

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

December 20, 2023  
1:30 p.m.

Videoconference Originating at:  
Treasury Division  
State Office Building  
Juneau, Alaska

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**Trustees Present:**

Michael Williams, Chair  
Donald Krohn

Bob Williams  
Lorne Bretz

**Other Trustees Present:**

Sandra Ryan

**Department of Revenue Staff Present:**

Zach Hanna, Chief Investment Officer  
Scott Jones, Head of Investment Operations, Performance & Analytics  
Alysia Jones, Board Liaison

**Division of Retirement & Benefits**

Kevin Worley, Chief Financial Officer  
Christina Maiquis, Accountant V

**Investment Advisory Council Present:**

Dr. Williams Jennings

**KPMG:**

Beth Stuart, Audit Partner  
Melissa Beedle, Audit Managing Director

**Buck:**

David Kershner, Principal, Consulting Actuary  
Robert Besenhofer, Principal, Health Actuary

## PROCEEDINGS

### CALL TO ORDER

CHAIR MIKE WILLIAMS apologized for the slight delay and called the Audit Committee of the Alaska Retirement Management Board to order at 1:38 p.m. He then asked for a roll call.

MS. JONES called the roll and stated that the members of the committee were present.

### 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 that was presented.

CFO WORLEY stated that there were two letters that should have been included in the Audit Committee packet that went out a couple of weeks ago. Ms. Jones also has two letters from KPMG. She also has representation letters from the management of the Department of Revenue for the Treasury Division for the invested assets of the ARM Board, and then for the audits issued by KPMG for public employees, teachers, JRS, deferred comp, and the supplemental benefits system (SBS). He stated those would be sent if they have not already been sent out. He apologized for not including those in the packet the last time.

CHAIR MIKE WILLIAMS asked for any other adjustments to the agenda. He asked for any objections to moving forward with the agenda. There being no objections, he continued to Public Participation.

### PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

CHAIR MIKE WILLIAMS moved to the public comment period and asked if there was anyone online who wished to address the Audit Committee. Hearing none, he moved to the June 30<sup>th</sup> PERS/TRS and GASB 68 and 75 audited schedules.

### JUNE 30, 2023, PERS/TRS GASB 68 AND 75 AUDITED SCHEDULES

CFO WORLEY stated that on Page 3 of the packet was an information disclosure from the Division related to the GASB 68 and GASB 75 allocation schedules, which were the accounting and financial reports for pensions for 68, and the accounting and financial reporting for past employment benefits other than pension, which were the OPEB plans. Primarily, the Alaska Retiree Healthcare Trust, the Occupational Death and Disability Plans for both PERS and TRS, as well as the Retiree Medical Plan because those were all defined benefit plans and funded through actuarially determined contribution rates. From those schedules, there was for PERS and TRS a net pension liability which was disclosed in the financial statements. Then, for participating employers, there were Governmental Accounting Standards requirements that, on a cost-shared plan, the participating employers get allocated a portion of the net pension liability. In regard to all of the healthcare trusts, Occupational Death and Disability Plan, and the retiree medical plans for PERS and TRS, there was a net OPEB asset allocated through the allocation schedules, just like the net pension liability. He stated that they work with Buck developing the schedules, and then KPMG audits those schedules for them.

CHAIR MIKE WILLIAMS asked if KPMG reviewed the methodology and the allocation percentage, and if they have a reasonableness or comfort level associated with those methodologies and allocations.

MS. BEEDLE replied, yes, they have, and they involve their actuary to help with the methods.

CFO WORLEY clarified that they work with Buck and also work with KPMG, and then Buck also works with KPMG's actuary. They have meetings that he and Ms. Beedle also participate in as they work through and discuss assumptions. They talk about the rate of return and inflation. Those things are part of the annual audits that are disclosed in the financial statements, and they also discuss the allocation methodology used. He stated that the first item they looked at was the PERS defined benefit pension plan. He continued that David Kershner and Bob Besenhofer from Buck helped with the schedules and were online.

CHAIR MIKE WILLIAMS asked about the percentages on occupational death and disability, which is something that popped out at him.

CFO WORLEY replied that he believed that with the occupational death and disability they had a normal cost that could be absorbed by a negative past service cost. He added that, unlike the Alaska Retiree Healthcare Trust where a zero percent was adopted, the Board adopted the normal cost rate in that situation. He continued that it could be looked at in September if that is something that the Actuarial Committee has a need or desire to adopt, a zero rate for ODD and/or RMP. At that point, the money would be shifting to the defined benefit pension system. He moved to the PERS Alaska Retiree Healthcare Trust and stated that it is an overfunded plan with an overage. He then moved to the PERS Retiree Major Medical Insurance Plan. He stated that the allocations are gone through with Buck, and then KPMG comes in and goes through again, and they do a lot of analytics. They look at changes between employers, contribution percentages from prior year to current year. He continued to the PERS DB pension, which is used primarily for employers that report a calendar year through December 31, 2023. It is important to have these schedules issued timely. For the majority of participating employers with a June 30, 2024, year-end, this information is available so a lot of the footnote disclosures and journal entries could be readied. This is helpful to have as soon after the annual audits are completed. He continued through the rest of the schedules and stated they were trying to get them issued before the end of the calendar year so that all participating employers with a September 30, December 31, or March 31, 2024, year-end have the information available.

CHAIR MIKE WILLIAMS asked for any questions from committee members. There being none, he thanked CFO Worley for his thorough presentation.

CFO WORLEY stated appreciation for this additional Audit Committee meeting so that these schedules could get done.

CHAIR MIKE WILLIAMS asked if there were any future items on the calendar from committee members for future Audit Committee meetings.

CFO WORLEY added one thing regarding the National Guard. He said he was working on a memorandum of agreement that he wants to get finalized through the Commissioner and then with the Commissioner Adjutant General at the Department of Military and Veterans Affairs

regarding data collection from them, as well as audit timeframes, so that KPMG could finish up their audits in a timely manner.

CHAIR MIKE WILLIAMS looked forward to hearing the progress on that. He asked for any other matters to come before the committee. There being none, he asked if there are any members of the public or participants that wished to make comments to the Audit Committee.

CFO WORLEY stated that he had two items. By Alaska statute, the Division of Retirement and Benefits must issue annual comprehensive financial reports for both the PERS and the TRS by the end of a calendar year, and we have until December 31. Those were just completed the other day and will be posted online either by the end of business today or tomorrow. He noted this was the earliest issuing in a number of years. He thanked KPMG because they have to review the annual comprehensive financial reports. He thanked his staff for the time they spent on the five sections. It took a lot of work to not only do the data entry, but also the review. He thanked Scott Jones, Ryan Kauzlarich, Pam Leary, and her group for their assistance in the investment sections. He also thanked David Kershner and Bob Besenhofer for Buck's work on getting all the actuarial stuff that was needed to report. He added that they received their June 30, 2022, Government Finance Officers Association certificate of financial achievement award which is very stringent with a lot of checklists that they go through, and we met all requirements. They also received an award from the Public Pension Coordination Council. He gave a big thanks to DRB and Treasury, KPMG, and Buck. He also thanked the committee.

CHAIR MIKE WILLIAMS congratulated CFO Worley for maintaining those high standards. He asked for anything else to come before the committee. There being nothing, he thanked everyone for their attendance and wished them all a Merry Christmas and a Happy New Year. He asked for a motion to adjourn.

**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.*

(The ARMB Audit Committee Meeting was adjourned at 2:03 p.m.)