



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedules of OPEB Amounts by Employer

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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## **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 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 (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the State of Alaska Teachers' Retirement System Occupational Death and Disability Plan (the Plan) as of and for the year ended June 30, 2017 and the total for all entities of the column titled net OPEB asset (specified column total) included in the accompanying schedule of OPEB amounts by employer of the Plan as of June 30, 2016, 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 specified column totals included in the schedules of OPEB amounts by employer based on our audits. We conducted our audits 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 specified column totals included in the schedules 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 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 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 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 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 net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for the Plan as of and for the year ended June 30, 2017, and the net OPEB asset for the total of all participating entities for the Plan as of June 30, 2016, 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, 2017, and our report thereon, dated December 5, 2017, 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.

*KPMG LLP*

Anchorage, Alaska  
October 26, 2018

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedules of OPEB Amounts by Employer

As of and for the years ended June 30, 2017 and 2016

| Employer                                     | Employer number | Net OPEB Asset |               | Deferred outflows of resources as of June 30, 2017 |  |                                      |
|--|-----------------|----------------|---------------|--|--|--------------------------------------|
|  |                 | June 30, 2017  | June 30, 2016 | Changes of assumptions                             | Changes in proportion and difference between employer contributions and proportionate share of contributions | Total deferred outflows of resources |
| Employer:                                    |                 |                |               |  |  |                                      |
| Anchorage SD                                 | 701             | \$ 1,008,824   | 970,360       | -  | 7,102  | 7,102                                |
| Cordova City SD                              | 704             | 7,654          | 6,025         | -  | -  | -                                    |
| Craig City SD                                | 705             | 9,386          | 9,123         | -  | 152  | 152                                  |
| Fairbanks North Star Borough SD              | 706             | 280,781        | 261,648       | -  | -  | -                                    |
| Haines Borough SD                            | 707             | 10,577         | 11,718        | -  | 1,472  | 1,472                                |
| Hoonah City SD                               | 708             | 5,320          | 3,701         | -  | -  | -                                    |
| Hydaburg City SD                             | 709             | 2,387          | 4,346         | -  | 1,873  | 1,873                                |
| Juneau Borough SD                            | 710             | 101,440        | 98,441        | -  | 1,501  | 1,501                                |
| Kake City SD                                 | 712             | 6,091          | 6,290         | -  | 434  | 434                                  |
| Ketchikan Gateway Borough SD                 | 714             | 51,708         | 51,055        | -  | 1,559  | 1,559                                |
| Klawock City SD                              | 717             | 4,787          | 3,642         | -  | -  | -                                    |
| Kodiak Island Borough SD                     | 718             | 88,949         | 79,082        | -  | -  | -                                    |
| Nenana City SD                               | 719             | 9,610          | 8,148         | -  | -  | -                                    |
| Nome City SD                                 | 720             | 21,484         | 22,458        | -  | 1,776  | 1,776                                |
| Matanuska-Susitna Borough SD                 | 722             | 360,315        | 330,091       | -  | -  | -                                    |
| Pelican City SD                              | 723             | 586            | 517           | -  | -  | -                                    |
| Petersburg City SD                           | 724             | 7,643          | 8,590         | -  | 1,175  | 1,175                                |
| Sitka Borough SD                             | 727             | 35,069         | 32,801        | -  | -  | -                                    |
| Skagway City SD                              | 728             | 5,115          | 3,460         | -  | -  | -                                    |
| Unalaska City SD                             | 729             | 11,208         | 12,677        | -  | 1,796  | 1,796                                |
| Valdez City SD                               | 730             | 14,336         | 9,601         | -  | -  | -                                    |
| Wrangell Public SD                           | 731             | 8,703          | 7,812         | -  | -  | -                                    |
| Yakutat SD                                   | 732             | 2,137          | 1,016         | -  | -  | -                                    |
| University of Alaska                         | 733             | 75,049         | 70,910        | -  | -  | -                                    |
| Galena City SD                               | 735             | 21,198         | 18,950        | -  | -  | -                                    |
| North Slope Borough SD                       | 736             | 99,168         | 98,480        | -  | 3,499  | 3,499                                |
| State of Alaska                              | 737             | 11,712         | 12,897        | -  | 1,560  | 1,560                                |
| Bristol Bay Borough SD                       | 742             | 3,628          | 4,931         | -  | 1,330  | 1,330                                |
| Southeast Regional Resource Center           | 743             | 4,626          | 4,490         | -  | 69   | 69                                   |
| Dillingham City SD                           | 744             | 19,015         | 22,428        | -  | 3,882  | 3,882                                |
| Kenai Peninsula Borough SD                   | 746             | 214,673        | 203,150       | -  | -  | -                                    |
| Saint Mary's SD                              | 748             | 5,357          | 5,802         | -  | 626  | 626                                  |
| Northwest Arctic Borough SD                  | 751             | 101,913        | 98,999        | -  | 1,597  | 1,597                                |
| Bering Strait SD                             | 752             | 118,245        | 117,330       | -  | 4,087  | 4,087                                |
| Lower Yukon SD                               | 753             | 85,035         | 88,780        | -  | 6,927  | 6,927                                |
| Lower Kuskokwim SD                           | 754             | 163,789        | 152,700       | -  | -  | -                                    |
| Kuspuk SD                                    | 755             | 18,946         | 17,740        | -  | -  | -                                    |
| Southwest Region SD                          | 756             | 36,504         | 32,413        | -  | -  | -                                    |
| Lake And Peninsula Borough SD                | 757             | 24,962         | 26,654        | -  | 2,570  | 2,570                                |
| Aleutian Region SD                           | 758             | 2,812          | 2,883         | -  | 181  | 181                                  |
| Pribilof SD                                  | 759             | 4,220          | 4,526         | -  | 453  | 453                                  |
| Iditarod Area SD                             | 761             | 12,833         | 8,172         | -  | -  | -                                    |
| Yukon / Koyukuk SD                           | 762             | 26,539         | 27,838        | -  | 2,279  | 2,279                                |
| Yukon Flats SD                               | 763             | 15,383         | 15,338        | -  | 599  | 599                                  |
| Denali Borough SD                            | 764             | 11,315         | 8,938         | -  | -  | -                                    |
| Delta/Greely SD                              | 765             | 16,414         | 16,381        | -  | 653  | 653                                  |
| Alaska Gateway SD                            | 766             | 14,227         | 11,642        | -  | -  | -                                    |
| Copper River SD                              | 767             | 7,217          | 7,266         | -  | 344  | 344                                  |
| Chatham SD                                   | 768             | 8,171          | 6,989         | -  | -  | -                                    |
| Southeast Island SD                          | 769             | 11,792         | 11,387        | -  | 124  | 124                                  |
| Annette Island SD                            | 770             | 16,351         | 14,563        | -  | -  | -                                    |
| Chugach SD                                   | 771             | 3,333          | 3,320         | -  | 126  | 126                                  |
| Tanana SD                                    | 775             | 1,284          | 2,502         | -  | 1,156  | 1,156                                |
| Kashunamiut SD                               | 777             | 11,926         | 13,396        | -  | 1,827  | 1,827                                |
| Yupit SD                                     | 778             | 26,171         | 25,445        | -  | 430  | 430                                  |
| Special Education Service Agency             | 779             | 5,559          | 5,239         | -  | -  | -                                    |
| Aleutians East Borough SD                    | 780             | 14,523         | 12,919        | -  | -  | -                                    |
| Total attributable to employer contributions |                 | \$ 3,268,000   | 3,118,000     | -  | 53,159   | 53,159                               |

See accompanying notes to schedules of OPEB amounts by employer.

Deferred inflows of resources as of June 30, 2017

OPEB expense  
for the year ended June 30, 2017

| Difference between expected and actual experience | Changes of assumptions | Net difference between projected and actual investment earnings on OPEB plan investments | Changes in proportion and difference between employer contributions and proportionate share of contributions | Total deferred inflows of resources | Proportionate share of OPEB expense | Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | Total OPEB expense |
|---|------------------------|--|--|-------------------------------------|-------------------------------------|---|--------------------|
| 4,193   | -                      | 38,277   | -  | 42,470                              | (3,834)                             | 743   | (3,091)            |
| 32  | -                      | 290  | 1,157  | 1,479                               | (29)                                | (121)   | (150)              |
| 39  | -                      | 356  | -  | 395                                 | (36)                                | 16  | (20)               |
| 1,167   | -                      | 10,654   | 5,656  | 17,477                              | (1,067)                             | (589)   | (1,656)            |
| 44  | -                      | 401  | -  | 445                                 | (40)                                | 153   | 113                |
| 22  | -                      | 202  | 1,244  | 1,468                               | (20)                                | (130)   | (150)              |
| 10  | -                      | 91   | -  | 101                                 | (9)                                 | 195   | 186                |
| 422   | -                      | 3,849  | -  | 4,271                               | (385)                               | 156   | (229)              |
| 25  | -                      | 231  | -  | 256                                 | (23)                                | 45  | 22                 |
| 215   | -                      | 1,962  | -  | 2,177                               | (196)                               | 162   | (34)               |
| 20  | -                      | 182  | 838  | 1,040                               | (18)                                | (87)  | (105)              |
| 370   | -                      | 3,375  | 5,238  | 8,983                               | (338)                               | (546)   | (884)              |
| 40  | -                      | 365  | 924  | 1,329                               | (37)                                | (96)  | (133)              |
| 89  | -                      | 815  | -  | 904                                 | (82)                                | 185   | 103                |
| 1,498   | -                      | 13,672   | 12,397   | 27,567                              | (1,369)                             | (1,291)   | (2,660)            |
| 2   | -                      | 22   | 38   | 62                                  | (2)                                 | (4)   | (6)                |
| 32  | -                      | 290  | -  | 322                                 | (29)                                | 122   | 93                 |
| 146   | -                      | 1,331  | 596  | 2,073                               | (133)                               | (62)  | (195)              |
| 21  | -                      | 194  | 1,286  | 1,501                               | (19)                                | (134)   | (153)              |
| 47  | -                      | 425  | -  | 472                                 | (43)                                | 187   | 144                |
| 60  | -                      | 544  | 3,692  | 4,296                               | (54)                                | (385)   | (439)              |
| 36  | -                      | 330  | 446  | 812                                 | (33)                                | (46)  | (79)               |
| 9   | -                      | 81   | 927  | 1,017                               | (8)                                 | (97)  | (105)              |
| 312   | -                      | 2,848  | 629  | 3,789                               | (285)                               | (66)  | (351)              |
| 88  | -                      | 804  | 1,154  | 2,046                               | (81)                                | (120)   | (201)              |
| 412   | -                      | 3,763  | -  | 4,175                               | (377)                               | 364   | (13)               |
| 49  | -                      | 444  | -  | 493                                 | (44)                                | 163   | 119                |
| 15  | -                      | 138  | -  | 153                                 | (14)                                | 139   | 125                |
| 19  | -                      | 176  | -  | 195                                 | (18)                                | 7   | (11)               |
| 79  | -                      | 722  | -  | 801                                 | (72)                                | 404   | 332                |
| 892   | -                      | 8,145  | 1,512  | 10,549                              | (816)                               | (158)   | (974)              |
| 22  | -                      | 203  | -  | 225                                 | (20)                                | 65  | 45                 |
| 424   | -                      | 3,867  | -  | 4,291                               | (387)                               | 166   | (221)              |
| 492   | -                      | 4,487  | -  | 4,979                               | (449)                               | 426   | (23)               |
| 353   | -                      | 3,227  | -  | 3,580                               | (323)                               | 722   | 399                |
| 681   | -                      | 6,215  | 3,234  | 10,130                              | (622)                               | (337)   | (959)              |
| 79  | -                      | 719  | 304  | 1,102                               | (72)                                | (32)  | (104)              |
| 152   | -                      | 1,385  | 2,188  | 3,725                               | (139)                               | (228)   | (367)              |
| 104   | -                      | 947  | -  | 1,051                               | (95)                                | 268   | 173                |
| 12  | -                      | 107  | -  | 119                                 | (11)                                | 19  | 8                  |
| 18  | -                      | 160  | -  | 178                                 | (16)                                | 47  | 31                 |
| 53  | -                      | 487  | 3,688  | 4,228                               | (49)                                | (384)   | (433)              |
| 110   | -                      | 1,007  | -  | 1,117                               | (101)                               | 237   | 136                |
| 64  | -                      | 584  | -  | 648                                 | (58)                                | 62  | 4                  |
| 47  | -                      | 429  | 1,683  | 2,159                               | (43)                                | (175)   | (218)              |
| 68  | -                      | 623  | -  | 691                                 | (62)                                | 68  | 6                  |
| 59  | -                      | 540  | 1,750  | 2,349                               | (54)                                | (182)   | (236)              |
| 30  | -                      | 274  | -  | 304                                 | (27)                                | 36  | 9                  |
| 34  | -                      | 310  | 731  | 1,075                               | (31)                                | (76)  | (107)              |
| 49  | -                      | 447  | -  | 496                                 | (45)                                | 13  | (32)               |
| 68  | -                      | 620  | 939  | 1,627                               | (62)                                | (98)  | (160)              |
| 14  | -                      | 126  | -  | 140                                 | (13)                                | 13  | -                  |
| 5   | -                      | 49   | -  | 54                                  | (5)                                 | 120   | 115                |
| 50  | -                      | 453  | -  | 503                                 | (45)                                | 190   | 145                |
| 109   | -                      | 993  | -  | 1,102                               | (99)                                | 45  | (54)               |
| 23  | -                      | 211  | 59   | 293                                 | (21)                                | (6)   | (27)               |
| 60  | -                      | 551  | 849  | 1,460                               | (55)                                | (88)  | (143)              |
| 13,585  | -                      | 124,000  | 53,159   | 190,744                             | (12,415)                            | -   | (12,415)           |

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM**  
**OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedules of OPEB Amounts by Employer  
June 30, 2017 and 2016

**(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.

*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.

*Disability Benefits*

A Plan member is eligible for an occupational disability benefit if employment is terminated because of a total and apparently permanent 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 schedules of OPEB amounts by employer (the Schedules) present amounts that are considered elements of the financial statements of the System 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 System, 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**

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. During the years ended June 30, 2017 and 2016, there were no

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employer contributions to the Plan. For purposes of GASB Statement No. 75, management determined that since the contribution base of the Plan was comparable to that of the System's Retiree Medical Plan, the allocation percentages computed in the Retiree Medical Plan would be used for this Plan. Allocation percentages are presented in a separate audit report titled *State of Alaska Teachers' Retirement System Retiree Medical Plan Schedules of Employer Allocations*.

**(4) Contributions**

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). Employer contributions were 0.00% of annual payroll for the year ended June 30, 2017.

**(5) Collective Net OPEB Asset**

*Components of the Collective Net OPEB Asset*

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

|                             | <b>2017</b>    | <b>2016</b> |
|-----------------------------|----------------|-------------|
| Total OPEB liability        | \$ 263,000     | 19,000      |
| Plan fiduciary net position | 3,531,000      | 3,137,000   |
| Net OPEB asset              | \$ (3,268,000) | (3,118,000) |

The total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total OPEB liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, which was rolled forward to June 30, 2016. These actuarial valuations used the following actuarial assumptions as of both the June 30, 2017 and 2016 measurement dates:

|                           |   |
|---------------------------|---|
| Inflation rate            | 3.12%   |
| Salary increases:         | Graded by service, from 8.11% to 3.87%  |
| Investment rate of return | 8.00%, net of OPEB plan investment expenses.<br>This is based on average inflation rate of 3.12%<br>and a real rate of return of 4.88%. |

Post-termination mortality rates were based on 94% of the male rates and 97% of female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68% of the male and 60% of the female post-termination mortality rates (deaths were assumed to result from occupational causes 15% of the time). Disability mortality rates were in accordance with the RP-2000 Disabled Retiree Mortality Table, 2000 Base Year, projected to 2018 with Projection Scale BB.

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The actuarial assumptions used in the June 30, 2016 and 2015 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions effective for the June 30, 2014 actuarial valuation adopted by the Board to better reflect expected future experience.

*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 allocations as of June 30, 2017 and 2016 are summarized in the following table (note that the rates shown below exclude the inflation component):

| <u>Asset class</u>      | <b>Long-term<br/>expected real<br/>rate of return</b> |             |
|-------------------------|---|-------------|
|                         | <u>2017</u>   | <u>2016</u> |
| Broad domestic equity   | 8.83%   | —%          |
| Global ex-U.S. equity   | 7.79  | 5.55        |
| Intermediate treasuries | 1.29  | —           |
| Opportunistic           | 4.76  | —           |
| Real assets             | 4.94  | 3.65        |
| Absolute return         | 4.76  | —           |
| Private equity          | 12.02   | —           |
| Cash equivalents        | 0.63  | —           |
| Fixed income composite  | —   | 0.80        |
| Alternative equity      | —   | 4.70        |
| Domestic equity         | —   | 5.35        |
| Private equity          | —   | 6.25        |

*Discount Rate*

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 8.0%. 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.

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Notes to Schedules of OPEB Amounts by Employer  
June 30, 2017 and 2016

*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, 2017 and 2016, calculated using the discount rate of 8.0%, as well as what the Plan's collective net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|             |    | <u>1% Decrease<br/>(7%)</u> | <u>Current discount<br/>rate (8%)</u> | <u>1% Increase<br/>(9%)</u> |
|-------------|----|-----------------------------|---------------------------------------|-----------------------------|
| <b>2017</b> | \$ | (3,284,000)                 | (3,268,000)                           | (3,260,000)                 |
| <b>2016</b> | \$ | (3,146,249)                 | (3,118,000)                           | (3,096,975)                 |

**(6) Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources relate entirely to employer specific amounts.

The following presents a summary of changes in the collective deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2017:

|   | <u>Year of<br/>Deferral</u> | <u>Amortization<br/>Period</u> | <u>Beginning of<br/>year balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>End of year<br/>balance</u> |
|---|-----------------------------|--------------------------------|--------------------------------------|------------------|-------------------|--------------------------------|
| <b>Deferred Inflows of Resources:</b>                                     |                             |                                |                                      |                  |                   |                                |
| Difference between expected and actual experience                         | 2017                        | 10.6 years                     | \$ —                                 | 15,000           | 1,415             | 13,585                         |
| Difference between projected and actual earnings on OPEB plan investments | 2017                        | 5 years                        | —                                    | 155,000          | 31,000            | 124,000                        |
| Total Deferred Inflows of Resources                                       |                             |                                | <u>\$ —</u>                          | <u>170,000</u>   | <u>32,415</u>     | <u>137,585</u>                 |

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

|                      |                     |
|----------------------|---------------------|
| Year ending June 30: |                     |
| 2018                 | \$ (32,415)         |
| 2019                 | (32,415)            |
| 2020                 | (32,415)            |
| 2021                 | (32,415)            |
| 2022                 | (1,415)             |
| Thereafter           | <u>(6,510)</u>      |
| Total                | <u>\$ (137,585)</u> |

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM**  
**OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedules of OPEB Amounts by Employer  
June 30, 2017 and 2016

**(7) Collective OPEB Expense**

The components of the collective OPEB expense (benefit) (excluding employer specific amounts) for the year ending June 30, 2017 are as follows:

|  |    |                 |
|--|----|-----------------|
| Service cost   | \$ | 238,000         |
| Interest on total OPEB liability   |    | 21,000          |
| Administrative expense   |    | 12,000          |
| Expected investment return net of investment expenses                                |    | (251,000)       |
| Recognition (amortization) of deferred outflows/inflows of resources:                |    |                 |
| Difference between projected and actual investment earnings on OPEB plan investments |    | (31,000)        |
| Difference between expected and actual experience                                    |    | (1,415)         |
| Total OPEB expense (benefit)   | \$ | <u>(12,415)</u> |