	91	10,084
Pribilof School District	156	16,488	151	16,639
Lower Kuskokwim School District	157	469,560	4,292	473,852
Kodiak Island Borough School District	158	121,540	1,111	122,651
Yukon Flats School District	159	14,351	131	14,482

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Employer contributions		
		Actual	RDS	Total
Yukon / Koyukuk School District	160	\$ 77,516	708	78,224
North Slope Borough School District	161	216,592	1,980	218,572
Cordova Community Medical Center	163	31,226	285	31,511
Lake And Peninsula Borough School District	164	54,274	496	54,770
Tanana School District	166	4,509	41	4,550
Southeast Regional Resource Center	167	47,869	438	48,307
Hydaburg City School District	168	—	—	—
City of Tanana	169	—	—	—
North Pacific Fishery Management Council	170	49,762	455	50,217
City of Barrow	171	40,409	369	40,778
City of Saint Paul	172	32,223	295	32,518
Municipality of Anchorage	173	5,882,492	53,765	5,936,257
Kodiak Island Borough	174	59,046	540	59,586
Nome Joint Utility System	175	47,856	437	48,293
City of Sand Point	176	6,968	64	7,032
Ketchikan Gateway Borough School District	177	101,252	925	102,177
City of Dillingham	178	48,731	445	49,176
City of Unalaska	179	158,862	1,452	160,314
Kenai Peninsula Borough	180	390,312	3,567	393,879
City of Ketchikan	181	254,642	2,327	256,969
City of Seward	182	98,171	897	99,068
City of Fort Yukon	183	9,002	82	9,084
Bristol Bay Borough School District	184	6,054	55	6,109
Cordova City School District	185	20,605	188	20,793
City of Craig	186	33,641	307	33,948
Petersburg Medical Center	187	123,394	1,128	124,522
Haines Borough	189	40,376	369	40,745
Kenai Peninsula Borough School District	190	385,515	3,524	389,039
City of North Pole	191	58,408	534	58,942
City of Galena	192	22,301	204	22,505
City of Nenana	193	—	—	—
Yup'it School District	195	56,580	517	57,097
Nenana City School District	196	29,089	266	29,355
City of Saxman	198	—	—	—
City of Hoonah	199	5,514	50	5,564
City of Pelican	200	3,736	34	3,770
City of Whittier	202	18,221	167	18,388
Anchorage Community Development Authority	203	14,740	135	14,875
Craig City School District	204	6,103	56	6,159
Dillingham City School District	205	17,379	159	17,538
City of Thome Bay	206	5,267	48	5,315
City of Akutan	208	16,774	153	16,927
Unalaska City School District	209	31,946	292	32,238
Kashunamiut School District	211	60,922	557	61,479
City of Homer	215	137,782	1,259	139,041
Special Education Service Agency	218	8,302	76	8,378
Bartlett Regional Hospital	219	617,387	5,643	623,030
Northwest Arctic Borough	220	38,206	349	38,555
Saint Mary's School District	221	12,509	114	12,623
Bristol Bay Regional Housing Authority	223	41,786	382	42,168
Copper River Basin Regional Housing Authority	224	21,092	193	21,285

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Employer contributions		
		Actual	RDS	Total
Skagway City School District	225	\$ 6,979	64	7,043
City of Klawock	227	13,648	125	13,773
Petersburg City School District	228	14,836	136	14,972
Aleutians East Borough	230	35,523	325	35,848
City of Huslia	235	7,421	68	7,489
City of Kaltag	237	1,377	13	1,390
Haines Borough School District	240	25,812	236	26,048
City of Elim	242	—	—	—
City of Atka	243	1,214	11	1,225
Aleutians East Borough School District	244	26,971	247	27,218
Delta/Greely School District	246	28,237	258	28,495
Lake And Peninsula Borough	247	194	2	196
City And Borough of Yakutat	248	31,089	284	31,373
City of Unalakleet	249	943	9	952
Klawock City School District	251	12,252	112	12,364
City of Mekoryik	254	1,682	15	1,697
Alaska Gateway School District	255	28,495	260	28,755
Pelican City School District	257	531	5	536
Denali Borough	258	5,094	47	5,141
City of Allakaket	259	—	—	—
City of Kachemak	260	98	1	99
Cook Inlet Housing Authority	262	208,801	1,908	210,709
Interior Regional Housing Authority	263	18,876	173	19,049
Yakutat School District	264	6,486	59	6,545
Kake City School District	265	14,249	130	14,379
Aleutian Housing Authority	267	28,895	264	29,159
Bering Straits Regional Housing Authority	270	33,406	305	33,711
City of Egegik	271	105,598	965	106,563
Ilisagvik College	275	81,251	743	81,994
North Pacific Rim Housing Authority	276	58,600	536	59,136
Saxman Seaport	278	710	6	716
Tlingit-Haida Regional Housing Authority	279	42,760	391	43,151
City of Toksook Bay	280	1,834	17	1,851
Baranof Island Housing Authority	281	23,719	217	23,936
City of Delta Junction	282	9,303	85	9,388
City of Anderson	283	—	—	—
Inter-Island Ferry Authority	284	31,780	290	32,070
City of Seldovia	286	—	—	—
Northwest Inupiat Housing Authority	288	38,780	354	39,134
City of Upper Kalskag	290	2,705	25	2,730
City of Shaktoolik	291	(576)	(5)	(581)
Tagiugmiullu Nunamiullu Housing Authority	293	19,939	182	20,121
Municipality of Skagway	296	57,084	522	57,606
City of Nulato	297	—	—	—
City of Aniak	298	—	—	—
Alaska Gasline Development Corporation	299	30,403	278	30,681
Total employer contributions		64,990,024	594,000	65,584,024
Nonemployer:				
State of Alaska	999			
Total of all participating entities		\$ 64,990,024	594,000	65,584,024

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN

Table of Contents

	Page
Independent Auditors' Report	1-2
Schedule of Employer Allocations	3-6
Schedule of OPEB Amounts by Employer	7-12
Notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer	13-18

Independent Auditors' Report

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

We have audited the accompanying schedule of employer allocations of the State of Alaska Public Employees' Retirement System Occupational Death and Disability Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total of 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 of the Plan as of and for the year ended June 30, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the 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, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Public Employees' Retirement System, which includes the Occupational Death and Disability Plan, as of and for the year ended June 30, 2022, and our report thereon, dated October 20, 2022, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the State of Alaska Public Employees' Retirement System management, the members of the Alaska Retirement Management Board, State of Alaska Public Employees' Retirement System Occupational Death and Disability Plan employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

[(signed) KPMG LLP]

Anchorage, Alaska
DATE

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
State of Alaska	101	\$ 2,820,719	48.89072 %
Southwest Region School District	102	6,502	0.11270
Annette Island School District	103	6,899	0.11958
Bering Strait School District	104	17,440	0.30228
Chatham School District	105	1,872	0.03245
City of Valdez	107	31,685	0.54919
Juneau Borough School District	108	33,357	0.57817
Matanuska-Susitna Borough	109	76,187	1.32053
Matanuska-Susitna Borough School District	110	85,218	1.47706
Anchorage School District	111	217,759	3.77436
Copper River School District	112	3,550	0.06153
University of Alaska	113	231,669	4.01545
City of Kenai	115	27,554	0.47759
Fairbanks North Star Borough	116	58,991	1.02247
Fairbanks North Star Borough School District	117	82,273	1.42601
Denali Borough School District	118	3,984	0.06905
City and Borough of Sitka	120	29,787	0.51629
Chugach School District	121	1,298	0.02250
Ketchikan Gateway Borough	122	15,415	0.26718
City of Soldotna	123	11,694	0.20269
Iditarod Area School District	124	2,033	0.03524
Kuspuk School District	125	3,776	0.06545
City and Borough of Juneau	126	103,375	1.79177
City of Kodiak	128	27,359	0.47421
City of Fairbanks	129	48,587	0.84214
City of Wasilla	131	28,701	0.49747
Sitka Borough School District	133	6,861	0.11892
City of Palmer	134	13,463	0.23335
City and Borough of Wrangell	135	10,647	0.18454
City of Bethel	136	27,697	0.48006
Valdez City School District	137	6,462	0.11200
Hoonah City School District	138	874	0.01515
City of Nome	139	14,071	0.24389
City of Kotzebue	140	19,840	0.34388
Galena City School District	141	11,768	0.20397
City of Petersburg	143	14,140	0.24508
Bristol Bay Borough	144	11,252	0.19503
North Slope Borough	145	193,186	3.34844
Wrangell Public School District	146	2,108	0.03654
City of Cordova	148	9,467	0.16409
Nome City School District	149	3,087	0.05351
City of King Cove	151	2,478	0.04295
Alaska Housing Finance Corporation	152	38,861	0.67357

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
Lower Yukon School District	153	\$ 20,462	0.35466 %
Northwest Arctic Borough School District	154	17,959	0.31128
Southeast Island School District	155	2,353	0.04078
Pribilof School District	156	658	0.01140
Lower Kuskokwim School District	157	41,003	0.71069
Kodiak Island Borough School District	158	19,823	0.34359
Yukon Flats School District	159	2,020	0.03501
Yukon / Koyukuk School District	160	6,052	0.10490
North Slope Borough School District	161	27,146	0.47051
Cordova Community Medical Center	163	14,382	0.24928
Lake and Peninsula Borough School District	164	4,085	0.07080
Sitka Community Hospital	165	—	—
Tanana School District	166	189	0.00328
Southeast Regional Resource Center	167	5,961	0.10332
Hydaburg City School District	168	1,891	0.03278
City of Tanana	169	—	—
North Pacific Fishery Mgmt Council	170	2,682	0.04649
City of Barrow	171	2,018	0.03498
City of Saint Paul	172	5,567	0.09649
Municipality of Anchorage	173	615,904	10.67529
Kodiak Island Borough	174	6,188	0.10725
Nome Joint Utility System	175	978	0.01695
City of Sand Point	176	4,406	0.07637
Ketchikan Gateway Borough School District	177	18,690	0.32395
City of Dillingham	178	8,241	0.14284
City of Unalaska	179	39,804	0.68991
Kenai Peninsula Borough	180	73,073	1.26655
City of Ketchikan	181	28,467	0.49341
City of Seward	182	16,444	0.28502
City of Fort Yukon	183	2,591	0.04491
Bristol Bay Borough School District	184	1,353	0.02345
Cordova City School District	185	2,145	0.03718
City of Craig	186	4,769	0.08266
Petersburg Medical Center	187	23,904	0.41432
Haines Borough	189	7,685	0.13320
Kenai Peninsula Borough School District	190	45,106	0.78181
City of North Pole	191	12,784	0.22158
City of Galena	192	2,442	0.04233
City of Nenana	193	642	0.01113
Yupit School District	195	4,038	0.06999
Nenana City School District	196	5,293	0.09174
City of Saxman	198	267	0.00463
City of Hoonah	199	9,719	0.16846

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
City of Pelican	200	\$ 408	0.00707 %
City of Whittier	202	5,958	0.10327
Anchorage Community Develop Authority	203	3,964	0.06871
Craig City School District	204	2,731	0.04734
Dillingham City School District	205	4,015	0.06959
City of Thorne Bay	206	1,169	0.02026
City of Akutan	208	1,964	0.03404
Unalaska City School District	209	2,413	0.04182
Kashunamiut School District	211	4,758	0.08247
City of Homer	215	21,973	0.38085
Special Education Service Agency	218	605	0.01049
Bartlett Regional Hospital	219	108,159	1.87469
Northwest Arctic Borough	220	6,262	0.10854
Saint Mary's School District	221	3,109	0.05389
Bristol Bay RHA	223	2,692	0.04666
Copper River Basin RHA	224	1,623	0.02813
Skagway City School District	225	1,051	0.01822
City of Klawock	227	2,474	0.04288
Petersburg City School District	228	2,817	0.04883
Aleutians East Borough	230	1,630	0.02825
City of Huslia	235	193	0.00335
City of Kaltag	237	38	0.00066
Haines Borough School District	240	1,496	0.02593
City of Atka	243	107	0.00185
Aleutians East Borough School District	244	2,482	0.04302
Delta/Greely School District	246	3,656	0.06337
Lake and Peninsula Borough	247	1,470	0.02548
City and Borough of Yakutat	248	2,527	0.04380
City of Unalakleet	249	—	—
Klawock City School District	251	1,563	0.02709
Alaska Gateway School District	255	7,249	0.12564
Pelican School District	257	—	—
Denali Borough	258	1,815	0.03146
City of Kachemak	260	29	0.00050
Cook Inlet Housing Authority	262	31,777	0.55078
Interior RHA	263	3,336	0.05782
Yakutat School District	264	507	0.00879
Kake City School District	265	1,491	0.02584
Aleutian Housing Authority	267	1,447	0.02508
Bering Straits RHA	270	3,075	0.05330
City of Egegik	271	436	0.00756
Iliisagvik College	275	14,730	0.25531
North Pacific Rim HA	276	2,526	0.04378
Saxman Seaport	278	—	—

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
Tlingit-Haida RHA	279	\$ 8,021	0.13903 %
Baranof Island HA	281	1,353	0.02345
City of Delta Junction	282	376	0.00652
City of Anderson	283	—	—
Inter-Island Ferry Authority	284	2,598	0.04503
City of Seldovia	286	350	0.00607
Northwest Inupiat Housing Authority	288	2,885	0.05000
City of Upper Kalskag	290	—	—
City of Shaktoolik	291	97	0.00168
Tagiugmiullu Nunamiullu Housing Authority	293	4,973	0.08620
Municipality of Skagway	296	11,921	0.20662
City of Nulato	297	—	—
City of Aniak	298	815	0.01413
Alaska Gasline Development Corporation	299	1,191	0.02064
Total contributions		\$ <u>5,769,435</u>	<u>100.00000 %</u>

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

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 OCCUPATIONAL DEATH AND DISABILITY PLAN

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2022

Employer	Employer number	Net OPEB asset	Deferred outflows of resources		
			Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
State of Alaska	101	\$ 21,432,732	725,834	269,897	995,731
Southwest Region School District	102	49,407	1,673	3,118	4,791
Annette Island School District	103	52,419	1,775	1,911	3,686
Bering Strait School District	104	132,517	4,488	8,612	13,100
Chatham School District	105	14,225	482	737	1,219
City of Valdez	107	240,752	8,153	7,341	15,494
Juneau Borough School District	108	253,457	8,583	9,156	17,739
Matanuska-Susitna Borough	109	578,895	19,605	4,617	24,222
Matanuska-Susitna Borough School District	110	647,510	21,928	25,229	47,157
Anchorage School District	111	1,654,600	56,034	95,148	151,182
Copper River School District	112	26,975	914	912	1,826
University of Alaska	113	1,760,296	59,613	5,513	65,126
City of Kenai	115	209,365	7,090	16,737	23,827
Fairbanks North Star Borough	116	448,234	15,180	21,457	36,637
Fairbanks North Star Borough School District	117	625,138	21,171	27,607	48,778
Denali Borough School District	118	30,275	1,025	5,229	6,254
City And Borough of Sitka	120	226,334	7,665	12,510	20,175
Chugach School District	121	9,863	334	1,576	1,910
Ketchikan Gateway Borough	122	117,131	3,967	1,481	5,448
City of Soldotna	123	88,854	3,009	3,948	6,957
Iditarod Area School District	124	15,447	523	3,309	3,832
Kuspuk School District	125	28,688	972	3,550	4,522
City and Borough of Juneau	126	785,476	26,601	24,150	50,751
City of Kodiak	128	207,884	7,040	19,188	26,228
City of Fairbanks	129	369,181	12,503	2,175	14,678
City of Wasilla	131	218,080	7,385	—	7,385
Sitka Borough School District	133	52,128	1,765	4,181	5,946
City of Palmer	134	102,293	3,464	6,331	9,795
City And Borough of Wrangell	135	80,898	2,740	5,829	8,569
City of Bethel	136	210,449	7,127	7,397	14,524
Valdez City School District	137	49,104	1,663	3,453	5,116
Hoonah City School District	138	6,644	225	1,419	1,644
City of Nome	139	106,918	3,621	3,352	6,973
City of Kotzebue	140	150,748	5,105	11,682	16,787
Galena City School District	141	89,418	3,028	4,594	7,622
City of Petersburg	143	107,439	3,638	4,488	8,126
Bristol Bay Borough	144	85,495	2,895	—	2,895
North Slope Borough	145	1,467,887	49,711	105,726	155,437
Wrangell Public School District	146	16,020	543	2,640	3,183
City of Cordova	148	71,937	2,436	6,888	9,324
Nome City School District	149	23,455	794	5,038	5,832
City of King Cove	151	18,829	638	1,222	1,860
Alaska Housing Finance Corporation	152	295,282	10,000	10,601	20,601
Lower Yukon School District	153	155,473	5,265	4,302	9,567
Northwest Arctic Borough School District	154	136,456	4,621	12,041	16,662
Southeast Island School District	155	17,877	605	2,323	2,928
Pribitof School District	156	5,001	169	222	391
Lower Kuskokwim School District	157	311,551	10,551	13,764	24,315
Kodiak Island Borough School District	158	150,621	5,101	9,143	14,244
Yukon Flats School District	159	15,345	520	2,350	2,870
Yukon / Koyukuk School District	160	45,986	1,557	4,749	6,306
North Slope Borough School District	161	206,268	6,985	25,976	32,961
Aleutian Region School District	162	—	—	260	260
Cordova Community Medical Center	163	109,278	3,701	51,157	54,858

Deferred inflows of resources			OPEB expense (benefit)			
Difference between expected and actual experience	Change of assumptions	Change in proportion 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 proportionate share of contributions	Total OPEB expense (benefit)
7,031,167	136,486	55,215	7,222,868	(127,037)	52,528	(74,509)
16,208	315	3,809	20,332	(293)	(57)	(350)
17,197	334	7,474	25,005	(311)	(887)	(1,198)
43,473	844	3,772	48,089	(785)	1,167	382
4,667	91	1,744	6,502	(84)	(140)	(224)
78,980	1,533	9,356	89,869	(1,427)	(985)	(2,412)
83,148	1,614	9,968	94,730	(1,502)	17	(1,485)
189,911	3,686	31,284	224,881	(3,431)	(4,751)	(8,182)
212,420	4,123	28,589	245,132	(3,838)	465	(3,373)
542,804	10,536	42,539	595,879	(9,808)	11,385	1,577
8,849	172	1,982	11,003	(160)	(173)	(333)
577,478	11,209	237,784	826,471	(10,434)	(43,556)	(53,990)
68,684	1,333	12,906	82,923	(1,241)	(48)	(1,289)
147,046	2,854	17,434	167,334	(2,657)	697	(1,960)
205,081	3,981	15,117	224,179	(3,705)	2,537	(1,168)
9,932	193	2,137	12,262	(179)	533	354
74,250	1,441	10,402	86,093	(1,342)	785	(557)
3,236	63	236	3,535	(58)	275	217
38,426	746	7,326	46,498	(694)	(706)	(1,400)
29,149	566	92	29,807	(527)	817	290
5,067	98	1,100	6,265	(92)	217	125
9,411	183	4,309	13,903	(170)	(146)	(316)
257,681	5,002	25,416	288,099	(4,656)	(1,523)	(6,179)
68,198	1,324	11,897	81,419	(1,232)	239	(993)
121,112	2,351	57,441	180,904	(2,188)	(10,240)	(12,428)
71,543	1,389	10,416	83,348	(1,293)	(2,195)	(3,488)
17,101	332	420	17,853	(309)	871	562
33,558	651	4,717	38,926	(606)	38	(568)
26,539	515	15,785	42,839	(480)	(1,723)	(2,203)
69,039	1,340	16,747	87,126	(1,247)	(2,098)	(3,345)
16,109	313	5,095	21,517	(291)	(176)	(467)
2,180	42	228	2,450	(39)	321	282
35,075	681	4,687	40,443	(834)	(397)	(1,031)
49,454	960	8,004	58,418	(894)	150	(744)
29,334	569	7,093	36,996	(530)	(89)	(619)
35,246	684	3,108	39,038	(837)	158	(479)
28,047	544	11,062	39,653	(507)	(1,836)	(2,343)
481,551	9,347	16,817	507,715	(8,701)	15,176	6,475
5,256	102	2,688	8,046	(95)	(39)	(134)
23,599	458	3,516	27,573	(426)	782	356
7,695	149	1,040	8,684	(139)	858	719
6,177	120	1,111	7,408	(112)	40	(72)
96,869	1,880	21,263	120,012	(1,750)	(1,556)	(3,306)
51,004	990	13,032	65,026	(922)	(1,586)	(2,508)
44,765	869	1,074	46,708	(809)	2,373	1,564
5,865	114	1,078	7,057	(106)	210	104
1,641	32	627	2,300	(30)	(59)	(89)
102,207	1,984	19,410	123,601	(1,847)	(444)	(2,291)
49,412	959	5,439	55,810	(893)	1,094	201
5,034	98	865	5,997	(91)	330	239
15,086	293	2,423	17,802	(273)	421	148
67,687	1,313	5,520	74,500	(1,223)	3,427	2,204
—	—	—	—	—	84	84
36,849	696	57,607	94,152	(648)	(1,829)	(2,477)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2022

Employer	Employer number	Net OPEB asset	Deferred outflows of resources		
			Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Lake And Peninsula Borough School District	164	\$ 31,036	1,051	4,367	5,418
Sitka Community Hospital	165	—	—	68,419	68,419
Tanana School District	166	1,439	49	1,182	1,231
Southeast Regional Resource Center	167	45,292	1,534	1,087	2,621
Hydaburg City School District	168	14,367	487	995	1,482
City of Tanana	169	—	—	35	35
North Pacific Fishery Management Council	170	20,375	690	2,302	2,992
City of Barrow	171	15,331	519	6,110	6,629
City of Saint Paul	172	42,298	1,432	5,083	6,515
Municipality of Anchorage	173	4,679,836	158,485	132,793	291,278
Kodiak Island Borough	174	47,016	1,592	6,928	8,520
Nome Joint Utility System	175	7,433	252	275	527
City of Sand Point	176	33,479	1,134	6,206	7,340
Ketchikan Gateway Borough School District	177	142,012	4,809	15,235	20,044
City of Dillingham	178	62,620	2,121	11,526	13,647
City of Unalaska	179	302,447	10,243	10,499	20,742
Kenai Peninsula Borough	180	555,233	18,803	11,684	30,487
City of Ketchikan	181	216,302	7,325	5,759	13,084
City of Seward	182	124,946	4,231	321	4,552
City of Fort Yukon	183	19,686	667	1,660	2,327
Bristol Bay Borough School District	184	10,280	348	1,198	1,546
Cordova City School District	185	16,296	552	1,959	2,511
City of Craig	186	36,235	1,227	4,112	5,339
Petersburg Medical Center	187	181,628	6,151	7,881	14,032
Haines Borough	189	58,390	1,977	7,135	9,112
Kenai Peninsula Borough School District	190	342,733	11,607	20,572	32,179
City of North Pole	191	97,137	3,290	9,492	12,782
City of Galena	192	18,558	628	478	1,106
City of Nenana	193	4,878	165	2,215	2,380
Yupit School District	195	30,681	1,039	1,300	2,339
Nenana City School District	196	40,215	1,362	2,834	4,196
City of Saxman	198	2,031	69	1,090	1,159
City of Hoonah	199	73,845	2,501	9,287	11,788
City of Pelican	200	3,097	105	336	441
City of Whittier	202	45,274	1,533	2,034	3,567
Anchorage Community Development Authority	203	30,119	1,020	7,245	8,265
Craig City School District	204	20,748	703	1,491	2,194
Dillingham City School District	205	30,506	1,033	3,130	4,163
City of Thorne Bay	206	8,886	301	1,407	1,708
City of Akutan	208	14,926	505	4,533	5,038
Unalaska City School District	209	18,336	621	740	1,361
Kashunamiut School District	211	38,155	1,224	1,958	3,182
City of Homer	215	168,954	5,654	501	6,155
Special Education Service Agency	218	4,596	156	1,061	1,217
Bartlett Regional Hospital	219	821,825	27,832	36,040	63,872
Northwest Arctic Borough	220	47,583	1,611	6,395	8,006
Saint Mary's School District	221	23,619	800	525	1,325
Bristol Bay Regional Housing Authority	223	20,453	693	2,546	3,239
Copper River Basin Regional Housing Authority	224	12,330	418	954	1,372
Skagway City School District	225	7,985	270	289	559
City of Klawock	227	18,796	637	2,095	2,732
Petersburg City School District	228	21,402	725	1,265	1,990
Aleutians East Borough	230	12,385	419	534	953
City of Huslia	235	1,464	50	704	754

Deferred inflows of resources				OPEB expense (benefit)		
Difference between expected and actual experience	Change of assumptions	Change in proportion 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 proportionate share of contributions	
					Total OPEB expense (benefit)	Total OPEB expense (benefit)
10,182	198	1,837	12,217	(184)	567	383
—	—	1,629	1,629	—	13,512	13,512
472	9	312	793	(9)	150	141
14,858	288	5,644	20,790	(268)	(643)	(911)
4,713	91	3,262	8,066	(85)	(420)	(505)
—	—	24	24	—	1	1
6,684	130	1,043	7,857	(121)	114	(7)
5,030	98	1,656	6,784	(91)	740	649
13,876	269	4,610	18,755	(251)	32	(219)
1,535,255	29,801	218,497	1,783,553	(27,739)	(31,817)	(59,556)
15,424	299	2,158	17,881	(279)	856	377
2,438	47	1,033	3,518	(44)	(211)	(255)
10,983	213	2,756	13,952	(198)	400	202
46,588	904	8,528	56,020	(842)	1,132	290
20,543	399	984	21,926	(371)	1,722	1,351
99,220	1,926	5,652	106,798	(1,793)	317	(1,476)
182,148	3,536	39,892	225,576	(3,291)	(5,152)	(8,443)
70,960	1,377	10,457	82,794	(1,282)	(1,174)	(2,456)
40,990	796	8,809	50,595	(741)	(1,421)	(2,162)
6,458	125	4,185	10,768	(117)	(525)	(642)
3,372	65	1,453	4,890	(61)	(127)	(188)
5,346	104	459	5,909	(97)	184	87
11,887	231	360	12,478	(215)	863	448
59,584	1,157	16,542	77,283	(1,077)	(1,367)	(2,444)
19,155	372	2,106	21,633	(346)	646	300
112,436	2,182	14,833	129,451	(2,032)	2,086	54
31,866	619	9,308	41,793	(576)	(420)	(996)
8,088	118	693	8,899	(110)	(89)	(199)
1,600	31	2,397	4,028	(29)	(85)	(114)
10,065	195	2,905	13,165	(182)	(362)	(544)
13,193	256	4,487	17,936	(238)	(194)	(432)
666	13	441	1,120	(12)	143	131
24,225	470	7,886	32,581	(438)	88	(350)
1,016	20	753	1,789	(18)	(54)	(72)
14,853	288	6,232	21,373	(268)	(853)	(1,121)
9,881	192	629	10,702	(179)	1,378	1,199
6,806	132	262	7,200	(123)	268	145
10,008	194	3,509	13,711	(181)	69	(112)
2,915	57	520	3,492	(53)	179	126
4,897	95	2,124	7,116	(88)	293	205
6,015	117	728	6,860	(109)	(16)	(125)
11,861	230	6,653	18,744	(214)	(527)	(741)
54,771	1,063	7,406	63,240	(990)	(1,241)	(2,231)
1,508	29	528	2,065	(27)	146	119
269,606	5,233	57,765	332,604	(4,871)	(3,115)	(7,986)
15,610	303	6,834	22,747	(282)	315	33
7,749	150	2,248	10,147	(140)	(303)	(443)
6,710	130	1,278	8,118	(121)	388	267
4,045	79	1,350	5,474	(73)	36	(37)
2,620	51	1,586	4,257	(47)	(217)	(264)
6,166	120	3,034	9,320	(111)	(65)	(176)
7,021	136	658	7,815	(127)	142	15
4,063	79	752	4,894	(73)	(34)	(107)
480	9	410	899	(9)	49	40

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 OCCUPATIONAL DEATH AND DISABILITY PLAN

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2022

Employer	Employer number	Net OPEB asset	Deferred outflows of resources		
			Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
City of Kaltag	237	\$ 286	10	226	236
Haines Borough School District	240	11,370	385	1,610	1,995
City of Atka	243	815	28	769	797
Aleutians East Borough School District	244	18,859	639	928	1,567
Delta/Greely School District	246	27,778	941	1,517	2,458
Lake and Peninsula Borough	247	11,170	378	275	653
City and Borough of Yakutat	248	19,202	650	3,222	3,872
City of Unalakleet	249	—	—	2,710	2,710
Klawock City School District	251	11,877	402	427	829
Alaska Gateway School District	255	55,080	1,865	2,130	3,995
Pelican City School District	257	—	—	198	198
Denali Borough	258	13,790	467	312	779
City of Kachemak	260	221	7	—	7
Cook Inlet Housing Authority	262	241,455	8,177	5,013	13,190
Interior Regional Housing Authority	263	25,346	858	1,647	2,505
Yakutat School District	264	3,854	131	777	908
Kake City School District	265	11,326	384	346	730
Aleutian Housing Authority	267	10,995	372	2,946	3,318
Bering Straits Regional Housing Authority	270	23,367	791	2,205	2,996
City of Egegik	271	3,313	112	134	246
Ilisagvik College	275	111,926	3,790	13,206	16,996
North Pacific Rim Housing Authority	276	19,194	650	137	787
Saxman Seaport	278	—	—	1,294	1,294
Tlingit-Haida Regional Housing Authority	279	60,945	2,064	5,495	7,559
Baranof Island Housing Authority	281	10,282	348	1,270	1,618
City of Delta Junction	282	2,857	97	1,953	2,050
City of Anderson	283	—	—	246	246
Inter-Island Ferry Authority	284	19,739	668	1,478	2,146
City of Seldovia	286	2,659	90	454	544
Northwest Inupiat Housing Authority	288	21,917	742	2,587	3,329
City of Upper Kalskag	290	—	—	93	93
City of Shaktoolik	291	738	25	481	506
Tagiugmiullu Nunamiullu Housing Authority	293	37,788	1,280	586	1,866
Municipality of Skagway	296	90,581	3,068	6,541	9,609
City of Nulato	297	—	—	1,240	1,240
City of Aniak	298	6,193	210	748	958
Alaska Gasline Development Corporation	299	9,050	306	19,156	19,462
Total of all participating entities		\$ 43,838,000	1,484,600	1,408,395	2,892,995

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

Deferred inflows of resources				OPEB expense (benefit)		
Difference between expected and actual experience	Change of assumptions	Change in proportion 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 proportionate share of contributions	
					Proportionate share of contributions	Total OPEB expense (benefit)
94	2	103	199	(2)	23	21
3,730	72	300	4,102	(67)	317	250
267	5	—	272	(5)	189	184
6,187	120	869	7,176	(112)	113	1
9,113	177	2,507	11,797	(185)	(20)	(185)
3,664	71	572	4,307	(66)	(27)	(93)
6,299	122	5,072	11,493	(114)	(236)	(350)
—	—	290	290	—	496	496
3,896	76	1,115	5,087	(70)	(78)	(148)
18,069	351	4,086	22,506	(326)	(354)	(680)
—	—	82	82	—	24	24
4,524	88	481	5,093	(82)	(25)	(107)
73	1	108	182	(1)	(16)	(17)
79,211	1,538	17,703	98,452	(1,431)	(1,872)	(3,303)
8,315	161	3,005	11,481	(150)	(194)	(344)
1,264	25	394	1,683	(23)	54	31
3,716	72	1,210	4,998	(67)	(130)	(197)
3,607	70	—	3,677	(65)	572	507
7,666	149	2,964	10,779	(139)	84	(55)
1,087	21	629	1,737	(20)	(116)	(136)
36,718	713	2,289	39,720	(663)	2,286	1,623
6,297	122	2,072	8,491	(114)	(304)	(418)
—	—	277	277	—	136	136
19,993	388	3,239	23,620	(361)	505	144
3,373	65	226	3,664	(61)	195	134
937	18	65	1,020	(17)	420	403
—	—	6	6	—	47	47
6,476	126	1,116	7,718	(117)	99	(18)
872	17	246	1,135	(16)	31	15
7,190	140	8,515	15,845	(130)	(842)	(972)
—	—	9	9	—	16	16
242	5	299	546	(4)	35	31
12,397	241	6,558	19,196	(224)	(942)	(1,166)
29,716	577	5,155	35,448	(537)	77	(460)
—	—	71	71	—	238	238
2,032	39	1,047	3,118	(37)	(87)	(124)
2,969	58	3,417	6,444	(54)	2,546	2,492
<u>14,381,377</u>	<u>279,158</u>	<u>1,408,395</u>	<u>16,068,930</u>	<u>(259,846)</u>	<u>—</u>	<u>(259,846)</u>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

(1) Plan Description

The State of Alaska Public Employees' Retirement System (the System) Occupational Death and Disability Plan (the Plan) is a cost-sharing, multiple-employer defined benefit other postemployment benefit (OPEB) plan that provides OPEB benefits to State and local government employees.

The Plan is established under Alaska Statute 39.35 which establishes benefit and contribution provisions and may be amended only by the State of Alaska (State) legislature. The Plan provides death benefits for beneficiaries of Plan participants and long-term disability benefits to all active members within the System.

(a) Death Benefits

If (1) the death of an employee occurs before the employee's retirement and before the employee's normal retirement date, (2) the proximate cause of death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties, and (3) the injury or hazard is not the proximate result of willful negligence of the employee, then a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

If an active general member of the System's Defined Benefit Pension Plan (DB Plan) dies from occupational causes, the spouse may receive a monthly pension equal to 40% of the DB Plan member's salary. If an active peace officer or firefighter DB Plan member dies from occupational causes, the spouse may receive a monthly pension equal to 50% of the DB Plan member's salary or 75% of the member's retirement benefit calculated as if the member had survived until normal retirement age, whichever is greater. When death is due to occupational causes and there is no surviving spouse, the DB Plan member's dependent child(ren) may receive the monthly pension until they are no longer dependents. If the member does not have a spouse or dependent children at the time of death, a lump-sum death benefit is payable to the named beneficiary(ies). The amount of the occupational death pension changes on the date the DB Plan member's normal retirement would have occurred if the DB Plan member had lived. The new benefit is based on the DB Plan member's average monthly compensation at the time of death and the credited service, including service that would have accrued if the DB Plan member had lived and continued to work until normal retirement. If the death was from nonoccupational causes and the DB Plan member was vested, the spouse may receive a monthly 50% joint and survivor option benefit based on the member's credited service and average monthly compensation at the time of death. If the DB Plan member is not married or vested, a lump-sum death benefit is payable to the named beneficiary(ies).

The monthly survivor's pension section for survivors of the System's Defined Contribution Retirement (DCR) Plan employees who are not peace officers or firefighters is 40% of the employee's monthly compensation in the month in which the employee dies. The monthly survivor's pension for survivors of employees who are peace officers or firefighters is 50% of the monthly compensation in the month in which the employee dies. While the monthly survivor's pension is being paid, the employer shall make contributions on behalf of the employee's beneficiaries based on the deceased employee's gross monthly compensation at the time of occupational death.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

(b) Disability Benefits

Active DB Plan members who become permanently disabled due to occupational or nonoccupational causes receive disability benefits until normal retirement age, or when the service requirement for normal retirement is met. Although there are no minimum service requirements for DB Plan members to be eligible for occupational disability, DB Plan members must be vested to receive nonoccupational disability benefits. The monthly occupational disability benefit is equal to 40% of the DB Plan's salary at the time of the disability. The nonoccupational disability benefit is based on the DB Plan member's service and salary at the time of disability. At normal retirement age, a disabled general DB Plan member receives normal retirement benefits. A peace officer or firefighter DB Plan member may elect to receive normal retirement benefits calculated under the occupational disability benefit rules.

A DCR Plan member is eligible for an occupational disability benefit if employment is terminated because of a total and apparently permanent occupational disability before the member's normal retirement date. The occupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment.

(2) Basis of Presentation

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. 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 allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). For the year ended June 30, 2022, the rates are 0.68% for occupational death and disability for peace officers and firefighters, and 0.31% for occupational death and disability for all other members.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

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

Total OPEB liability	\$	17,620,000
Plan fiduciary net position		<u>(61,458,000)</u>
Net OPEB asset	\$	<u><u>(43,838,000)</u></u>

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

Inflation	2.50%
Salary increases	Graded by service, from 8.50% to 3.85% for peace officer/firefighter Graded by service, from 6.75% to 2.85% for all others
Investment rate of return	7.25%, net of occupational death and disability plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

Mortality All Others	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p> <p>Deaths are assumed to result from occupational causes 35% of the time.</p>
Other	<p>Please see the experience study report dated July 15, 2022.</p>

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

1. 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.

(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 by adding expected inflation. Best estimates of arithmetic real rates of return, for each major asset class included in the Plan's target asset allocation

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Broad domestic equity	6.51%
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer 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.

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

The following presents the collective net OPEB asset of the Plan as of June 30, 2022, calculated using the discount rate of 7.25% as well as what the Plan's collective net 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:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	41,295,000	43,838,000	45,827,000

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred outflows of resources						
Difference between projected and actual earnings on OPEB plan investments						
	2018	5 years	\$ (4,600)	—	(4,600)	—
	2019	5 years	148,400	—	74,200	74,200
	2020	5 years	707,400	—	235,800	471,600
	2021	5 years	(7,918,400)	—	(1,979,600)	(5,938,800)
	2022	5 years	—	8,597,000	1,719,400	6,877,600
			<u>\$ (7,067,200)</u>	<u>8,597,000</u>	<u>45,200</u>	<u>1,484,600</u>
Total deferred outflows of resources						
Deferred inflows of resources:						
Difference between expected and actual experience						
	2017	9.1 years	\$ 211,760	—	51,648	160,112
	2018	9.1 years	3,152,472	—	618,132	2,534,340
	2019	8.2 years	2,062,244	—	396,585	1,665,659
	2020	8.2 years	2,284,926	—	368,537	1,916,389
	2021	8.3 years	4,326,349	—	592,651	3,733,698
	2022	7.8 years	—	5,014,000	642,821	4,371,179
			<u>12,037,751</u>	<u>5,014,000</u>	<u>2,670,374</u>	<u>14,381,377</u>
Change in assumptions						
	2019	8.2 years	334,830	—	64,390	270,440
	2022	7.8 years	—	10,000	1,282	8,718
			<u>334,830</u>	<u>10,000</u>	<u>65,672</u>	<u>279,158</u>
			<u>\$ 12,372,581</u>	<u>5,024,000</u>	<u>2,736,046</u>	<u>14,660,535</u>
Total deferred inflows of resources						

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.8 years, 8.3 years, 8.2 years, 8.2 years, 9.1 years, and 9.1 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

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

Year ending June 30:		
2023	\$	(2,686,246)
2024		(2,760,446)
2025		(2,996,246)
2026		(970,162)
2027		(1,759,298)
Thereafter		<u>(2,003,537)</u>
Total	\$	<u><u>(13,175,935)</u></u>

(7) Collective OPEB Expense (Benefit)

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

Service cost	\$	5,456,000
Interest on total OPEB liability		1,572,000
Administrative expenses		33,000
Expected investment return net of investment expenses		(4,630,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between projected and actual investment earnings on OPEB plan investments		45,200
Change in assumptions		(2,670,374)
Difference between expected and actual experience		<u>(65,672)</u>
Total OPEB expense (benefit)	\$	<u><u>(259,846)</u></u>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN

Table of Contents

	Page
Independent Auditors' Report	1-2
Schedule of Employer Allocations	3-6
Schedule of OPEB Amounts by Employer	8-13
Notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer	14-21

Independent Auditors' Report

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

We have audited the accompanying schedule of employer allocations of the State of Alaska Public Employees' Retirement System Retiree Medical Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net 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 of the Plan as of and for the year ended June 30, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the 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, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Public Employees' Retirement System, which includes the Retiree Medical Plan, as of and for the year ended June 30, 2022, and our report thereon, dated _____, 2022, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

[(signed) KPMG LLP]

Anchorage, Alaska
Date

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
State of Alaska	101	\$ 8,136,397	48.08794 %
Southwest Region School District	102	22,514	0.13306
Annette Island School District	103	23,812	0.14073
Bering Strait School District	104	60,198	0.35578
Chatham School District	105	6,462	0.03819
City of Valdez	107	90,833	0.53684
Juneau Borough School District	108	115,137	0.68048
Matanuska-Susitna Borough	109	236,461	1.39754
Matanuska-Susitna Borough School District	110	294,331	1.73956
Anchorage School District	111	751,702	4.44273
Copper River School District	112	12,254	0.07242
University of Alaska	113	788,991	4.66311
City of Kenai	115	63,827	0.37723
Fairbanks North Star Borough	116	203,613	1.20340
Fairbanks North Star Borough School District	117	284,083	1.67899
Denali Borough School District	118	13,753	0.08128
City and Borough of Sitka	120	85,339	0.50437
Chugach School District	121	4,481	0.02648
Ketchikan Gateway Borough	122	46,853	0.27691
City of Soldotna	123	34,247	0.20241
Iditarod Area School District	124	7,017	0.04147
Kuspuk School District	125	13,379	0.07908
City and Borough of Juneau	126	283,174	1.67362
City of Kodiak	128	64,233	0.37963
City of Fairbanks	129	85,186	0.50347
City of Wasilla	131	76,012	0.44925
Sitka Borough School District	133	23,682	0.13997
City of Palmer	134	36,281	0.21443
City and Borough of Wrangell	135	28,541	0.16869
City of Bethel	136	67,379	0.39823
Valdez City School District	137	22,305	0.13183
Hoonah City School District	138	3,019	0.01784
City of Nome	139	36,261	0.21431
City of Kotzebue	140	49,177	0.29065
Galena City School District	141	40,800	0.24114
City of Petersburg	143	42,232	0.24960
Bristol Bay Borough	144	33,837	0.19999
North Slope Borough	145	582,572	3.44313
Wrangell Public School District	146	7,407	0.04378
City of Cordova	148	27,325	0.16150
Nome City School District	149	10,655	0.06297
City of King Cove	151	7,251	0.04286

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
Alaska Housing Finance Corporation	152	\$ 135,037	0.79810 %
Lower Yukon School District	153	70,776	0.41830
Northwest Arctic Borough School District	154	61,998	0.36642
Southeast Island School District	155	8,121	0.04800
Pribilof School District	156	2,272	0.01343
Lower Kuskokwim School District	157	142,421	0.84174
Kodiak Island Borough School District	158	68,419	0.40437
Yukon Flats School District	159	6,997	0.04136
Yukon/Koyukuk School District	160	20,894	0.12349
North Slope Borough School District	161	94,007	0.55560
Aleutian Region School District	162	—	—
Cordova Community Medical Center	163	49,640	0.29339
Lake and Peninsula Borough School District	164	14,184	0.08383
Sitka Community Hospital	165	—	—
Tanana School District	166	654	0.00386
Southeast Regional Resource Center	167	20,574	0.12160
Hydaburg City School District	168	6,561	0.03878
City of Tanana	169	—	—
North Pacific Fishery Management Council	170	9,257	0.05471
City of Barrow	171	6,963	0.04115
City of Saint Paul	172	15,907	0.09401
Municipality of Anchorage	173	1,467,446	8.67294
Kodiak Island Borough	174	20,890	0.12346
Nome Joint Utility System	175	3,377	0.01996
City of Sand Point	176	11,358	0.06713
Ketchikan Gateway Borough School District	177	64,509	0.38126
City of Dillingham	178	21,794	0.12881
City of Unalaska	179	110,016	0.65022
Kenai Peninsula Borough	180	178,626	1.05572
City of Ketchikan	181	75,089	0.44379
City of Seward	182	45,571	0.26933
City of Fort Yukon	183	6,734	0.03980
Bristol Bay Borough School District	184	4,672	0.02762
Cordova City School District	185	7,403	0.04376
City of Craig	186	14,259	0.08427
Petersburg Medical Center	187	82,507	0.48764
Haines Borough	189	20,205	0.11941
Kenai Peninsula Borough School District	190	155,689	0.92016
City of North Pole	191	24,693	0.14594
City of Galena	192	7,581	0.04481
City of Nenana	193	2,215	0.01309
Yupit School District	195	13,937	0.08237
Nenana City School District	196	18,328	0.10832

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
City of Saxman	198	\$ 923	0.00545 %
City of Hoonah	199	11,474	0.06781
City of Pelican	200	1,407	0.00831
City of Whittier	202	14,767	0.08728
Anchorage Community Development Authority	203	13,681	0.08086
Craig City School District	204	9,410	0.05561
Dillingham City School District	205	13,858	0.08190
City of Thorne Bay	206	4,036	0.02385
City of Akutan	208	6,780	0.04007
Unalaska City School District	209	8,329	0.04923
Kashunamiut School District	211	16,535	0.09773
City of Homer	215	57,963	0.34257
Special Education Service Agency	218	2,088	0.01234
Bartlett Regional Hospital	219	373,323	2.20642
Northwest Arctic Borough	220	21,615	0.12775
Saint Mary's School District	221	10,729	0.06341
Bristol Bay Regional Housing Authority	223	9,351	0.05527
Copper River Basin Regional Housing Authority	224	5,601	0.03311
Skagway City School District	225	3,627	0.02144
City of Klawock	227	8,030	0.04746
Petersburg City School District	228	9,722	0.05746
Aleutians East Borough	230	5,626	0.03325
City of Huslia	235	665	0.00393
City of Kaltag	237	130	0.00077
Haines Borough School District	240	5,165	0.03052
City of Atka	243	377	0.00223
Aleutians East Borough School District	244	8,567	0.05063
Delta/Greely School District	246	12,620	0.07459
Lake and Peninsula Borough	247	5,074	0.02999
City and Borough of Yakutat	248	6,369	0.03764
City of Unalakleet	249	—	—
Klawock City School District	251	5,395	0.03189
Alaska Gateway School District	255	25,116	0.14844
Pelican City School District	257	—	—
Denali Borough	258	6,264	0.03702
City of Kachemak	260	100	0.00059
Cook Inlet Housing Authority	262	110,474	0.65292
Interior Regional Housing Authority	263	11,621	0.06868
Yakutat School District	264	1,751	0.01035
Kake City School District	265	5,145	0.03041
Aleutian Housing Authority	267	4,995	0.02952
Bering Straits Regional Housing Authority	270	10,675	0.06309
City of Egegik	271	1,516	0.00896
Iliisagvik College	275	50,841	0.30048

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

Employer	Employer number	Employer contributions	Allocation percentage
North Pacific Rim Housing Authority	276	\$ 8,719	0.05153 %
Saxman Seaport	278	-	—
Tlingit-Haida Regional Housing Authority	279	27,684	0.16362
Baranof Island Housing Authority	281	4,670	0.02760
City of Delta Junction	282	1,298	0.00767
City of Anderson	283	—	—
Inter-Island Ferry Authority	284	9,083	0.05368
City of Seldovia	286	1,208	0.00714
Northwest Inupiat Housing Authority	288	10,402	0.06148
City of Upper Kalskag	290	—	—
City of Shaktoolik	291	335	0.00198
Tagiugmiullu Nunamiullu Housing Authority	293	17,164	0.10144
Municipality of Skagway	296	36,016	0.21286
City of Nulato	297	—	—
City of Aniak	298	2,813	0.01663
Alaska Gasline Development Corporation	299	4,111	0.02430
Total contributions		\$ <u>16,919,832</u>	<u>100.00000 %</u>

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

Page intentionally blank

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN

Schedule of OPEB Amounts by Employer
As of and for the year ended June 30, 2022

Deferred outflows of resources							
Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
State of Alaska	101	\$ 16,700,934	827,871	3,233,694	2,382,084	3,564	6,447,213
Southwest Region School District	102	46,213	2,291	8,948	6,591	1,964	19,794
Annette Island School District	103	48,877	2,423	9,464	6,971	3,522	22,380
Bering Strait School District	104	123,563	6,125	23,925	17,624	407	48,081
Chatham School District	105	13,264	658	2,568	1,892	397	5,515
City of Valdez	107	186,445	9,242	36,100	26,553	5,430	77,365
Juneau Borough School District	108	236,332	11,715	45,759	33,708	3,343	94,525
Matanuska-Susitna Borough	109	485,365	24,059	93,978	69,228	18,533	205,798
Matanuska-Susitna Borough School District	110	604,149	29,948	116,978	86,171	10,762	243,859
Anchorage School District	111	1,542,959	76,484	298,753	220,075	6,723	602,035
Copper River School District	112	25,152	1,247	4,870	3,587	870	10,574
University of Alaska	113	1,619,469	80,278	313,673	230,992	124,017	748,860
City of Kenai	115	131,012	6,494	25,367	18,686	902	51,449
Fairbanks North Star Borough	116	417,941	20,717	80,923	59,612	7,415	168,667
Fairbanks North Star Borough School District	117	583,114	28,905	112,905	83,171	5,357	230,378
Densell Borough School District	118	28,229	1,399	5,466	4,026	958	11,649
City And Borough of Sitka	120	175,168	8,683	33,917	24,985	3,282	70,867
Chugach School District	121	9,197	456	1,781	1,312	174	3,723
Ketchikan Gateway Borough	122	96,172	4,767	18,621	13,717	2,074	39,179
City of Soldotna	123	70,297	3,485	13,611	10,027	—	27,123
Iditarod Area School District	124	14,404	714	2,789	2,054	1,487	7,044
Kuspuk School District	125	27,463	1,361	5,317	3,917	3,257	13,852
City And Borough of Juneau	126	581,248	28,812	112,543	82,904	11,355	235,614
City of Kodiak	128	131,846	6,536	25,529	18,805	2,758	53,628
City of Fairbanks	129	174,854	8,668	33,856	24,940	13,683	81,147
City of Wasilla	131	156,024	7,734	30,210	22,254	4,776	64,974
Sitka Borough School District	133	48,610	2,410	9,412	6,933	—	18,755
City of Palmer	134	74,472	3,692	14,420	10,622	1,524	30,258
City And Borough of Wrangell	135	58,584	2,904	11,343	8,356	4,688	27,271
City of Bethel	136	138,304	6,856	26,779	19,727	3,410	56,772
Valdez City School District	137	45,785	2,270	8,865	6,530	2,050	19,715
Hoonah City School District	138	6,196	307	1,200	884	255	2,646
City of Nome	139	74,429	3,689	14,411	10,616	1,851	30,567
City of Kotzebue	140	100,942	5,004	19,545	14,398	2,323	41,270
Galena City School District	141	83,747	4,151	16,215	11,945	1,320	33,631
City of Petersburg	143	86,687	4,297	16,785	12,364	2,386	35,832
Bristol Bay Borough	144	69,455	3,443	13,448	9,907	4,293	31,091
North Slope Borough	145	1,195,799	59,276	231,535	170,559	14,792	476,162
Wrangell Public School District	146	15,203	754	2,944	2,168	1,449	7,315
City of Cordova	148	56,088	2,780	10,860	8,000	1,207	22,847
Nome City School District	149	21,870	1,084	4,235	3,119	1,109	9,547
City of King Cove	151	14,884	738	2,882	2,123	374	6,117
Alaska Housing Finance Corporation	152	277,181	13,740	53,669	39,535	9,137	116,081
Lower Yukon School District	153	145,276	7,201	28,129	20,721	9,157	65,208
Northwest Arctic Borough School District	154	127,258	6,308	24,640	18,151	23	49,122
Southeast Island School District	155	16,670	826	3,228	2,378	700	7,132
Phiblot School District	156	4,664	231	903	665	371	2,170
Lower Kuskokwim School District	157	292,336	14,491	56,603	41,696	4,703	117,493
Kodiak Island Borough School District	158	140,438	6,962	27,192	20,031	2,617	56,802
Yukon Flats School District	159	14,363	712	2,781	2,049	332	5,874
Yukon / Koyukuk School District	160	42,898	2,126	8,304	6,117	868	17,415
North Slope Borough School District	161	192,961	9,585	37,362	27,522	2,124	76,573
Aleutian Region School District	162	—	—	—	—	—	—
Cordova Community Medical Center	163	101,893	5,051	19,729	14,533	53,289	92,602
Lake And Peninsula Borough School District	164	29,114	1,443	5,637	4,153	1,042	12,275
Sitka Community Hospital	165	—	—	—	—	352	352
Tanana School District	166	1,341	66	260	191	234	751
Southeast Regional Resource Center	167	42,230	2,093	8,177	6,023	3,321	19,614
Hydaburg City School District	168	13,467	668	2,607	1,921	2,247	7,443
City of Tanana	169	—	—	—	—	22	22

Deferred inflows of resources				OPEB expense		
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net	Total OPEB expense (benefit)
					amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
656,268	20,024,965	149,100	20,830,333	3,720,501	(38,078)	3,682,423
1,816	55,411	837	58,064	10,295	196	10,491
1,921	58,605	341	60,867	10,888	581	11,469
4,855	148,156	1,883	154,894	27,526	(331)	27,195
521	16,905	303	16,729	2,955	21	2,976
7,326	223,554	1,201	232,081	41,535	1,074	42,609
9,287	283,370	932	293,589	52,648	630	53,278
19,073	581,969	—	601,042	108,126	3,708	111,834
23,740	774,395	4,659	752,794	134,588	1,103	135,691
60,631	1,850,058	22,769	1,933,458	343,729	(2,529)	341,200
988	30,158	331	31,477	5,603	120	5,723
63,639	1,941,832	311	2,005,782	360,780	26,625	387,405
5,148	157,088	1,547	163,783	29,186	(50)	29,136
16,423	501,125	8,425	525,973	93,106	332	93,438
22,914	699,172	9,584	731,670	129,902	(243)	129,659
1,109	33,847	1,405	36,361	6,289	(82)	6,207
6,883	210,032	8,154	225,069	39,023	(1,134)	37,889
361	11,028	744	12,133	2,049	(121)	1,928
3,779	115,313	1,022	120,114	21,424	49	21,473
2,762	84,288	2,137	89,187	15,660	(493)	15,167
566	17,271	2,212	20,049	3,209	(3)	3,206
1,079	32,929	1,701	35,709	6,118	279	6,397
22,840	696,936	9,267	729,043	129,486	817	130,303
5,181	158,088	1,904	165,173	29,372	313	29,685
6,871	209,656	—	216,527	38,953	2,458	41,411
6,131	187,078	332	193,541	34,758	970	35,728
1,910	58,285	2,292	62,487	10,829	(493)	10,336
2,926	89,294	3,208	95,428	16,590	(187)	16,403
2,302	70,245	3,583	76,130	13,051	268	13,319
5,435	165,831	1,237	172,503	30,810	545	31,356
1,799	54,897	1,440	58,136	10,200	147	10,347
243	7,429	839	8,511	1,380	(173)	1,207
2,925	89,243	1,456	93,624	16,581	54	16,635
3,967	121,033	1,785	126,785	22,487	172	22,659
3,291	100,415	1,656	105,362	18,657	(154)	18,503
3,406	103,941	1,178	108,525	19,311	214	19,525
2,729	83,279	—	86,008	15,473	813	16,286
46,989	1,433,802	54,934	1,535,725	266,391	(6,830)	259,561
597	18,229	2,431	21,257	3,387	(91)	3,296
2,204	67,251	2,855	72,310	12,495	(421)	12,074
859	26,223	2,383	29,465	4,872	(324)	4,548
585	17,847	864	19,296	3,316	(98)	3,218
10,892	332,349	552	343,793	61,748	1,675	63,423
5,709	174,191	182	180,082	32,364	1,760	34,124
5,001	152,586	6,428	164,015	28,350	(1,278)	27,072
655	19,988	2,246	22,889	3,714	(229)	3,485
183	5,592	184	5,959	1,039	37	1,076
11,487	350,520	6,165	368,172	65,124	(115)	65,009
5,519	169,390	5,238	179,147	31,286	(521)	30,765
564	17,222	1,705	19,491	3,200	(269)	2,931
1,685	51,424	1,485	54,594	9,554	(90)	9,464
7,582	231,367	13,603	252,552	42,986	(1,732)	41,254
—	—	184	184	—	(60)	(60)
4,004	122,173	40,589	166,766	22,699	3,209	25,908
1,144	34,909	2,922	38,975	6,486	(357)	6,129
—	—	57,361	57,361	—	(11,301)	(11,301)
53	1,608	911	2,572	299	(117)	182
1,659	50,636	361	52,656	9,408	468	9,876
529	16,147	473	17,149	3,000	353	3,353
—	—	41	41	—	(3)	(3)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 RETIREE MEDICAL PLAN

Schedule of OPEB Amounts by Employer
 As of and for the year ended June 30, 2022

Deferred outflows of resources							
Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change In assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
North Pacific Fishery Management Council	170	\$ 19,000	942	3,679	2,710	1,033	8,364
City of Barrow	171	14,293	708	2,767	2,039	846	6,360
City of Saint Paul	172	32,651	1,618	6,322	4,657	3,024	15,621
Municipality of Anchorage	173	3,012,111	149,310	583,216	429,623	69,554	1,231,703
Kodiak Island Borough	174	42,879	2,125	8,302	6,116	1,216	17,759
Nome Joint Utility System	175	6,931	344	1,342	989	871	3,546
City of Sand Point	176	23,313	1,156	4,514	3,325	575	9,570
Ketchikan Gateway Borough School District	177	132,412	6,564	25,638	18,886	3,465	54,553
City of Dillingham	178	44,734	2,217	8,662	6,381	—	17,260
City of Unalaska	179	225,821	11,194	43,724	32,209	2,035	89,162
Kenai Peninsula Borough	180	366,651	18,175	70,992	52,296	7,364	148,827
City of Ketchikan	181	154,130	7,640	29,843	21,084	6,160	65,627
City of Seward	182	93,540	4,637	18,112	13,342	2,592	38,683
City of Fort Yukon	183	13,823	685	2,676	1,972	3,249	8,582
Bristol Bay Borough School District	184	9,591	475	1,857	1,368	989	4,689
Cordova City School District	185	15,196	753	2,942	2,167	711	6,573
City of Craig	186	29,269	1,451	6,667	4,175	—	11,293
Petersburg Medical Center	187	169,356	8,395	32,791	24,156	11,205	76,547
Haines Borough	189	41,472	2,056	8,030	5,915	633	16,634
Kenai Peninsula Borough School District	190	319,571	15,841	61,876	45,581	1,977	125,275
City of North Pole	191	50,686	2,512	9,814	7,229	1,197	20,752
City of Galena	192	15,561	771	3,013	2,220	481	6,485
City of Nenana	193	4,547	225	880	649	1,636	3,590
Yupik School District	195	28,608	1,418	5,539	4,080	2,009	13,046
Nenana City School District	196	37,620	1,865	7,284	5,366	1,561	16,076
City of Saxman	198	1,894	94	367	270	474	1,205
City of Hoonah	199	23,552	1,167	4,560	3,359	227	9,313
City of Pelican	200	2,888	143	559	412	266	1,380
City of Whittier	202	30,311	1,503	5,869	4,323	2,315	14,010
Anchorage Community Development Authority	203	28,083	1,392	5,438	4,006	121	10,957
Craig City School District	204	19,314	957	3,740	2,755	60	7,512
Dillingham City School District	205	28,445	1,410	5,508	4,057	4,254	15,229
City of Thome Bay	206	8,284	411	1,604	1,182	136	3,333
City of Akutan	208	13,917	690	2,695	1,985	1,534	6,904
Unalaska City School District	209	17,096	847	3,310	2,438	634	7,229
Kashunamiut School District	211	33,940	1,682	6,572	4,841	2,908	16,003
City of Homer	215	118,975	5,898	23,036	16,970	4,568	50,472
Special Education Service Agency	218	4,285	212	830	611	99	1,752
Bartlett Regional Hospital	219	766,291	37,985	148,372	109,297	25,098	320,752
Northwest Arctic Borough	220	44,367	2,199	8,991	6,328	4,856	21,974
Saint Mary's School District	221	22,023	1,092	4,264	3,141	2,226	10,723
Bristol Bay Regional Housing Authority	223	19,194	951	3,716	2,738	364	7,769
Copper River Basin Regional Housing Authority	224	11,497	570	2,226	1,640	246	4,682
Skagway City School District	225	7,446	369	1,442	1,062	914	3,787
City of Klawock	227	16,483	817	3,192	2,351	772	7,132
Petersburg City School District	228	19,956	989	3,864	2,846	183	7,882
Aleutians East Borough	230	11,548	572	2,236	1,647	181	4,636
City of Huslia	235	1,366	68	264	195	231	758
City of Kaltag	237	267	13	52	38	71	174
Haines Borough School District	240	10,601	525	2,053	1,512	92	4,182
City of Atka	243	773	38	150	110	32	330
Aleutians East Borough School District	244	17,585	872	3,405	2,508	694	7,479
Delta/Greely School District	246	25,904	1,284	5,016	3,695	942	10,937
Lake And Peninsula Borough	247	10,415	516	2,017	1,486	600	4,619
City And Borough of Yakutat	248	13,074	648	2,531	1,865	698	5,742
City of Unalakleet	249	—	—	—	—	316	316
Klawock City School District	251	11,074	549	2,144	1,580	622	4,895
Alaska Gateway School District	255	51,553	2,555	9,982	7,353	2,084	21,974
Pelican City School District	257	—	—	—	—	72	72
Denali Borough	268	12,858	637	2,490	1,834	370	5,331

Deferred inflows of resources				OPEB expense		
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
					Total OPEB expense (benefit)	
747	22,782	645	24,174	4,233	142	4,375
562	17,137	3,073	20,772	3,184	(380)	2,804
1,283	39,149	1,179	41,611	7,274	262	7,536
118,362	3,611,620	5,599	3,735,581	671,015	15,150	686,165
1,685	51,413	2,376	55,474	9,552	(108)	9,444
272	8,310	49	8,631	1,544	206	1,750
916	27,953	1,011	29,880	5,194	(69)	5,125
5,203	158,767	2,459	166,429	29,498	263	29,761
1,758	53,638	4,341	59,737	9,966	(803)	9,163
8,874	270,767	2,927	282,566	50,307	40	50,347
14,408	439,626	1,458	455,492	81,680	850	82,530
6,057	184,807	1,510	192,374	34,336	851	35,187
3,676	112,157	78	115,911	20,838	456	21,294
543	16,574	2,689	19,806	3,079	175	3,254
377	11,500	189	12,066	2,137	195	2,332
597	18,221	1,031	19,849	3,385	11	3,396
1,150	35,094	1,402	37,646	6,520	(291)	6,229
8,655	203,063	1,051	210,769	37,728	1,845	39,573
1,630	49,727	3,570	54,927	9,239	(409)	8,830
12,558	383,176	8,769	404,503	71,192	(1,467)	69,725
1,992	60,774	1,651	64,417	11,291	(45)	11,246
611	18,658	129	19,398	3,467	80	3,547
179	5,452	732	6,363	1,013	220	1,233
1,124	34,301	302	35,727	6,373	396	6,769
1,478	45,107	1,616	48,201	8,381	7	8,388
74	2,271	463	2,808	422	(23)	399
925	28,239	1,531	30,695	5,247	(251)	4,996
113	3,462	204	3,779	643	9	652
1,191	36,344	759	38,294	6,752	354	7,106
1,104	33,672	6,023	40,799	6,256	(1,127)	5,129
759	23,159	762	24,680	4,303	(135)	4,168
1,118	34,106	2,102	37,326	6,337	262	6,599
326	9,933	1,007	11,266	1,845	(148)	1,697
547	16,687	2,282	19,516	3,100	(15)	3,085
672	20,499	570	21,741	3,809	46	3,855
1,334	40,696	1,134	43,164	7,561	186	7,747
4,675	142,655	932	148,262	26,504	568	27,072
168	5,138	820	6,126	955	(150)	805
30,112	918,807	5,593	954,512	170,708	3,935	174,643
1,743	53,198	4,877	59,818	9,884	(248)	9,636
865	26,406	369	27,640	4,906	362	5,268
754	23,015	1,625	25,394	4,276	(305)	3,971
452	13,786	548	14,786	2,581	(96)	2,465
293	8,928	89	9,310	1,659	149	1,808
648	19,764	1,165	21,577	3,672	(88)	3,584
784	23,928	736	25,448	4,446	(92)	4,354
454	13,846	132	14,432	2,573	24	2,597
54	1,637	517	2,208	304	(47)	257
10	320	91	421	59	(6)	53
417	12,711	1,281	14,409	2,362	(248)	2,114
30	927	599	1,556	172	(135)	37
691	21,085	704	22,480	3,917	(43)	3,874
1,018	31,060	589	32,667	5,771	2	5,773
409	12,488	202	13,099	2,320	69	2,389
514	15,676	1,202	17,392	2,912	(77)	2,835
—	—	1,898	1,898	—	(323)	(323)
435	13,279	143	13,857	2,467	75	2,542
2,026	61,813	640	64,479	11,485	322	11,807
—	—	186	186	—	(22)	(22)
505	15,418	143	16,066	2,865	52	2,917

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 RETIREE MEDICAL PLAN

Schedule of OPEB Amounts by Employer
 As of and for the year ended June 30, 2022

Deferred outflows of resources							
Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
City of Kachemak	260	\$ 206	10	40	29	21	100
Cook Inlet Housing Authority	262	226,760	11,240	43,906	32,343	12,336	99,825
Interior Regional Housing Authority	263	23,854	1,182	4,619	3,402	2,260	11,463
Yakutat School District	264	3,594	178	696	513	361	1,748
Kake City School District	265	10,562	524	2,045	1,506	507	4,582
Aleutian Housing Authority	267	10,252	508	1,985	1,462	—	3,955
Bering Straits Regional Housing Authority	270	21,913	1,086	4,243	3,125	699	9,153
City of Egegik	271	3,112	154	603	444	336	1,537
Iliisagvik College	275	104,358	5,173	20,206	14,885	294	40,668
North Pacific Rim Housing Authority	276	17,897	887	3,465	2,553	1,008	7,913
Saxman Seaport	278	—	—	—	—	280	280
Tlingit-Haida Regional Housing Authority	279	56,825	2,817	11,003	8,105	2,760	24,685
Baranof Island Housing Authority	281	9,587	475	1,856	1,367	113	3,811
City of Delta Junction	282	2,664	132	516	380	—	1,028
City of Anderson	283	—	—	—	—	8	8
Inter-Island Ferry Authority	284	18,643	924	3,610	2,659	487	7,680
City of Seldovia	286	2,479	123	480	354	133	1,090
Northwest Inupiat Housing Authority	288	21,352	1,058	4,134	3,045	1,847	10,084
City of Upper Kalskag	290	—	—	—	—	5	5
City of Shaktoolik	291	689	34	133	98	277	542
Tagiugmiullu Nunamillu Housing Authority	293	35,232	1,746	6,822	5,025	3,798	17,391
Municipality of Skagway	296	73,926	3,665	14,314	10,544	1,284	29,807
City of Nulato	297	—	—	—	—	35	35
City of Aniak	298	5,775	286	1,118	824	716	2,944
Alaska Gasline Development Corporation	299	8,439	418	1,634	1,204	2,200	5,456
Total of all participating entities		\$ 34,730,000	1,721,562	6,724,550	4,953,600	586,208	13,985,920

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

Deferred inflows of resources				OPEB expense		
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
					Proportionate share of contributions	Total OPEB expense (benefit)
8	247	—	255	46	3	49
8,911	271,893	683	281,487	50,516	2,109	52,625
937	28,601	544	30,082	5,314	277	5,591
141	4,310	234	4,685	801	31	832
415	12,664	145	13,224	2,353	69	2,422
403	12,293	1,775	14,471	2,284	(346)	1,938
861	26,274	1,430	28,565	4,882	(227)	4,655
122	3,731	61	3,914	693	72	765
4,101	125,129	7,890	137,126	23,248	(1,493)	21,755
703	21,459	153	22,315	3,987	168	4,155
—	—	607	607	—	(33)	(33)
2,233	66,134	3,725	74,092	12,659	(155)	12,504
377	11,495	453	12,325	2,136	(60)	2,076
105	3,194	1,125	4,424	593	(264)	329
—	—	195	195	—	(35)	(35)
733	22,354	1,036	24,123	4,153	(81)	4,072
97	2,973	183	3,253	552	(3)	549
839	25,602	2,119	28,560	4,757	(52)	4,705
—	—	88	88	—	(16)	(16)
27	826	219	1,072	153	3	156
1,384	42,244	461	44,089	7,849	600	8,449
2,905	88,640	776	92,321	16,469	183	16,652
—	—	1,109	1,109	—	(213)	(213)
227	6,924	133	7,204	1,286	125	1,411
332	10,116	15,432	25,882	1,880	(2,160)	(280)
1,364,723	41,642,406	586,208	43,593,337	7,736,886	—	7,736,886

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

(1) Plan Description

The State of Alaska Public Employees' Retirement System (System) Retiree Medical Plan (Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan that provides health benefits to State and local government employees.

The Plan is established under Alaska Statute 39.35, which establishes benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The self-insured Plan provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement (DCR) Plan. Members are not eligible to use this Plan until they have at least 10 years of service, and are Medicare age eligible.

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical insurance coverage takes effect on the first day of the month following the date of the Plan administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement until the balance becomes insufficient to pay the premiums, at which point the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical insurance coverage for an eligible member or surviving spouse who is:

- (1) not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:
 - (a) 30 percent if the member had 10 or more, but less than 15, years of service;
 - (b) 25 percent if the member had 15 or more, but less than 20, years of service;
 - (c) 20 percent if the member had 20 or more, but less than 25, years of service;
 - (d) 15 percent if the member had 25 or more, but less than 30, years of service; and
 - (e) 10 percent if the member had 30 or more years of service.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

(2) Basis of Presentation

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. 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 liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

(4) Contributions

Employer contribution rates are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2021 employer effective contribution rate is 1.07% of annual payroll.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

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

Total OPEB liability	\$ 172,956,000
Plan fiduciary net position	<u>(207,686,000)</u>
Net OPEB asset	<u>\$ (34,730,000)</u>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for peace officer/firefighter Graded by service, from 6.75% to 2.75% for all others
Investment rate of return	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 7.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013–2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

Participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as of June 30, 2022:

<u>Decrement due to disability</u>		<u>Decrement due to retirement</u>		
<u>Age</u>	<u>Percent participation</u>	<u>Age</u>	<u>Percent participation</u>	
<56	75.0 %	55	50.0 %	
56	77.5	56	55.0	
57	80.0	57	60.0	
58	82.5	58	65.0	
59	85.0	59	70.0	
60	87.5	60	75.0	
61	90.0	61	80.0	
62	92.5	62	85.0	
63	95.0	63	90.0	
64	97.5	64	95.0	
65+	100.0	65+	<u>Years of service</u>	
			<15	75.0 %
			15-19	80.0
			20-24	85.0
			25-29	90.0
			30+	95.0

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. 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. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. 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 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

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 Plan 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 by 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>Long-term expected real rate of return</u>
Broad domestic equity	6.51%
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer 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.

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

The following presents the collective net OPEB liability (asset) of the Plan as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the Plan's collective net OPEB liability (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:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	6,388,000	(34,730,000)	(66,086,000)

STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 RETIREE MEDICAL PLAN

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

June 30, 2022

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

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

	<u>1% decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% increase</u>
\$	(70,392,000)	(34,730,000)	13,304,000

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

	Year of deferral	Amortization period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred outflows resources:						
Difference between expected and actual experience						
	2020	8.2 years	\$ 31,756	—	5,122	26,634
	2021	8.3 years	1,963,964	—	269,036	1,694,928
			<u>1,995,720</u>	<u>—</u>	<u>274,158</u>	<u>1,721,562</u>
Change in assumptions						
	2018	9.1 years	3,711,792	—	727,802	2,983,990
	2019	8.2 years	4,631,170	—	890,610	3,740,560
			<u>8,342,962</u>	<u>—</u>	<u>1,618,412</u>	<u>6,724,550</u>
Difference between projected and actual earnings on OPEB plan investments						
	2018	5 years	11,200	—	11,200	—
	2019	5 years	484,800	—	242,400	242,400
	2020	5 years	2,295,000	—	765,000	1,530,000
	2021	5 years	(26,804,800)	—	(6,701,200)	(20,103,600)
	2022	5 years	—	29,106,000	5,821,200	23,284,800
			<u>(24,013,800)</u>	<u>29,106,000</u>	<u>138,600</u>	<u>4,953,600</u>
Total deferred outflows of resources			<u>\$ (13,675,118)</u>	<u>29,106,000</u>	<u>2,031,170</u>	<u>13,399,712</u>
Deferred inflows of resources						
Difference between expected and actual experience						
	2017	9.1 years	\$ 20,725	—	5,055	15,670
	2018	9.1 years	405,760	—	79,560	326,200
	2019	8.2 years	849,755	—	163,415	686,340
	2022	7.8 years	—	386,000	49,487	336,513
			<u>1,276,240</u>	<u>386,000</u>	<u>297,517</u>	<u>1,364,723</u>
Change in assumptions						
	2020	8.2 years	15,790,342	—	2,546,829	13,243,513
	2021	8.3 years	161,831	—	22,169	139,662
	2022	7.8 years	—	32,415,000	4,155,769	28,259,231
			<u>15,952,173</u>	<u>32,415,000</u>	<u>6,724,767</u>	<u>41,642,406</u>
Total deferred inflows of resources			<u>\$ 17,228,413</u>	<u>32,801,000</u>	<u>7,022,284</u>	<u>43,007,129</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 7.8 years, 8.3 years, 8.2 years, 8.2 years, 9.1 years, and 9.1 years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

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:	
2023	\$ (5,002,314)
2024	(5,244,714)
2025	(6,009,714)
2026	696,035
2027	(6,289,833)
Thereafter	<u>(7,756,877)</u>
Total	<u>\$ (29,607,417)</u>

(7) Collective OPEB Expense

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

Service cost	\$ 16,428,000
Interest on total OPEB liability	14,316,000
Changes in benefit terms	(2,376,000)
Administrative expense	56,000
Expected investment return net of investment expenses	(15,696,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between expected and actual experience	(23,359)
Change in assumptions	(5,106,355)
Difference between projected and actual investment earnings on OPEB plan investments	<u>138,600</u>
Total OPEB expense	<u>\$ 7,736,886</u>

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

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

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Schedule of Employer and Nonemployer Allocations	3-4
Schedule of Pension Amounts by Employer and Nonemployer	6-7
Notes to Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer	8-13
Supplemental Schedules:	
Schedule of Employer Allocations of Special Funding Amounts (Unaudited)	14-15
Schedule of Special Funding Amounts by Employer (Unaudited)	16-17
Schedule of Employer and Nonemployer Contributions (Unaudited)	18-19

Independent Auditors' Report

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

We have audited the accompanying schedule of employer and nonemployer allocations of the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of the Plan as of and for the year ended June 30, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) for the total of all participating entities for the Plan as of and for the year ended June 30, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Teachers' Retirement System, which includes the Defined Benefit Pension Plan, as of and for the year ended June 30, 2022, and our report thereon, dated October 20, 2022, expressed an unmodified opinion on those financial statements.

Other Information

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

Restriction on Use

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

[(signed) KPMG LLP]

Anchorage, Alaska
DATE

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

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Employer:			
Anchorage School District	701	\$ 230,364,000	14.82423 %
Cordova City School District	704	2,046,000	0.13166
Craig City School District	705	2,327,000	0.14975
Fairbanks North Star Borough School District	706	64,424,000	4.14577
Haines Borough School District	707	1,336,000	0.08597
Hoonah City School District	708	669,000	0.04305
Hydaburg City School District	709	668,000	0.04299
Juneau Borough School District	710	24,067,000	1.54874
Kake City School District	712	806,000	0.05187
Ketchikan Gateway Borough School District	714	13,542,000	0.87145
Klawock City School District	717	1,018,000	0.06551
Kodiak Island Borough School District	718	13,388,000	0.86154
Nenana City School District	719	2,192,000	0.14106
Nome City School District	720	3,691,000	0.23752
Matanuska-Susitna Borough School District	722	92,187,000	5.93236
Pelican City School District	723	103,000	0.00663
Petersburg City School District	724	3,086,000	0.19859
Sitka Borough School District	727	7,578,000	0.48765
Skagway City School District	728	922,000	0.05933
Unalaska City School District	729	1,823,000	0.11731
Valdez City School District	730	4,271,000	0.27484
Wrangell Public School District	731	1,635,000	0.10521
Yakutat School District	732	597,000	0.03842
University of Alaska	733	23,985,000	1.54347
Galena City School District	735	5,832,000	0.37530
North Slope Borough School District	736	12,824,000	0.82524
State of Alaska	737	10,067,000	0.64783
Bristol Bay Borough School District	742	879,000	0.05656
Southeast Regional Resource Center	743	561,000	0.03610
Dillingham City School District	744	2,819,000	0.18141
Kenai Peninsula Borough School District	746	42,225,000	2.71724
Saint Mary's School District	748	924,000	0.05946
Northwest Arctic Borough School District	751	11,406,000	0.73399
Bering Strait School District	752	14,107,000	0.90780
Lower Yukon School District	753	11,632,000	0.74853
Lower Kuskokwim School District	754	20,726,000	1.33375
Kuspuk School District	755	2,146,000	0.13810

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

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

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

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

Page intentionally blank

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
 DEFINED BENEFIT PENSION PLAN
 Schedule of Pension Amounts by Employer and Nonemployer
 As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Change of assumptions	Deferred outflows of resources		
				Net difference between projected and actual investment earnings on pension plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Employer:						
Anchorage School District	701	\$ 247,105,452	2,076,713	10,910,962	—	12,987,675
Cordova City School District	704	2,194,691	18,445	96,907	—	115,352
Craig City School District	705	2,498,112	20,978	110,216	—	131,194
Fairbanks North Star Borough School District	706	69,105,944	590,777	3,051,379	—	3,632,156
Haines Borough School District	707	1,433,092	12,044	63,278	—	75,322
Hoonah City School District	708	717,619	6,031	31,667	—	37,718
Hydaburg City School District	709	716,546	6,022	31,639	—	37,661
Juneau Borough School District	710	25,816,043	216,962	1,139,910	—	1,356,872
Kake City School District	712	864,575	7,266	38,175	—	45,441
Ketchikan Gateway Borough School District	714	14,526,150	122,080	641,403	—	763,483
Klawock City School District	717	1,091,982	9,177	48,217	—	57,394
Kodiak Island Borough School District	718	14,300,058	120,662	634,109	—	754,801
Nenana City School District	719	2,351,301	19,761	103,822	—	123,583
Nome City School District	720	3,959,239	33,274	174,821	—	208,095
Matanuska-Susitna Borough School District	722	98,886,590	831,059	4,366,346	—	5,197,405
Pelican City School District	723	110,485	929	4,678	—	5,607
Petersburg City School District	724	3,310,272	27,820	146,165	—	173,985
Sitka Borough School District	727	8,128,723	68,315	358,924	—	427,239
Skagway City School District	728	989,005	4,312	43,670	—	51,982
Unalaska City School District	729	1,955,485	16,434	86,345	—	102,779
Valdez City School District	730	4,581,390	38,503	202,292	—	240,795
Wiangell Public School District	731	1,753,822	14,739	77,440	—	92,179
Yakutat School District	732	640,386	5,382	28,276	5,296	38,954
University of Alaska	733	25,728,084	216,223	1,136,026	—	1,352,249
Galena City School District	735	6,255,834	52,575	276,227	—	328,802
North Slope Borough School District	736	13,755,970	115,607	607,396	—	723,003
State of Alaska	737	10,798,608	90,753	476,813	—	567,566
Bristol Bay Borough School District	742	942,880	7,024	41,633	—	49,557
Southeast Regional Resource Center	743	601,770	5,057	26,571	—	31,628
Dillingham City School District	744	3,023,868	25,413	133,519	—	158,932
Kenai Peninsula Borough School District	746	45,293,656	380,655	1,999,945	—	2,380,600
Saint Mary's School District	748	991,151	8,330	43,764	—	52,094
Northwest Arctic Borough School District	751	12,234,019	102,824	540,234	—	643,058
Bering Strait School District	752	15,132,211	127,174	668,164	—	795,338
Lower Yukon School District	753	12,477,343	104,862	550,933	—	655,800
Lower Kuskokwim School District	754	22,232,239	186,843	981,668	—	1,168,509
Kuspiuk School District	755	2,301,958	19,346	101,643	—	120,989
Southwest Region School District	756	4,998,660	42,010	220,716	—	262,726
Lake and Peninsula Borough School District	757	4,137,303	34,771	182,683	—	217,454
Aleutian Region School District	758	373,291	3,137	16,483	—	19,620
Pribilof School District	759	417,270	3,507	18,425	—	21,932
Iditarod Area School District	761	1,188,523	9,980	52,479	—	62,468
Yukon / Koyukuk School District	762	4,966,515	41,992	220,622	—	262,614
Yukon Flats School District	763	1,585,412	13,324	70,004	—	83,328
Denali Borough School District	764	2,582,099	21,709	114,053	—	135,761
Delta/Greely School District	765	3,435,775	28,675	151,707	—	180,582
Alaska Gateway School District	766	3,018,504	25,368	133,282	—	158,650
Copper River School District	767	1,084,098	14,153	74,361	—	88,514
Chatham School District	768	741,218	6,229	32,729	—	38,958
Southeast Island School District	769	1,347,278	11,323	59,489	—	70,812
Arnette Island School District	770	2,735,318	22,898	120,778	—	143,766
Chugach School District	771	1,762,403	14,812	77,819	—	92,631
Tanana School District	775	210,244	1,767	9,283	—	11,050
Kashimikit School District	777	1,132,744	9,520	50,016	—	59,536
Kashimikit School District	778	2,339,502	19,662	103,301	—	122,963
Yupit School District	779	1,188,523	9,989	52,479	—	62,468
Special Education Service Agency	779	1,188,523	9,989	52,479	—	62,468
Aleutians East Borough School District	780	2,025,268	17,020	89,423	360	106,803
Total attributable to employer contributions		720,767,141	6,057,445	31,825,532	5,656	37,888,633
Nonemployer:						
State of Alaska	999	946,134,850	7,951,464	41,776,668	20,466,478	70,194,610
Total of all participating entities		\$ 1,666,902,000	14,008,909	73,602,200	20,472,134	108,083,243

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

Deferred Inflows of resources			Pension expense (benefit)		
Difference between expected and actual experience	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred Inflows of resources	Proportionate share of allocable plan pension expense (benefit)	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
				Total pension expense (benefit)	
804,107	7,404,648	8,208,755	19,534,761	(52,056,547)	(32,521,786)
7,142	29,178	36,320	173,500	(227,369)	(53,869)
8,123	59,938	68,061	197,329	(317,580)	(120,251)
224,878	2,214,339	2,439,217	5,463,128	(18,487,251)	(11,024,123)
4,663	38,390	43,053	133,292	(281,545)	(108,253)
2,335	17,800	19,935	56,731	(74,231)	(17,500)
2,332	28,890	31,022	56,046	(231,672)	(175,026)
84,008	911,068	995,076	2,040,871	(8,558,102)	(4,517,231)
2,813	15,094	17,907	68,348	(99,352)	(31,004)
47,270	436,991	484,261	1,148,355	(2,979,111)	(1,830,756)
3,553	45,925	49,478	86,326	(360,958)	(274,632)
46,732	313,172	359,904	1,135,298	(1,778,658)	(643,360)
7,651	31,753	39,404	185,881	(186,956)	(1,075)
12,884	83,487	106,371	312,985	(492,663)	(179,668)
321,787	2,152,819	2,474,606	7,817,415	(13,548,249)	(5,730,834)
360	2,289	2,649	8,734	(5,588)	3,146
10,772	59,268	70,040	261,801	(373,899)	(111,918)
26,452	240,014	266,466	642,611	(1,840,614)	(1,198,003)
3,218	25,702	28,920	78,185	(141,837)	(63,652)
6,363	78,985	85,348	154,590	(601,776)	(447,186)
14,908	140,732	155,640	362,179	(967,594)	(605,415)
5,707	55,072	60,779	138,847	(318,318)	(179,671)
2,064	—	2,064	50,625	104,141	154,766
83,722	705,151	788,873	2,033,917	(5,281,120)	(3,247,203)
20,357	58,076	78,433	494,551	(118,797)	375,754
44,763	542,545	587,308	1,087,469	(3,869,977)	(2,782,508)
35,140	5,172	40,312	853,677	(38,855)	814,822
3,068	10,913	13,981	74,539	1,897	76,436
1,958	16,746	18,704	47,573	(83,497)	(35,834)
9,840	97,676	107,516	239,050	(100,530)	138,520
147,390	1,316,008	1,463,398	3,580,661	(9,465,381)	(5,884,720)
3,225	78,371	79,596	78,355	(598,391)	(520,036)
30,814	465,699	505,513	957,224	(3,874,164)	(2,906,940)
49,242	420,222	469,464	1,190,287	(2,822,074)	(1,622,807)
40,603	129,550	170,153	996,388	(428,927)	557,461
72,346	893,874	966,220	1,757,555	(7,053,598)	(5,296,041)
7,491	169,513	177,004	181,980	(1,236,864)	(1,054,884)
16,286	105,187	121,453	395,166	(747,391)	(352,225)
13,463	78,227	91,690	327,072	(373,355)	(46,283)
1,215	4,517	5,732	20,510	(23,728)	5,784
1,358	6,000	7,358	32,687	(53,989)	(21,003)
3,868	79,959	83,827	93,958	(633,703)	(539,745)
16,259	113,370	129,629	394,996	(696,095)	(301,090)
5,159	59,905	65,064	125,334	(406,198)	(280,864)
8,405	81,185	89,590	204,197	(588,166)	(383,969)
11,189	132,862	144,072	271,613	(1,026,422)	(754,809)
9,621	27,854	37,677	238,626	(123,239)	115,387
5,480	40,844	46,324	133,135	(207,345)	(74,210)
2,412	56,257	58,669	58,598	(425,348)	(366,750)
4,384	101,953	106,337	108,508	(712,424)	(605,916)
8,901	28,228	37,129	216,239	53,745	269,984
5,735	38,702	42,437	139,328	(173,192)	(33,866)
684	12,553	13,237	16,621	(77,785)	(61,164)
3,686	17,663	20,889	89,548	(80,048)	29,500
7,613	165,015	172,628	184,948	(1,131,747)	(946,799)
3,868	21,813	25,881	93,958	(136,186)	(42,228)
6,590	—	6,590	160,102	(71,327)	88,775
2,345,450	20,472,134	22,817,584	58,979,780	(142,410,563)	(85,430,783)
3,078,623	—	3,078,623	74,796,076	142,410,563	217,208,639
5,424,273	20,472,134	25,896,407	131,775,856	—	131,775,856

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

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

June 30, 2022

(1) Plan Description

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

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

There are two tiers within the Plan:

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

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

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

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

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

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

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

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

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

June 30, 2022

(2) Basis of Presentation

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

(3) Allocation Methodology

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

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (the Board). Employer contributions were 6.06% of annual payroll for the fiscal year 2022.

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

(5) Collective Net Pension Liability

(a) Components of Collective Net Pension Liability

The components of the collective net pension liability of the Plan as of June 30, 2022, are as follows:

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

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

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

June 30, 2022

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

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

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from Plan assets.

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

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

June 30, 2022

(b) Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	6.51%
Global equity (ex-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	2,493,199,000	1,666,902,000	969,858,000

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

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

June 30, 2022

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2022:

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

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 1.1 years and 1.3 years for the 2022 and 2021 amounts, respectively.

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

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

June 30, 2022

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

Year ending June 30:	
2023	\$ (2,627,964)
2024	(27,505,200)
2025	(63,875,200)
2026	<u>176,195,200</u>
Total	\$ <u><u>82,186,836</u></u>

(7) Collective Pension Expense (Benefit)

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

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

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

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

As of and for the year ended June 30, 2022

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

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

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

As of and for the year ended June 30, 2022

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

See accompanying independent auditors' report.

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

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net pension liability attributable to employer	Employer pension expense and related revenue attributable to special funding situation
Anchorage School District	701	\$ 329,295,875	\$ 26,032,274
Cordova City School District	704	2,924,109	231,164
Craig City School District	705	3,325,289	262,879
Fairbanks North Star Borough School District	706	92,094,418	7,280,464
Haines Borough School District	707	1,909,360	150,943
Hoonah City School District	708	957,898	75,726
Hydaburg City School District	709	955,752	75,556
Juneau Borough School District	710	34,400,652	2,719,521
Kake City School District	712	1,154,197	91,244
Ketchikan Gateway Borough School District	714	19,358,546	1,530,377
Klawock City School District	717	1,456,691	115,158
Kodiak Island Borough School District	718	19,139,721	1,513,078
Nenana City School District	719	3,132,208	247,615
Nome City School District	720	5,278,628	417,299
Matanuska-Susitna Borough School District	722	131,782,280	10,417,963
Pelican City School District	723	152,320	12,042
Petersburg City School District	724	4,409,762	348,611
Sitka Borough School District	727	10,832,934	856,391
Skagway City School District	728	1,317,244	104,134
Unalaska City School District	729	2,605,525	205,978
Valdez City School District	730	6,105,660	482,679
Wrangell Public School District	731	2,337,356	184,778
Yakutat School District	732	852,776	67,416
University of Alaska	733	34,286,949	2,710,532
Galena City School District	735	8,337,894	659,147
North Slope Borough School District	736	18,331,997	1,449,224
Bristol Bay Borough School District	742	1,256,101	99,300
Southeast Regional Resource Center	743	805,578	63,684
Dillingham City School District	744	4,028,963	318,507
Kenai Peninsula Borough School District	746	60,353,997	4,771,246
Saint Mary's School District	748	1,321,534	104,473
Northwest Arctic Borough School District	751	16,303,571	1,288,868
Bering Strait School District	752	20,164,124	1,594,062
Lower Yukon School District	753	16,623,228	1,314,138
Lower Kuskokwim School District	754	29,626,181	2,342,078
Kuspuk School District	755	3,069,993	242,696

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

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

<u>Employer</u>	<u>Employer number</u>	<u>State proportionate share of net pension liability attributable to employer</u>	<u>Employer pension expense and related revenue attributable to special funding situation</u>
Southwest Region School District	756	\$ 6,660,232	\$ 526,520
Lake And Peninsula Borough School District	757	5,513,544	435,870
Aleutian Region School District	758	497,721	39,347
Pribilof School District	759	555,645	43,926
Iditarod Area School District	761	1,585,412	125,334
Yukon / Koyukuk School District	762	6,657,014	526,266
Yukon Flats School District	763	2,114,240	167,140
Denali Borough School District	764	3,445,429	272,376
Delta/Greely School District	765	4,578,172	361,924
Alaska Gateway School District	766	4,022,527	317,998
Copper River School District	767	2,246,179	177,570
Chatham School District	768	989,005	78,185
Southeast Island School District	769	1,795,656	141,954
Annette Island School District	770	3,643,873	288,064
Chugach School District	771	2,344,865	185,372
Tanana School District	775	278,895	22,048
Kashunamiut School District	777	1,512,470	119,567
Yupitit School District	778	3,117,190	246,427
Special Education Service Agency	779	1,585,412	125,334
Aleutians East Borough School District	780	2,702,066	213,610
Total for all employers		\$ 946,134,858	\$ 74,796,077

See accompanying independent auditors' report.

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

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

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

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

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

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

See accompanying independent auditors' report.

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

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

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Schedule of Employer and Nonemployer Allocations	3-4
Schedule of OPEB Amounts by Employer and Nonemployer	6-7
Notes to Schedule of Employer and Nonemployer Allocations and Schedule of OPEB Amounts by Employer and Nonemployer	8-13
Supplemental Schedules:	
Schedule of Employer Allocations of Special Funding Amounts (Unaudited)	14-15
Schedule of Special Funding Amounts by Employer (Unaudited)	16-17
Schedule of Employer and Nonemployer Contributions (Unaudited)	18-19

Independent Auditors' Report

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

We have audited the accompanying schedule of employer and nonemployer allocations of the State of Alaska Teachers' Retirement System Alaska Retiree Healthcare Trust (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net OPEB 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, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and the 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, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Teachers' Retirement System, which includes the Alaska Retiree Healthcare Trust, as of and for the year ended June 30, 2022, and our report thereon, dated October 20, 2022, expressed an unmodified opinion on those financial statements.

Other Information

The supplemental schedule of employer allocations of special funding amounts, supplemental schedule of special funding amounts by employer, and supplemental schedule of employer and nonemployer contributions have not been subject to the auditing procedures applied in the audit of the schedule of employer and nonemployer allocations and schedule of 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, the members of the Alaska Retirement Management Board, State of Alaska Teachers' Retirement System Alaska Retiree Healthcare Trust employers and nonemployers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

[(signed) KPMG LLP]

Anchorage, Alaska
DATE

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

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Employer:			
Anchorage School District	701	\$ 82,399,000	15.12433 %
Cordova City School District	704	732,000	0.13436
Craig City School District	705	833,000	0.15290
Fairbanks North Star Borough School District	706	23,045,000	4.22991
Haines Borough School District	707	472,000	0.08664
Hoonah City School District	708	240,000	0.04405
Hydaburg City School District	709	239,000	0.04387
Juneau Borough School District	710	8,609,000	1.58018
Kake City School District	712	287,000	0.05268
Ketchikan Gateway Borough School District	714	4,843,000	0.88893
Klawock City School District	717	366,000	0.06718
Kodiak Island Borough School District	718	4,791,000	0.87939
Nenana City School District	719	783,000	0.14372
Nome City School District	720	1,322,000	0.24265
Matanuska-Susitna Borough School District	722	32,976,000	6.05274
Pelican City School District	723	37,000	0.00679
Petersburg City School District	724	1,107,000	0.20319
Sitka Borough School District	727	2,712,000	0.49779
Skagway City School District	728	328,000	0.06020
Unalaska City School District	729	652,000	0.11967
Valdez City School District	730	1,529,000	0.28065
Wrangell Public School District	731	586,000	0.10756
Yakutat School District	732	213,000	0.03910
University of Alaska	733	8,578,000	1.57449
Galena City School District	735	2,088,000	0.38325
North Slope Borough School District	736	4,590,000	0.84249
State of Alaska	737	3,532,000	0.64830
Bristol Bay Borough School District	742	317,000	0.05819
Southeast Regional Resource Center	743	202,000	0.03708
Dillingham City School District	744	1,006,000	0.18465
Kenai Peninsula Borough School District	746	15,103,000	2.77215
Saint Mary's School District	748	328,000	0.06020
Northwest Arctic Borough School District	751	4,079,000	0.74870
Bering Strait School District	752	5,047,000	0.92638
Lower Yukon School District	753	4,161,000	0.76375
Lower Kuskokwim School District	754	7,412,000	1.36047

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

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Kuspuk School District	755	\$ 770,000	0.14133 %
Southwest Region School District	756	1,668,000	0.30616
Lake And Peninsula Borough School District	757	1,379,000	0.25312
Aleutian Region School District	758	124,000	0.02276
Pribilof School District	759	140,000	0.02570
Iditarod Area School District	761	399,000	0.07324
Yukon/Koyukuk School District	762	1,667,000	0.30598
Yukon Flats School District	763	529,000	0.09710
Denali Borough School District	764	863,000	0.15840
Delta/Greely School District	765	1,145,000	0.21016
Alaska Gateway School District	766	1,004,000	0.18428
Copper River School District	767	562,000	0.10316
Chatham School District	768	247,000	0.04534
Southeast Island School District	769	452,000	0.08296
Annette Island School District	770	911,000	0.16721
Chugach School District	771	587,000	0.10774
Tanana School District	775	70,000	0.01285
Kashunamiut School District	777	377,000	0.06920
Yupit School District	778	781,000	0.14335
Special Education Service Agency	779	399,000	0.07324
Aleutians East Borough School District	780	676,000	0.12408
Total present value of projected future employer contributions		240,294,000	44.10594
Nonemployer:			
State of Alaska	999	304,517,000	55.89406
Total of all participating entities		\$ 544,811,000	100.00000 %

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

Page intentionally blank

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**
Schedule of OPEB Amounts by Employer and Nonemployer
As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Net OPEB asset	Deferred outflows of resources		
			Difference Between Projected and Actual Investment Earnings	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Employer:					
Anchorage School District	701	\$ 132,664,425	6,860,217	8,205,117	15,065,334
Cordova City School District	704	1,177,650	60,943	33,449	94,392
Craig City School District	705	1,340,140	69,352	67,334	136,686
Fairbanks North Star Borough School District	706	37,075,052	1,918,635	2,329,568	4,248,203
Haines Borough School District	707	759,259	39,297	37,071	76,368
Hoonah City School District	708	388,115	19,981	18,611	38,592
Hydaburg City School District	709	384,506	19,898	29,010	48,908
Juneau Borough School District	710	13,850,255	716,751	986,909	1,713,660
Kenai City School District	712	461,729	23,894	12,386	36,280
Ketchikan Gateway Borough School District	714	7,791,472	403,209	462,651	865,860
Klawock City School District	717	588,825	30,472	53,832	84,304
Kodiak Island Borough School District	718	7,707,814	398,880	315,745	714,625
Nenana City School District	719	1,259,699	65,189	36,158	101,347
Nome City School District	720	2,126,848	110,064	99,674	209,738
Matanuska-Susitna Borough School District	722	53,052,156	2,745,451	2,320,339	5,065,790
Pelican City School District	723	59,526	3,080	2,156	5,236
Petersburg City School District	724	1,780,954	92,164	60,186	152,350
Sitka Borough School District	727	4,363,096	225,790	271,589	497,379
Skagway City School District	728	527,690	27,308	25,798	53,106
Unalaska City School District	729	1,048,945	54,283	80,755	135,038
Valdez City School District	730	2,459,872	127,298	160,807	288,105
Wrangell Public School District	731	942,763	48,788	59,657	108,445
Yakutat School District	732	342,677	17,734	—	17,734
University of Alaska	733	13,800,382	714,170	815,433	1,529,603
Galena City School District	735	3,359,198	173,839	68,001	241,840
North Slope Borough School District	736	7,384,443	382,145	520,447	902,592
State of Alaska	737	5,682,321	294,060	17,504	311,654
Bristol Bay Borough School District	742	509,993	26,392	7,391	33,783
Southeast Regional Resource Center	743	324,980	16,818	13,119	29,937
Dillingham City School District	744	1,618,464	83,756	93,374	177,130
Kenai Peninsula Borough School District	746	24,297,874	1,257,416	1,428,252	2,685,668
Saint Mary's School District	748	527,690	27,308	81,670	108,978
Northwest Arctic Borough School District	751	6,562,341	339,601	451,526	791,127
Bering Strait School District	752	8,119,670	420,193	391,496	811,689
Lower Yukon School District	753	6,694,263	346,428	108,678	455,104
Lower Kuskokwim School District	754	11,924,508	617,094	950,272	1,567,366
Kuspuk School District	755	1,238,785	64,107	175,184	239,291
Southwest Region School District	756	2,683,497	138,871	85,953	224,824
Lake and Peninsula Borough School District	757	2,218,551	114,810	65,388	180,198
Aleutian Region School District	758	199,493	10,324	1,313	11,637
Pribilof School District	759	225,234	11,656	4,959	16,615
Iditarod Area School District	761	641,916	33,219	83,094	116,313
Yukon/Koyukuk School District	762	2,681,888	138,788	110,206	248,994
Yukon Flats School District	763	851,061	44,042	53,194	97,236
Denali Borough School District	764	1,388,404	71,850	89,215	161,065
Delta/Grealy School District	765	1,842,089	95,328	148,676	244,004
Alaska Gateway School District	766	1,615,246	83,589	11,144	94,733
Copper River School District	767	904,152	46,790	38,956	85,746
Chatham School District	768	397,376	20,564	60,433	80,997
Southeast Island School District	769	727,183	37,632	108,053	145,685
Annette Island School District	770	1,465,627	75,846	13,582	89,428
Chugach School District	771	944,372	48,871	41,089	89,960
Tanana School District	775	112,617	5,628	10,928	16,756
Kashunamiut School District	777	606,522	31,388	11,518	42,906
Yupitit School District	778	1,256,481	65,023	171,673	236,696
Special Education Service Agency	779	641,916	33,219	19,050	52,269
Aleutians East Borough School District	780	1,087,556	56,281	785	57,066
Total attributable to employer contributions		386,587,661	20,005,924	21,930,446	41,936,370
Nonemployer:					
State of Alaska	999	489,910,339	25,352,876	—	25,352,876
Total of all participating entities		\$ 876,498,000	45,358,800	21,930,446	67,289,246

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

Deferred inflows of resources				OPEB expense (benefit)			
Difference between expected and actual experience	Change in assumptions	Difference between projected and actual investment earnings	Change in proportion 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 proportionate share of contributions	
						proportionate share of contributions	Total OPEB expense (benefit)
169,884	3,004,600	—	—	3,474,284	(31,823,844)	21,776,609	(10,047,235)
4,172	26,692	—	—	30,864	(282,710)	98,709	(184,001)
4,748	30,375	—	—	35,123	(321,718)	160,772	(160,946)
131,358	840,313	—	—	971,671	(8,900,357)	6,246,800	(2,653,557)
2,690	17,211	—	—	19,901	(182,294)	89,275	(93,019)
1,368	8,751	—	—	10,119	(92,692)	35,391	(57,301)
1,362	8,715	—	—	10,077	(92,306)	77,720	(14,586)
49,072	313,919	—	—	362,991	(3,324,937)	2,684,638	(640,299)
1,636	10,465	—	—	12,101	(110,844)	23,360	(87,484)
27,605	176,595	—	—	204,200	(1,870,446)	1,190,307	(680,049)
2,088	13,346	—	—	15,432	(141,355)	160,447	19,092
27,309	174,699	—	—	202,008	(1,850,363)	694,042	(1,156,321)
4,463	28,551	—	—	33,014	(302,407)	88,956	(213,451)
7,535	48,205	—	—	55,740	(510,578)	217,341	(293,237)
187,966	1,202,438	—	—	1,390,404	(12,735,872)	5,767,741	(6,968,131)
211	1,349	—	—	1,560	(14,290)	1,466	(12,824)
6,310	40,366	—	—	46,676	(427,542)	151,499	(276,043)
15,459	98,890	—	—	114,349	(1,047,419)	784,399	(283,020)
1,870	11,960	—	—	13,830	(126,679)	56,370	(70,309)
3,716	23,775	—	—	27,491	(251,813)	216,548	(35,265)
8,715	55,753	—	—	64,468	(590,525)	437,628	(152,897)
3,340	21,368	—	—	24,708	(226,323)	140,390	(85,933)
1,214	7,767	—	—	8,981	(82,264)	(46,637)	(128,801)
48,895	312,788	—	—	361,683	(3,312,964)	2,323,292	(989,672)
11,902	76,137	—	—	88,039	(806,420)	105,596	(700,824)
26,163	167,370	—	—	193,533	(1,772,733)	1,265,576	(507,157)
20,133	128,791	—	—	148,924	(1,364,116)	74,393	(1,289,723)
1,807	11,559	—	—	13,366	(122,431)	(5,333)	(127,764)
1,151	7,366	—	—	8,517	(78,016)	18,446	(59,570)
5,734	36,683	—	—	42,417	(388,534)	81,387	(307,147)
86,088	550,716	—	—	636,804	(5,833,026)	3,807,848	(2,025,178)
1,870	11,960	—	—	13,830	(126,679)	227,910	101,231
23,251	148,737	—	—	171,988	(1,575,377)	1,224,035	(351,342)
28,768	184,034	—	—	212,802	(1,949,234)	866,848	(1,082,386)
23,718	151,727	—	—	175,445	(1,607,046)	125,046	(1,482,000)
42,249	270,271	—	—	312,520	(2,882,636)	2,571,437	(291,199)
4,389	28,077	—	—	32,466	(297,387)	444,551	147,164
9,508	60,822	—	—	70,330	(644,209)	180,320	(463,889)
7,860	50,284	—	—	58,144	(532,592)	99,470	(433,122)
707	4,522	—	—	5,229	(47,601)	(4,842)	(52,733)
798	5,105	—	—	5,903	(64,070)	9,329	(44,741)
2,274	14,549	—	—	16,823	(154,100)	226,815	72,715
9,502	60,786	—	—	70,288	(643,823)	236,783	(407,060)
3,015	19,289	—	—	22,304	(204,308)	123,063	(81,245)
4,919	31,468	—	—	36,387	(333,305)	241,610	(91,695)
6,527	41,751	—	—	48,278	(442,218)	421,969	(20,249)
5,723	36,810	—	—	42,333	(387,761)	(21,505)	(409,266)
3,203	20,493	—	—	23,696	(217,054)	70,548	(146,506)
1,408	9,007	—	—	10,415	(95,395)	161,050	65,655
2,576	16,482	—	—	19,058	(174,570)	267,670	93,100
5,193	33,219	—	—	38,412	(351,843)	(56,955)	(408,798)
3,346	21,404	—	—	24,750	(226,709)	95,174	(131,535)
399	2,552	—	—	2,951	(27,036)	21,735	(5,300)
2,149	13,747	—	—	15,896	(145,604)	3,729	(141,875)
4,452	28,478	—	—	32,930	(301,635)	424,924	123,289
2,274	14,549	—	—	16,823	(154,100)	35,802	(118,298)
3,853	24,650	—	—	28,503	(261,082)	16,681	(244,401)
1,369,693	8,762,086	—	—	10,131,779	(92,805,481)	56,718,343	(36,087,138)
1,735,789	11,103,914	—	—	12,839,683	(117,609,457)	(56,718,343)	(174,327,800)
3,105,462	19,866,000	—	—	22,971,462	(210,414,938)	—	(210,414,938)

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

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

June 30, 2022

(1) Plan Description

The State of Alaska Teachers' Retirement System (the System) Alaska Retiree Healthcare Trust (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan that provides health benefits for teachers and other eligible members.

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The Plan, a healthcare trust fund of the State, provides major medical coverage to retirees of the System's Defined Benefit Pension Plan (DB Plan). The Plan is self-funded and self-insured. The 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 2023 to 2039. Employer and nonemployer allocation percentages have been rounded for presentation purposes;

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

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

June 30, 2022

therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). Employer contributions were 6.50% of annual payroll for the year ended June 30, 2022.

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

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

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

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

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

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

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

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

June 30, 2022

Mortality Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement.
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.

Other Please see the experience study report dated July 15, 2022.

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

(b) Long-term Rate of Return

The long-term expected rate of return on postretirement healthcare plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the

**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

postretirement healthcare plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

Asset class	Long-term expected real rate of return
Domestic equity	6.51%
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the postretirement healthcare plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

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

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

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

June 30, 2022

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

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

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

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

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

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

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

June 30, 2022

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 1.3 years for the 2022 amounts and 1.5 years for the 2021 amounts.

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

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

(7) Collective OPEB Expense (Benefit)

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

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

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

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

As of and for the year ended June 30, 2022

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

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

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Pribilof School District	759	\$ 179,000	0.05878 %
Iditarod Area School District	761	511,000	0.16781
Yukon/Koyukuk School District	762	2,144,000	0.70407
Yukon Flats School District	763	681,000	0.22363
Denali Borough School District	764	1,108,000	0.36385
Delta/Greely School District	765	1,472,000	0.48339
Alaska Gateway School District	766	1,296,000	0.42559
Copper River School District	767	721,000	0.23677
Chatham School District	768	317,000	0.10410
Southeast Island School District	769	578,000	0.18981
Annette Island School District	770	1,173,000	0.38520
Chugach School District	771	757,000	0.24859
Tanana School District	775	91,000	0.02988
Kashunamiut School District	777	487,000	0.15993
Yup'it School District	778	1,006,000	0.33036
Special Education Service Agency	779	512,000	0.16814
Aleutians East Borough School District	780	870,000	0.28570
Total for all employers		\$ <u>304,517,000</u>	<u>100.00000 %</u>

See accompanying independent auditors' report.

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

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

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

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

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

Employer	Employer number	State proportionate share of net OPEB asset attributable to employer	Employer OPEB benefit and related revenue attributable to special funding situation
Lower Yukon School District	753	\$ 8,603,922	(2,065,485)
Lower Kuskokwim School District	754	15,341,623	(3,682,960)
Kuspuk School District	755	1,592,723	(382,354)
Southwest Region School District	756	3,449,291	(828,048)
Lake And Peninsula Borough School District	757	2,855,640	(685,534)
Aleutian Region School District	758	259,019	(62,181)
Pribilof School District	759	287,977	(69,133)
Iditarod Area School District	761	822,102	(197,357)
Yukon/Koyukuk School District	762	3,449,291	(828,048)
Yukon Flats School District	763	1,095,600	(263,013)
Denali Borough School District	764	1,782,563	(427,928)
Delta/Greely School District	765	2,368,170	(568,511)
Alaska Gateway School District	766	2,085,019	(500,536)
Copper River School District	767	1,159,953	(278,462)
Chatham School District	768	509,993	(122,431)
Southeast Island School District	769	929,893	(223,233)
Annette Island School District	770	1,887,135	(453,032)
Chugach School District	771	1,217,870	(292,366)
Tanana School District	775	146,402	(35,146)
Kashunamiut School District	777	783,491	(188,087)
Yupiit School District	778	1,618,464	(388,534)
Special Education Service Agency	779	823,711	(197,743)
Aleutians East Borough School District	780	1,399,666	(33,608)
Total for all employers		\$ <u>489,910,339</u>	<u>(117,307,057)</u>

See accompanying independent auditors' report.

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

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

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

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

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

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2022

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Table of Contents

	Page
Independent Auditors' Report	1-2
Schedule of Employer Allocations	3
Schedule of OPEB Amounts by Employer	5-6
Notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer	7-12

Independent Auditors' Report

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

We have audited the accompanying schedule of employer allocations of the State of Alaska Teachers' Retirement System Occupational Death and Disability Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net 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 of the Plan as of and for the year ended June 30, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the 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, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the State of Alaska Teachers' Retirement System, which includes the Occupational Death and Disability Plan, as of and for the year ended June 30, 2022, and our report thereon, dated _____, _____, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

[(signed) KPMG LLP]

Anchorage, Alaska
Date

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
 OCCUPATIONAL DEATH AND DISABILITY PLAN

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

Employer	Employer number	Employer contributions	Allocation percentage
Anchorage School District	701	\$ 124,304	31.62028 %
Cordova City School District	704	922	0.23456
Craig City School District	705	1,281	0.32593
Fairbanks North Star Borough School District	706	33,592	8.54500
Haines Borough School District	707	1,114	0.28350
Hoonah City School District	708	593	0.15078
Hydaburg City School District	709	460	0.11691
Juneau Borough School District	710	11,897	3.02625
Take City School District	712	700	0.17816
Ketchikan Gateway Borough School District	714	8,159	2.07555
Klawock City School District	717	280	0.07115
Kodiak Island Borough School District	718	9,046	2.30121
Nenana City School District	719	1,189	0.30244
Nome City School District	720	2,224	0.56581
Matanuska-Susitna Borough School District	722	47,082	11.97671
Pelican City School District	723	85	0.02167
Petersburg City School District	724	1,532	0.38960
Sitka Borough School District	727	3,916	0.99625
Skagway City School District	728	635	0.16161
Unalaska City School District	729	1,576	0.40088
Valdez City School District	730	1,987	0.50545
Wrangell Public School District	731	808	0.20558
Yakutat School District	732	430	0.10948
University of Alaska	733	10,324	2.62615
Galena City School District	735	4,127	1.04970
North Slope Borough School District	736	11,276	2.86840
State of Alaska	737	1,991	0.50555
Bristol Bay Borough School District	742	629	0.16009
Southeast Regional Resource Center	743	473	0.12040
Dillingham City School District	744	2,525	0.64234
Kenai Peninsula Borough School District	746	24,844	6.31965
Saint Mary's School District	748	850	0.21634
Northwest Arctic Borough School District	751	10,127	2.57620
Bering Strait School District	752	12,938	3.29125
Lower Yukon School District	753	9,172	2.33310
Lower Kuskokwim School District	754	17,048	4.33652
Kuspuk School District	755	2,980	0.75809
Southwest Region School District	756	3,651	0.92877
Lake And Peninsula Borough School District	757	3,265	0.83067
Aleutian Region School District	758	352	0.08942
Pribilof School District	759	304	0.07738
Iditarod Area School District	761	1,361	0.34631
Yukon / Koyukuk School District	762	3,660	0.93111
Yukon Flats School District	763	1,349	0.34312
Denali Borough School District	764	1,217	0.30946
Delta/Greely School District	765	1,720	0.43743
Alaska Gateway School District	766	2,508	0.63796
Copper River School District	767	1,337	0.34001
Chatham School District	768	788	0.20052
Southeast Island School District	769	1,049	0.26679
Annette Island School District	770	2,049	0.52121
Chugach School District	771	406	0.10329
Tanana School District	775	211	0.05379
Kashunamiut School District	777	974	0.24768
Yupit School District	778	1,547	0.39358
Special Education Service Agency	779	803	0.20426
Aleutians East Borough School District	780	1,449	0.36870
Total contributions		\$ 393,116	100.00000 %

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

Page intentionally blank

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2022

Employer	Employer number	Net OPEB asset	Deferred outflows of resources		
			Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 1,909,865	45,470	22,047	67,517
Cordova City School District	704	14,168	337	1,268	1,605
Craig City School District	705	19,686	469	742	1,211
Fairbanks North Star Borough School District	706	516,118	12,288	24,155	36,443
Haines Borough School District	707	17,123	408	2,925	3,333
Hoonaah City School District	708	9,107	217	3,704	3,921
Hydaburg City School District	709	7,061	168	4,487	4,655
Juneau Borough School District	710	182,786	4,352	11,282	15,634
Kake City School District	712	10,761	256	1,090	1,346
Ketchikan Gateway Borough School District	714	125,363	2,985	747	3,732
Klawock City School District	717	4,297	102	1,761	1,863
Kodiak Island Borough School District	718	138,993	3,309	10,295	13,604
Nenana City School District	719	18,267	435	1,300	1,735
Nome City School District	720	34,175	814	5,985	6,799
Matanuska-Susitna Borough School District	722	723,393	17,223	5,955	23,178
Pelican City School District	723	1,309	31	142	173
Petersburg City School District	724	23,532	560	1,138	1,698
Sitka Borough School District	727	60,174	1,433	2,170	3,603
Skagway City School District	728	9,761	232	928	1,160
Unalaska City School District	729	24,213	576	2,154	2,730
Valdez City School District	730	30,529	727	2,562	3,289
Wrangell Public School District	731	12,417	296	2,936	3,232
Yakutat School District	732	6,613	157	398	555
University of Alaska	733	158,620	3,776	4,288	8,064
Galena City School District	735	63,402	1,509	275	1,784
North Slope Borough School District	736	173,251	4,125	22,791	26,916
State of Alaska	737	30,539	727	976	1,703
Bristol Bay Borough School District	742	9,669	230	1,539	1,769
Southeast Regional Resource Center	743	7,272	173	878	1,051
Dillingham City School District	744	38,797	924	3,539	4,463
Kenai Peninsula Borough School District	746	381,707	9,088	7,578	16,666
Saint Mary's School District	748	13,067	311	1,231	1,542
Northwest Arctic Borough School District	751	155,602	3,705	27,444	31,149
Bering Strait School District	752	198,791	4,733	13,041	17,774
Lower Yukon School District	753	140,919	3,355	16,690	20,051
Lower Kuskokwim School District	754	261,926	6,236	25,955	32,191
Kuspuk School District	755	45,789	1,090	5,589	6,679
Southwest Region School District	756	56,098	1,336	8,113	9,449
Lake and Peninsula Borough School District	757	50,172	1,194	7,648	8,842
Aleutian Region School District	758	5,401	129	879	1,008
Pribilof School District	759	4,674	111	1,552	1,663
Iditarod Area School District	761	20,917	498	2,815	3,313
Yukon / Koyukuk School District	762	56,239	1,339	6,215	7,554
Yukon Flats School District	763	20,724	493	4,461	4,954
Denali Borough School District	764	18,691	445	1,316	1,761
Delta/Greely School District	765	26,421	629	2,169	2,798
Alaska Gateway School District	766	38,533	917	1,091	2,008
Copper River School District	767	20,537	489	752	1,241
Chatham School District	768	12,111	288	2,442	2,730
Southeast Island School District	769	16,114	384	4,240	4,624
Annette Island School District	770	31,481	749	2,575	3,324
Chugach School District	771	8,238	149	1,935	2,084
Tanana School District	775	3,249	77	1,277	1,354
Kashunamiut School District	777	14,960	356	5,948	6,304
Yupit School District	778	23,772	566	15,968	16,532
Special Education Service Agency	779	12,337	294	888	1,182
Aleutians East Borough School District	780	22,269	530	1,881	2,411
Total of all participating entities		\$ 6,040,000	143,800	316,154	459,954

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

Deferred inflows of resources				OPEB expense (benefit)		
Difference between expected and actual experience	Change of assumptions	Change in proportion 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 proportionate share of contributions	
					proportionate share of contributions	Total OPEB expense (benefit)
295,711	5,064	43,925	344,700	(77,064)	(3,017)	(80,081)
2,194	38	2,165	4,397	(572)	(152)	(724)
3,048	52	2,841	5,941	(794)	(245)	(1,039)
79,912	1,369	15,246	96,527	(20,826)	597	(20,229)
2,651	45	1,974	4,670	(691)	227	(464)
1,410	24	2,687	4,121	(367)	50	(317)
1,093	19	3,383	4,495	(285)	138	(147)
28,301	485	5,679	34,465	(7,375)	746	(6,629)
1,666	29	899	2,594	(434)	61	(373)
19,410	332	12,972	32,714	(5,058)	(1,862)	(6,920)
665	11	401	1,077	(173)	203	30
21,521	369	8,234	30,124	(5,808)	583	(5,025)
2,828	48	2,381	5,257	(737)	(175)	(912)
5,291	91	1,171	6,553	(1,379)	707	(672)
112,006	1,918	36,668	150,592	(29,189)	(5,072)	(34,261)
203	3	204	410	(53)	(14)	(67)
3,644	62	4,183	7,889	(950)	(446)	(1,396)
9,317	160	547	10,024	(2,428)	238	(2,190)
1,511	26	1,400	2,937	(394)	(122)	(516)
3,749	64	1,894	5,707	(977)	45	(932)
4,727	81	5,578	10,386	(1,232)	(626)	(1,858)
1,923	33	906	2,862	(501)	266	(235)
1,024	18	2,027	3,069	(267)	(270)	(537)
24,560	421	15,343	40,324	(6,400)	(1,617)	(8,017)
9,817	168	12,024	22,009	(2,558)	(1,845)	(4,403)
26,825	459	10,027	37,311	(6,991)	1,743	(5,248)
4,728	82	3,274	8,084	(1,234)	(353)	(1,587)
1,497	26	2,161	3,684	(390)	(53)	(443)
1,126	19	890	2,035	(293)	33	(260)
6,007	103	1,956	8,066	(1,565)	278	(1,287)
59,101	1,012	4,751	64,864	(15,402)	625	(14,777)
2,023	35	2,043	4,101	(527)	(140)	(667)
24,092	413	5,356	29,861	(6,279)	2,986	(3,293)
30,780	527	6,557	37,864	(8,021)	1,380	(6,641)
21,819	374	14,868	37,061	(5,686)	1,087	(4,599)
40,555	695	17,095	58,345	(10,569)	1,646	(8,923)
7,090	121	14,092	21,303	(1,848)	(1,152)	(3,000)
8,686	149	1,890	10,725	(2,264)	738	(1,526)
7,768	133	9,822	17,723	(2,024)	(76)	(2,100)
836	14	1,033	1,883	(218)	(1)	(219)
724	12	151	887	(189)	246	57
3,239	55	4,478	7,770	(844)	(294)	(1,138)
8,708	149	5,558	14,415	(2,269)	(8)	(2,277)
3,209	55	735	3,999	(836)	580	(256)
2,894	50	1,252	4,196	(754)	(28)	(782)
4,091	70	100	4,261	(1,066)	336	(730)
5,966	102	7,345	13,413	(1,555)	(1,027)	(2,582)
3,180	54	2,411	5,645	(829)	(328)	(1,157)
1,875	32	869	2,776	(489)	185	(304)
2,495	43	1,174	3,712	(650)	442	(208)
4,874	83	2,748	7,705	(1,270)	(95)	(1,365)
966	17	970	1,953	(252)	90	(162)
503	9	574	1,086	(131)	112	(19)
2,316	40	2,091	4,447	(604)	683	79
3,681	63	3,055	6,799	(959)	1,901	942
1,910	33	1,266	3,209	(498)	(100)	(598)
3,448	59	832	4,339	(899)	166	(733)
935,194	16,018	316,154	1,267,366	(243,717)	—	(243,717)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

(1) Plan Description

The State of Alaska Teachers' Retirement System (System) Occupational Death and Disability Plan (Plan) is a cost-sharing, multiple-employer defined benefit other postemployment benefits (OPEB) plan that provides OPEB benefits for teachers and other eligible members.

The Plan is established under Alaska Statute 14.35 which defines benefit and contribution provisions and may be amended only by the State of Alaska (State) legislature. The Plan provides death benefits for beneficiaries of Plan participants and long-term disability benefits to all active members within the System.

(a) Death Benefits

If (1) the death of an employee occurs before the employee's retirement and before the employee's normal retirement date, (2) the proximate cause of death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties, and (3) the injury or hazard is not the proximate result of willful negligence of the employee, then a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

The monthly survivor's pension section for survivors of Plan employees is 40% of the employee's monthly compensation in the month in which the employee dies. While the monthly survivor's pension is being paid, the employer shall make contributions on behalf of the employee's beneficiaries based on the deceased employee's gross monthly compensation at the time of occupational death.

(b) Disability Benefits

A Plan member is eligible for an occupational disability before the employee's normal retirement date. The occupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment.

(2) Basis of Presentation

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. 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.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

(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 allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2022 employer effective contribution rate is 0.08% of annual payroll.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

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

Total OPEB liability	\$	517,000
Plan fiduciary net position		<u>(6,557,000)</u>
Net OPEB asset	\$	<u><u>(6,040,000)</u></u>

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

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50%
Salary increases	Graded by service, from 6.75% to 2.75%
Investment rate of return	7.25%, net of occupational death and disability plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.</p> <p>Post-commencement mortality rates for healthy retirees were based on 97% of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	Please see the experience study report dated July 15, 2022.

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

1. 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.

(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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	6.51 %
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer 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.

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

The following presents the collective net OPEB asset of the Plan as of June 30, 2022, calculated using the discount rate of 7.25% as well as what the Plan's collective net 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:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	6,059,000	6,040,000	6,030,000

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

June 30, 2022

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred outflows of resources						
Difference between projected and actual earnings on OPEB plan investments	2018	5 years	\$ (1,600)	—	(1,600)	—
	2019	5 years	19,200	—	9,600	9,600
	2020	5 years	84,000	—	28,000	56,000
	2021	5 years	(882,400)	—	(220,600)	(661,800)
	2022	5 years	—	925,000	185,000	740,000
			<u>\$ (780,800)</u>	<u>925,000</u>	<u>400</u>	<u>143,800</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2017	10.6 years	\$ 7,925	—	1,415	6,510
	2018	10.2 years	150,744	—	24,314	126,430
	2019	9.1 years	183,670	—	30,110	153,560
	2020	9.1 years	71,780	—	10,110	61,670
	2021	9.1 years	300,857	—	37,143	263,714
	2022	8.4 years	—	367,000	43,690	323,310
			<u>714,976</u>	<u>367,000</u>	<u>146,782</u>	<u>935,194</u>
Change in assumptions						
	2019	9.1 years	3,353	—	549	2,804
	2022	8.4 years	—	15,000	1,786	13,214
			<u>3,353</u>	<u>15,000</u>	<u>2,335</u>	<u>16,018</u>
Total deferred inflows of resources			<u>\$ 718,329</u>	<u>382,000</u>	<u>149,117</u>	<u>951,212</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 8.4 years for 2022, 9.1 years for 2021, 2020 and 2019, 10.2 years for 2018, and 10.6 years for 2017, respectively.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

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:		
2023	\$	(147,117)
2024		(156,717)
2025		(184,717)
2026		35,883
2027		(148,551)
Thereafter		<u>(206,193)</u>
Total	\$	<u><u>(807,412)</u></u>

(7) Collective OPEB Expense (Benefit)

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

Service cost	\$	335,000
Interest on total OPEB liability		63,000
Administrative expense		9,000
Expected investment return net of investment expenses		(502,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between expected and actual experience		(146,782)
Change in assumptions		(2,335)
Difference between projected and actual investment earnings on OPEB plan investments		<u>400</u>
Total OPEB expense (benefit)	\$	<u><u>(243,717)</u></u>

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2022

(With Independent Auditors' Report Thereon)

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN

Table of Contents

	Page
Independent Auditors' Report	1-2
Schedule of Employer Allocations	3
Schedule of OPEB Amounts by Employer	5-6
Notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer	7-14

Independent Auditors' Report

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

We have audited the accompanying schedule of employer allocations of the State of Alaska Teachers' Retirement System Retiree Medical Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net 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 of the Plan as of and for the year ended June 30, 2022, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense (benefit) for the total of all participating entities for the Plan as of and for the year ended June 30, 2022, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Teachers' Retirement System, which includes the Retiree Medical Plan, as of and for the year ended June 30, 2022, and our report thereon, dated _____, 2022 expressed an unmodified opinion on those financial statements.

Restriction on Use

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

[(signed) KPMG LLP]

Anchorage, Alaska
Date

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

Employer	Employer number	Employer contributions	Allocation percentage
Anchorage School District	701	\$ 1,289,713	31.56270 %
Cordova City School District	704	9,569	0.23418
Craig City School District	705	13,292	0.32530
Fairbanks North Star Borough School District	706	348,497	8.52865
Haines Borough School District	707	11,563	0.28297
Hoonah City School District	708	6,149	0.15048
Hydaburg City School District	709	4,768	0.11668
Juneau Borough School District	710	123,418	3.02037
Kenai City School District	712	7,267	0.17784
Ketchikan Gateway Borough School District	714	84,655	2.07172
Klawock City School District	717	2,903	0.07104
Kodiak Island Borough School District	718	93,860	2.29701
Nenana City School District	719	12,336	0.30190
Nome City School District	720	23,075	0.56470
Matanuska-Susitna Borough School District	722	488,601	11.95736
Pelican City School District	723	883	0.02161
Petersburg City School District	724	15,888	0.38882
Sitka Borough School District	727	40,629	0.99429
Skagway City School District	728	6,591	0.16129
Unalaska City School District	729	16,309	0.39913
Valdez City School District	730	20,622	0.50466
Wrangell Public School District	731	8,385	0.20521
Yakutat School District	732	4,465	0.10928
University of Alaska	733	107,401	2.62840
Galena City School District	735	43,351	1.06091
North Slope Borough School District	736	117,013	2.86361
State of Alaska	737	20,634	0.50495
Bristol Bay Borough School District	742	6,567	0.16072
Southeast Regional Resource Center	743	4,910	0.12016
Dillingham City School District	744	26,200	0.64119
Kenai Peninsula Borough School District	746	257,764	6.30818
Saint Mary's School District	748	8,824	0.21594
Northwest Arctic Borough School District	751	105,075	2.57146
Bering Strait School District	752	134,226	3.28487
Lower Yukon School District	753	95,175	2.32919
Lower Kuskokwim School District	754	180,587	4.41944
Kuspuk School District	755	31,407	0.76861
Southwest Region School District	756	37,923	0.92808
Lake And Peninsula Borough School District	757	33,877	0.82906
Aleutian Region School District	758	3,645	0.08921
Pribilof School District	759	3,158	0.07730
Iditarod Area School District	761	14,125	0.34568
Yukon / Koyukuk School District	762	37,979	0.92944
Yukon Flats School District	763	13,994	0.34246
Denali Borough School District	764	12,621	0.30888
Delta/Greely School District	765	17,839	0.43658
Alaska Gateway School District	766	26,018	0.63672
Copper River School District	767	13,869	0.33940
Chatham School District	768	8,179	0.20016
Southeast Island School District	769	10,880	0.26626
Annette Island School District	770	21,258	0.52025
Chugach School District	771	4,211	0.10306
Tanana School District	775	2,193	0.05368
Kashunamiut School District	777	10,118	0.24760
Yupit School District	778	18,367	0.44949
Special Education Service Agency	779	8,333	0.20393
Aleutians East Borough School District	780	15,035	0.36794
Total contributions		\$ 4,086,194	100.00000 %

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

Page intentionally blank

STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN

Schedule of OPEB Amounts by Employer
As of and for the year ended June 30, 2022

Employer	Employer number	Net OPEB asset	Deferred outflows of resources				
			Difference between expected and actual experience	Change in assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 6,112,433	1,040,552	361,488	471,925	34,504	1,908,469
Cordova City School District	704	45,351	7,720	2,682	3,501	1,453	15,356
Craig City School District	705	62,998	10,724	3,726	4,864	930	20,244
Fairbanks North Star Borough School District	706	1,651,859	281,171	97,679	127,520	48,789	555,169
Haines Borough School District	707	54,799	9,329	3,241	4,231	3,510	20,311
Hoonah City School District	708	29,141	4,961	1,723	2,250	7,144	16,078
Hytaburg City School District	709	22,595	3,847	1,336	1,745	6,938	13,866
Juneau Borough School District	710	584,925	99,575	34,592	45,161	19,045	198,373
Kake City School District	712	34,440	5,863	2,037	2,659	1,062	11,621
Ketchikan Gateway Borough School District	714	401,210	68,500	23,727	30,976	628	123,631
Klawock City School District	717	13,757	2,342	814	1,062	2,506	6,724
Kodiak Island Borough School District	718	444,839	75,727	26,308	34,345	11,884	148,264
Nenana City School District	719	58,466	9,953	3,458	4,514	1,424	19,349
Nome City School District	720	109,360	18,617	6,468	8,443	9,075	42,603
Matanuska-Susitna Borough School District	722	2,315,662	394,207	136,948	178,786	11,409	721,390
Pulicat City School District	723	4,185	713	248	323	276	1,560
Petersburg City School District	724	75,299	12,819	4,453	5,814	1,164	24,240
Sitka Borough School District	727	192,554	32,780	11,388	14,867	2,558	61,591
Skagway City School District	728	31,235	5,317	1,847	2,412	1,855	11,231
Unalaska City School District	729	77,296	13,158	4,571	5,988	2,844	26,541
Valdez City School District	730	97,733	16,638	5,780	7,546	3,396	33,360
Wrangell Public School District	731	39,741	6,765	2,350	3,068	5,551	17,764
Yakutat School District	732	21,162	3,603	1,252	1,634	855	7,144
University of Alaska	733	509,015	86,652	30,103	39,300	4,183	160,238
Galena City School District	735	205,455	34,976	12,151	15,863	—	62,990
North Slope Borough School District	736	554,567	94,407	32,797	42,817	39,090	208,111
State of Alaska	737	97,794	16,649	5,781	7,549	847	30,828
Bristol Bay Borough School District	742	31,125	5,299	1,841	2,403	1,472	11,015
Southeast Regional Resource Center	743	23,270	3,961	1,378	1,797	1,049	6,163
Dillingham City School District	744	124,173	21,139	7,344	9,587	4,796	42,800
Kenai Peninsula Borough School District	746	1,221,642	207,967	72,248	94,320	8,749	383,284
Saint Mary's School District	748	41,819	7,119	2,473	3,229	1,513	14,334
Northwest Arctic Borough School District	751	497,988	84,775	29,451	38,448	40,038	192,712
Bering Strait School District	752	836,147	108,285	37,622	49,115	16,376	211,408
Lower Yukon School District	753	451,071	76,788	26,876	34,820	17,806	166,096
Lower Kuskokwim School District	754	855,870	145,699	50,616	66,060	29,232	291,027
Kuspuk School District	755	148,850	25,340	8,803	11,492	3,162	46,797
Southwest Region School District	756	179,733	30,597	10,629	13,877	14,071	69,174
Lake and Peninsula Borough School District	757	160,555	27,332	9,495	12,396	12,638	61,861
Aleutian Region School District	758	17,277	2,941	1,022	1,334	1,346	6,643
Pribilof School District	759	14,069	2,548	885	1,156	2,308	6,895
Iditarod Area School District	761	66,945	11,398	3,959	5,169	3,002	23,526
Yukon / Koyukuk School District	762	179,994	30,641	10,845	13,897	9,885	65,048
Yukon Flats School District	763	66,321	11,290	3,922	5,120	7,018	27,350
Denali Borough School District	764	59,818	10,163	3,538	4,618	2,204	20,543
Dotla/Greely School District	765	84,548	14,393	5,000	6,528	2,468	29,389
Alaska Gateway School District	766	123,307	20,991	7,292	9,520	1,037	38,840
Copper River School District	767	85,723	11,189	3,887	5,075	1,006	21,157
Chatham School District	768	38,782	6,599	2,292	2,993	4,447	16,331
Southeast Island School District	769	51,564	8,778	3,050	3,981	6,935	22,744
Annette Island School District	770	100,751	17,151	5,958	7,779	5,018	35,906
Chugach School District	771	19,958	3,398	1,189	1,541	3,704	9,823
Tanana School District	775	10,395	1,770	615	803	1,925	5,113
Kashunamiut School District	777	47,951	8,163	2,838	3,702	6,823	21,524
Yupit School District	778	87,048	14,819	5,148	6,721	22,301	48,989
Special Education Service Agency	779	39,494	6,723	2,336	3,049	1,129	13,237
Aleutians East Borough School District	780	71,255	12,130	4,214	5,501	1,917	23,762
Total of all participating entities		\$ 19,366,060	3,296,779	1,145,301	1,495,200	457,891	6,395,171

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

Deferred inflows of resources			OPEB expense			
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from changes in proportion and difference between employer contributions and proportionate share of contributions	
					Total OPEB expense	Total OPEB expense
288,513	3,632,885	75,991	3,997,389	167,075	(5,831)	161,444
2,141	26,954	2,563	31,658	1,240	(182)	1,058
2,974	37,442	5,156	45,572	1,722	(523)	1,199
77,960	981,653	15,921	1,075,534	45,148	3,778	48,924
2,587	32,570	3,375	38,532	1,498	122	1,620
1,376	17,320	3,221	21,917	797	431	1,228
1,087	13,430	3,086	17,583	618	508	1,126
27,609	347,647	8,297	361,653	15,988	1,744	17,732
1,626	20,469	1,482	23,557	941	(24)	917
19,938	238,456	18,753	276,147	10,966	(2,782)	8,184
649	8,177	335	9,161	376	339	715
20,997	264,387	12,002	297,386	12,169	430	12,589
2,760	34,749	3,167	40,676	1,598	(271)	1,327
5,162	64,997	1,415	71,574	2,989	1,084	4,073
109,302	1,376,299	44,550	1,530,131	63,295	(5,555)	57,740
198	2,488	203	2,889	114	5	119
3,554	44,754	6,532	53,840	2,058	(654)	1,404
9,089	114,443	549	124,081	5,263	293	5,556
1,474	18,584	1,465	21,503	854	(23)	831
3,648	45,940	2,291	51,879	2,113	54	2,167
4,613	58,087	6,322	69,022	2,671	(636)	2,035
1,876	23,820	894	28,390	1,088	635	1,721
999	12,578	2,375	15,952	578	(279)	299
24,026	302,530	24,597	351,153	13,913	(2,974)	10,939
9,698	122,111	18,788	150,595	5,616	(2,801)	2,815
26,176	329,604	13,389	369,169	15,159	3,382	18,540
4,613	58,121	4,247	66,981	2,670	(576)	2,094
1,469	18,499	3,657	23,525	851	(268)	583
1,098	13,830	1,310	16,238	638	6	642
5,861	73,802	2,285	81,948	3,394	383	3,757
57,683	726,075	7,589	791,327	33,392	482	33,874
1,974	24,855	2,346	29,175	1,143	(161)	982
23,506	295,976	6,319	325,801	13,612	4,529	18,141
30,027	378,090	13,293	421,410	17,388	1,016	18,404
21,291	268,091	25,157	314,539	12,329	(104)	12,225
40,398	598,681	33,044	582,123	23,394	157	23,551
7,026	88,488	25,128	120,622	4,069	(2,889)	1,180
8,484	108,823	1,932	117,239	4,913	1,550	6,463
7,578	95,425	13,723	116,728	4,389	137	4,526
815	10,268	1,254	12,337	477	38	510
707	8,897	184	9,786	409	350	759
3,160	39,788	4,992	47,947	1,630	(321)	1,509
8,496	106,979	7,044	122,519	4,820	188	5,108
3,130	39,418	671	43,419	1,813	916	2,729
2,823	35,552	1,214	39,589	1,635	115	1,750
3,991	50,260	114	54,355	2,311	372	2,683
5,820	73,287	10,707	89,814	3,370	(1,532)	1,838
3,102	39,065	2,873	45,040	1,797	(379)	1,418
1,830	23,038	915	25,753	1,080	449	1,509
2,434	30,647	1,205	34,286	1,409	823	2,232
4,756	59,881	3,353	67,990	2,754	141	2,895
942	11,882	1,149	13,953	546	292	836
491	6,178	694	7,363	284	169	453
2,283	28,499	2,689	33,451	1,311	703	2,014
4,109	51,736	2,996	58,841	2,379	2,841	5,220
1,864	23,473	1,562	26,899	1,080	(129)	951
3,363	42,350	461	46,174	1,948	252	2,200
914,096	11,510,058	457,891	12,882,045	529,340	—	529,340

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

(1) Plan Description

The State of Alaska Teachers' Retirement System (System) Retiree Medical Plan (Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefits (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 self-insured Plan provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement (DCR) Plan. Members are not eligible to use this Plan until they have at least 10 years of service, and are Medicare age eligible.

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical insurance coverage takes effect on the first day of the month following the date of the Plan administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement until the balance becomes insufficient to pay the premiums, at which point the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical insurance coverage for an eligible member or surviving spouse who is:

- (1) not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:
 - (a) 30 percent if the member had 10 or more, but less than 15, years of service;
 - (b) 25 percent if the member had 15 or more, but less than 20, years of service;
 - (c) 20 percent if the member had 20 or more, but less than 25, years of service;
 - (d) 15 percent if the member had 25 or more, but less than 30, years of service; and
 - (e) 10 percent if the member had 30 or more years of service.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

(2) Basis of Presentation

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. 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. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

(4) Contributions

Employer contribution rates are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2022 employer effective contribution rate is 0.83% of annual payroll.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

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

Total OPEB liability	\$	47,543,000
Plan fiduciary net position		<u>(66,909,000)</u>
Net OPEB asset	\$	<u><u>(19,366,000)</u></u>

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

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	Based on service, range from 7.25% to 2.85%
Investment rate of return	7.25%, net of post-retirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 7.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. 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.
Other	Please see the experience study report dated July 15, 2022.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

Participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as of June 30, 2022:

<u>Decrement due to disability</u>		<u>Decrement due to retirement</u>	
<u>Age</u>	<u>Percent participation</u>	<u>Age</u>	<u>Percent participation</u>
<56	75.0 %	55	50.0 %
56	77.5	56	55.0
57	80.0	57	60.0
58	82.5	58	65.0
59	85.0	59	70.0
60	87.5	60	75.0
61	90.0	61	80.0
62	92.5	62	85.0
63	95.0	63	90.0
64	97.5	64	95.0
65+	100.0	65+	
			<u>Years of service</u>
			<15
			15–19
			20–24
			25–29
			30+

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

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

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 Plan 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 by 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>Long-term expected real rate of return</u>
Domestic equity	6.51 %
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer 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.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

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 of the Plan as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the Plan's collective net 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:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	6,837,000	19,366,000	28,780,000

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

The following presents the collective net OPEB asset of the Plan as of June 30, 2022 calculated using the current healthcare cost trend rates, as well as what the Plan'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:

	<u>1% decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% increase</u>
\$	29,963,000	19,366,000	4,921,000

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred outflows of resources:						
Difference between expected and actual experience	2019	9 years	\$ 1,797,334	—	299,555	1,497,779
	2021	9 years	2,056,000	—	257,000	1,799,000
			<u>3,853,334</u>	<u>—</u>	<u>556,555</u>	<u>3,296,779</u>
Change in assumptions	2018	10.2 years	1,327,530	—	214,117	1,113,413
	2021	9 years	36,444	—	4,556	31,888
			<u>1,363,974</u>	<u>—</u>	<u>218,673</u>	<u>1,145,301</u>
Difference between projected and actual earnings on OPEB plan investments	2018	5 years	3,400	—	3,400	—
	2019	5 years	184,000	—	92,000	92,000
	2020	5 years	820,200	—	273,400	546,800
	2021	5 years	(8,904,000)	—	(2,226,000)	(6,678,000)
	2022	5 years	—	9,418,000	1,883,600	7,534,400
			<u>(7,896,400)</u>	<u>9,418,000</u>	<u>26,400</u>	<u>1,495,200</u>
Total deferred outflows of resources			<u>\$ (2,679,092)</u>	<u>9,418,000</u>	<u>801,628</u>	<u>5,937,280</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2017	10.6 years	\$ 1,055	—	189	866
	2018	10.2 years	236,452	—	38,137	198,315
	2020	9.1 years	412,738	—	58,132	354,606
	2022	8.4 years	—	409,000	48,691	360,309
			<u>650,245</u>	<u>409,000</u>	<u>145,149</u>	<u>914,096</u>
Change in assumptions	2019	9 years	3,033,999	—	505,667	2,528,332
	2020	9.1 years	4,394,198	—	618,901	3,775,297
	2022	8.4 years	—	5,910,000	703,571	5,206,429
			<u>7,428,197</u>	<u>5,910,000</u>	<u>1,828,139</u>	<u>11,510,058</u>
Total deferred inflows of resources			<u>\$ 8,078,442</u>	<u>6,319,000</u>	<u>1,973,288</u>	<u>12,424,154</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

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2022

of all plan members, which is 8.4 years, 9 years, 9.1 years, 9 years, 10.2 years, and 10.6 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

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:	
2023	\$ (1,175,060)
2024	(1,267,059)
2025	(1,540,459)
2026	685,541
2027	(1,197,983)
Thereafter	<u>(1,991,854)</u>
Total	\$ <u><u>(6,486,874)</u></u>

(7) Collective OPEB Expense

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

Service cost	\$ 3,636,000
Interest on total OPEB liability	3,748,000
Benefit changes	(610,000)
Administrative expense	35,000
Expected investment return net of investment expenses	(5,108,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between expected and actual experience	411,406
Change in assumptions	(1,609,466)
Difference between projected and actual investment earnings on OPEB plan investments	<u>26,400</u>
Total OPEB expense	\$ <u><u>529,340</u></u>

Division of Retirement & Benefits

Alaska Retirement Management Board

Audit Committee

November 30, 2022

Audit Unit Report

This report contains information on work performed through November 15, 2022, by the Division of Retirement and Benefit Audit Unit. The Audit Unit is under the supervision of CFO Kevin Worley. The daily activities of the Audit Unit are overseen by Accountant V, Traci Walther.

A. Audit Unit Overview

The Audit Unit audits all employers in PERS and TRS for compliance with state regulations and federal code. Per the DRB audited financial statements for Fiscal Year (FY) 2022, there were 151 PERS employers and 57 TRS employers with employer contributions totaling \$729.2 million.

Besides PERS and TRS audits, the Audit Unit also audits for SBS and DCP compliance (when applicable) and reviews the employers' social security and Medicare withholding for compliance with mandatory and voluntary rules.

B. Employer Audits Performed to Date

	<u>PERS Employers</u>	<u>TRS Employers</u>
CY 2022	05	02
CY 2021	12	05
CY 2020	17	08
CY 2019	10	04
CY 2018	39	14
CY 2017	25	13
CY 2016	17	07

C. Audit Chart SFY 2022

Zero SFY 2023 Audits have been completed to date. All SFY 2023 audits will be performed via desk.

Akutan, City of	Iditarod Area School District	North Pacific Fisheries Management Council
Alaska Gateway SD*	Iilisagvik College*	North Pacific Rim Housing Authority
Alaska Housing Finance Corporation	Inter Island Ferry Authority	North Slope Borough*
Bering Straits School District	Juneau, City & Borough	North Slope Borough School District*
Bethel, City of	Ketchikan Borough	Palmer, City of
Chugach School District	Ketchikan Borough SD	Petersburg Borough
Copper River School District*	Ketchikan, City of	Petersburg City Schools
Craig City Schools	Klawock City School District	Petersburg Medical Center
Craig, City of	Klawock, City of	Southeast Island School District
Fairbanks North Star Borough	Kodiak Island Borough	Tagiugmiullu Nunamiullu Housing Authority
Fairbanks North Star Borough School District	Kuspuk School District	Thorne Bay, City of
Fairbanks, City of	Lower Kuskokwim School District	Toksook Bay, City of
Haines Borough	Lower Yukon School District	Utqiagvik (was Barrow), City of *
Haines Borough SD	Matanuska-Susitna Borough	

Highlighted = Completed * = In Process

D. Common Employer Audit Issues to Date (in order of prevalence)

1. Unallowable compensation
2. Temporary Employees enrolled incorrectly
3. Unallowable PERS Peace Officer classification participation

E. Other Duties Performed by Audit Unit

State Social Security Administrator Position is currently vacant. Traci Walther acting as State Social Security Administrator to answer employer questions as needed. Traci Walther will also be presenting on Social Security and Proper Event reporting for PERS and TRS at the Alaska Government Finance Officers Association (AGFOA) and Alaska Association of School Business Officials (ALASBO) conferences December 6-7, 2022.

Division of Retirement & Benefits

Alaska Retirement Management Board

Audit Committee

November 30, 2022

Delinquent Employers

As identified below, the following employers were delinquent in filing their required payroll reports per Alaska Statute (AS) 39.35.610 and .770 [PERS] and AS 14.25.065 and .370 [TRS].

PERS employers delinquent reporting as of Monday, November 14, 2022:

1. City of Nenana – last reported Pay Period End (PPE) date April 30, 2022
2. City of Kachemak – last reported PPE date July 31, 2022
3. City of Barrow – last reported PPE date October 15, 2022
4. City of Upper Kalskag – last reported PPE date August 31, 2022
5. Nenana City SD – last reported PPE date September 17, 2022
6. City of King Cove – last reported PPE date September 15, 2022
7. Hydaburg City SD – last reported PPE date June 30, 2022
8. City of Atka – last reported PPE date September 30, 2022
9. Anchorage SD – last reported PPE date October 9, 2022
10. Yukon Flats SD – last reported PPE date July 15, 2022
11. City of Fort Yukon – last reported PPE date October 1, 2022
12. Tlingit Haida RHA – last reported PPE date October 1, 2022
13. Alaska Housing Finance Corp – last reported PPE date October 1, 2022
14. Aleutian Housing Authority – last reported PPE date October 8, 2022
15. Delta / Greely SD - last reported PPE date October 8, 2022
16. City and Borough of Juneau - last reported PPE date October 8, 2022
17. Northwest Arctic Borough - last reported PPE date October 9, 2022

TRS employers are delinquent reporting as of Monday, November 14, 2022:

1. Hydaburg City SD – last reported PPE date June 30, 2022
2. Yukon Flats SD – last reported PPE date July 31, 2022
3. Klawock SD – last reported PPE date September 30, 2022
4. Kashunamiut SD – last reported PPE date September 30, 2022
5. Fairbanks North Star Borough SD - last reported PPE date October 9, 2022

The following PERS employers were delinquent in salary floor annual billings:

1. City of Allakaket
2. City of Elim

3. City of Nenana
4. City of Noorvik
5. City of St. George
6. City of Tanana
7. City of Upper Kalskag

Alaska Retirement Management Board

COMMITTEE SELF-ASSESSMENT

Audit Committee

Self-assessment within the meaning of the committee's charter may be achieved by discussion, at least twice a year, of the following questions:

	YES	NO
1. Are discussions at the committee level meaningful and, if not, what can be done about it?		
2. Is the committee touching on key issues; what key issues are being missed?		
3. Is the committee giving appropriate time to key issues?		
4. Does the work of the Audit Committee appropriately meet the needs of the Board by reducing necessary Board meeting time spent on the matters that come before the Audit Committee?		

Charter of the Audit Committee of the Board of Trustees of the Alaska Retirement Management Board

I. Audit Committee Purpose.

The Audit Committee provides independent oversight of the integrity of the Alaska Retirement Management Board's financial statements and reporting, systems of internal controls, and compliance with legal and regulatory requirements. It also serves as a conduit of communication among the independent auditors, asset, liability and investment management, the chief financial officers, and the Board of Trustees.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, as well as ARMB management and staff, legal counsel, and asset managers. The Committee may retain, at the expense of the ARMB and consistent with applicable procurement requirements, special legal, accounting, or other consultants or experts it considers necessary in the performance of its duties.

II. Audit Committee Responsibilities and Duties.

A. The Committee shall carry out the following review responsibilities:

1. Review and assess the adequacy of this Charter at least annually and submit recommended changes to it to the Board of Trustees for approval.

2. Review the annual audited financial statements prior to filing or distribution of the final report. This review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments.

3. In consultation with management, the independent auditors, and the chief financial officers, consider the integrity of the financial reporting processes and controls; discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures; and review significant findings prepared by the independent auditors and the chief financial officers together with management's responses.

4. Discuss any significant changes to applicable accounting principles and any items required to be communicated by the independent auditors.

5. At least annually, review with the ARMB's counsel any legal matters that could have a significant impact on the Fund's financial statements, the ARMB's compliance with applicable laws and regulations, and any inquiries received from regulators or governmental agencies.

6. Review financial and accounting personnel succession planning within the ARMB.

7. Periodically perform self-assessment of the Committee's performance.

B. The Committee is recognized as a direct avenue for the reporting of any material or significant finding by the Treasury Division Compliance Office. The Chair of the Committee shall be the primary contact with the external auditors between meetings of the Committee if communications between the external auditors and the Committee are deemed necessary or desirable.

C. The Committee shall have the following responsibilities with respect to the ARMB's independent auditors:

1. Review the independence and performance of the auditors and periodically recommend to the Board of Trustees the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.

2. Review the independent auditors' audit plan - discuss scope, staffing, locations, reliance upon management, and general audit approach.

3. Discuss with management and the independent auditors the accounting principles and underlying estimates used in the preparation of the Fund's financial statements.

4. Review the external auditor's management letter to the ARMB and discuss the contents with the auditors and monitor the follow-up on significant observations, findings and recommendations.

5. Discuss with the independent auditors the clarity of the financial disclosure practices used or proposed by the ARMB.

6. Meet with the auditors, in the absence of management, to review findings, recommendations or other pertinent subjects.

D. In addition to the foregoing, the Committee shall:

1. Perform such other activities consistent with this Charter, and governing law as the Committee considers necessary or appropriate or as the Board of Trustees may otherwise request.

2. Maintain minutes of Committee meetings and periodically report to the Board of Trustees on significant results of the Committee's activities.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE CALENDAR

Schedule of 2023 Meetings

March 15, 2023 (Juneau/Videoconference)

1. Meet with DRB and Treasury staff.
2. Report from DRB on Employer Audit Program. Review list of completed audits, audit schedule, rotation, and significant findings/results. Identify any recurring findings.
3. Report on Delinquent/ Late Filing Employers
4. Report from Treasury Compliance Officer.

June 14, 2023 (Anchorage/Videoconference)

1. Review Auditor's audit plan of assets (Treasury) and pension systems and liabilities (Division of Retirement and Benefits). [Charter B 2](#)
2. Review with Staff (DOR and DRB) and Independent Auditors scope of audit, sensitive and risk areas, and compliance. [Charter B 2](#)
3. Report on Delinquent/ Late Filing Employers
4. Audit Committee opportunity to ask auditors to focus on areas of interest/review
5. Review Legal Issues and Regulations with Legal Counsel. [Charter A 5](#)
6. Review Organizational Charts, and Financial and accounting personnel succession. [Charter A 6](#)
7. Review Audit Committee Charter. [Charter A 1](#)
8. Committee Performance Self-Assessment. [Charter A 7](#)

September 13, 2023 (Anchorage/ Videoconference)

1. Meet with Independent Auditors to receive and review draft audit of pension system invested assets. [Charter A 2-3, B 3-4-5](#)
2. Committee only meeting with auditors without management [Charter B 6](#)
3. Report on Delinquent/ Late Filing Employers

October 9, 2023 (Videoconference)

1. DRB Financial Statements

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE CALENDAR

Schedule of 2023 Meetings

December 6, 2023 (Anchorage/ Videoconference)

1. Meet with Independent Auditors to review final audit of pension systems [Charter A 2-3, B 3- 4-5](#))
2. Committee only meeting with Independent Auditors [Charter B 6](#)
3. Report on Delinquent/ Late Filing Employers
4. Committee Performance Self-Assessment. [Charter A 7](#)

Periodic and As-Needed Meeting Topics

1. Annual review with DRB on Independent Auditor procurement and contract (including review of independence and performance of auditors). [Charter B 1](#)
2. Updates by DRB on actuary procurement and second review/audits.
3. Custodian report and procedures review – augmented by staff reports. Biannual or as needed.
4. Regular reports by DRB on Employer Audit Program. Review list of completed audits, audit schedule, rotation, and significant findings/results. Identifying any recurring findings.
5. Regular reports on compliance:
 - A. “Back Office” compliance review programs.
 - B. Investment staff programs and procedures on real estate and alternative investment valuation monitoring and checks.
 - C. Annual Presentation
6. Audit Committee training on special topics