



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2019

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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KPMG LLP
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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:

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, 2019, 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 (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, 2019, 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 for the total of all entities for the Plan as of and for the year ended June 30, 2019, 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, 2019, and our report thereon, dated October 23, 2019, 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.

KPMG LLP

Anchorage, Alaska
February 27, 2020

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2019

Employer	Employer number	Employer contributions	Allocation percentage
Anchorage School District	701	\$ 953,785	30.91735 %
Cordova City School District	704	6,958	0.22556
Craig City School District	705	7,631	0.24736
Fairbanks North Star Borough School District	706	271,832	8.81154
Haines Borough School District	707	8,283	0.26850
Hoonah City School District	708	6,215	0.20146
Hydaburg City School District	709	2,003	0.06493
Juneau Borough School District	710	95,388	3.09203
Kake City School District	712	5,898	0.19118
Ketchikan Gateway Borough School District	714	55,997	1.81516
Klawock City School District	717	2,964	0.09607
Kodiak Island Borough School District	718	69,602	2.25619
Nenana City School District	719	9,007	0.29195
Nome City School District	720	21,786	0.70619
Matanuska-Susitna Borough School District	722	347,826	11.27493
Pelican City School District	723	525	0.01701
Petersburg City School District	724	9,771	0.31674
Sitka Borough School District	727	33,065	1.07180
Skagway City School District	728	4,983	0.16154
Unalaska City School District	729	12,983	0.42084
Valdez City School District	730	15,863	0.51419
Wrangell Public School District	731	7,344	0.23806
Yakutat School District	732	2,053	0.06654
University of Alaska	733	75,966	2.46249
Galena City School District	735	22,199	0.71960
North Slope Borough School District	736	103,218	3.34586
State of Alaska	737	13,954	0.45232
Bristol Bay Borough School District	742	4,894	0.15863
Southeast Regional Resource Center	743	2,913	0.09441
Dillingham City School District	744	20,249	0.65638
Kenai Peninsula Borough School District	746	197,427	6.39967
Saint Mary's School District	748	5,636	0.18271
Northwest Arctic Borough School District	751	105,709	3.42662
Bering Strait School District	752	103,132	3.34306
Lower Yukon School District	753	66,826	2.16621
Lower Kuskokwim School District	754	141,364	4.58238
Kuspuk School District	755	16,538	0.53607
Southwest Region School District	756	35,511	1.15110
Lake And Peninsula Borough School District	757	16,627	0.53897
Aleutian Region School District	758	1,868	0.06056
Pribilof School District	759	2,794	0.09057
Iditarod Area School District	761	10,520	0.34102
Yukon / Koyukuk School District	762	31,275	1.01380
Yukon Flats School District	763	12,426	0.40281
Denali Borough School District	764	9,717	0.31497
Delta/Greely School District	765	15,674	0.50807
Alaska Gateway School District	766	17,294	0.56060
Copper River School District	767	10,360	0.33582
Chatham School District	768	7,811	0.25320
Southeast Island School District	769	9,635	0.31233
Annette Island School District	770	16,348	0.52994
Chugach School District	771	4,192	0.13590
Tanana School District	775	2,088	0.06769
Kashunamiut School District	777	11,739	0.38053
Yupit School District	778	18,597	0.60284
Special Education Service Agency	779	7,133	0.23120
Aleutians East Borough School District	780	11,555	0.37455
Total contributions		\$ 3,084,949	100.00000 %

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

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**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of OPEB Amounts by Employer
As of and for the year ended June 30, 2019

Employer	Employer number	Net OPEB asset	Deferred outflows of resources			
			Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 1,185,990	740,917	542,836	5,849	1,289,602
Cordova City School District	704	8,652	5,405	3,960	1,041	10,406
Craig City School District	705	9,489	5,928	4,343	1,485	11,756
Fairbanks North Star Borough School District	706	338,011	211,164	154,710	—	365,874
Haines Borough School District	707	10,299	6,434	4,714	2,903	14,051
Hoonah City School District	708	7,728	4,828	3,537	—	8,365
Hydaburg City School District	709	2,491	1,556	1,140	1,519	4,215
Juneau Borough School District	710	118,610	74,099	54,289	5,095	133,483
Kake City School District	712	7,334	4,581	3,357	427	8,365
Ketchikan Gateway Borough School District	714	69,630	43,499	31,870	1,037	76,406
Klawock City School District	717	3,685	2,302	1,687	1,732	5,721
Kodiak Island Borough School District	718	86,547	54,068	39,613	14,944	108,625
Nenana City School District	719	11,199	6,997	5,126	1,359	13,482
Nome City School District	720	27,090	16,924	12,399	2,075	31,398
Matanuska-Susitna Borough School District	722	432,506	270,197	197,961	1,937	470,095
Pelican City School District	723	653	408	299	33	740
Petersburg City School District	724	12,150	7,591	5,561	1,738	14,890
Sitka Borough School District	727	41,114	25,685	18,818	455	44,958
Skagway City School District	728	6,197	3,871	2,836	629	7,336
Unalaska City School District	729	16,143	10,085	7,389	1,188	18,662
Valdez City School District	730	19,724	12,322	9,028	1,511	22,861
Wrangell Public School District	731	9,132	5,705	4,180	914	10,799
Yakutat School District	732	2,553	1,595	1,168	421	3,184
University of Alaska	733	94,461	59,012	43,235	486	102,733
Galena City School District	735	27,604	17,245	12,634	—	29,879
North Slope Borough School District	736	128,347	80,182	58,745	2,405	141,332
State of Alaska	737	17,349	10,836	7,945	593	19,374
Bristol Bay Borough School District	742	6,085	3,801	2,785	1,241	7,827
Southeast Regional Resource Center	743	3,622	2,263	1,658	1,656	5,577
Dillingham City School District	744	25,179	15,730	11,524	2,568	29,822
Kenai Peninsula Borough School District	746	245,491	153,365	112,363	7,251	272,979
Saint Mary's School District	748	7,009	4,379	3,208	1,558	9,145
Northwest Arctic Borough School District	751	131,445	82,117	60,163	1,069	143,349
Bering Strait School District	752	128,240	80,115	58,696	12,393	151,204
Lower Yukon School District	753	83,096	51,912	38,034	19,131	109,077
Lower Kuskokwim School District	754	175,780	109,814	80,456	14,274	204,544
Kuspuk School District	755	20,564	12,847	9,412	1,383	23,642
Southwest Region School District	756	44,156	27,586	20,211	373	48,170
Lake And Peninsula Borough School District	757	20,675	12,916	9,463	11,828	34,207
Aleutian Region School District	758	2,323	1,451	1,063	1,042	3,556
Pribilof School District	759	3,474	2,171	1,590	1,565	5,326
Iditarod Area School District	761	13,082	8,172	5,988	2,309	16,469
Yukon / Koyukuk School District	762	38,889	24,295	17,800	1,510	43,605
Yukon Flats School District	763	15,452	9,653	7,072	3,071	19,796
Denali Borough School District	764	12,082	7,548	5,530	1,043	14,121
Delta/Greely School District	765	19,489	12,176	8,920	434	21,530
Alaska Gateway School District	766	21,505	13,434	9,843	—	23,277
Copper River School District	767	12,882	8,048	5,896	228	14,172
Chatham School District	768	9,713	6,068	4,446	414	10,928
Southeast Island School District	769	11,981	7,485	5,484	1,707	14,676
Annette Island School District	770	20,329	12,700	9,305	—	22,005
Chugach School District	771	5,213	3,257	2,386	84	5,727
Tanana School District	775	2,597	1,622	1,188	764	3,574
Kashunamiut School District	777	14,597	9,119	6,681	2,077	17,877
Yupit School District	778	23,125	14,447	10,584	7,039	32,070
Special Education Service Agency	779	8,869	5,541	4,059	—	9,600
Aleutians East Borough School District	780	14,368	8,976	6,576	2,218	17,770
Total attributable to employer contributions		\$ 3,836,000	2,396,444	1,755,764	152,006	4,304,214

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	Net difference between projected and actual earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of	Total deferred inflows of resources	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of		
					Proportionate share of allocable plan OPEB expense	and proportionate share of contributions	Total employer OPEB expense
97,130	1,250,710	30,979	2,329	1,381,148	1,134,940	479	1,135,419
709	9,125	226	1,699	11,759	8,280	(90)	8,190
777	10,007	248	—	11,032	9,080	185	9,265
27,682	356,456	8,829	11,307	404,274	323,461	(1,431)	322,030
844	10,862	269	302	12,277	9,856	326	10,182
633	8,150	202	2,162	11,147	7,395	(275)	7,120
204	2,627	65	—	2,896	2,383	198	2,581
9,714	125,083	3,098	3,040	140,935	113,505	273	113,778
601	7,734	192	262	8,789	7,018	23	7,041
5,703	73,429	1,819	7,896	88,847	66,632	(841)	65,791
302	3,887	96	553	4,838	3,527	142	3,669
7,088	91,270	2,261	3,450	104,069	82,822	1,383	84,205
917	11,810	293	2,167	15,187	10,717	(109)	10,608
2,219	28,568	708	2,231	33,726	25,923	(5)	25,918
35,421	456,108	11,297	19,601	522,427	413,889	(2,268)	411,621
53	688	17	25	783	624	1	625
995	12,813	317	3,318	17,443	11,627	(182)	11,445
3,367	43,358	1,074	890	48,689	39,345	(58)	39,287
507	6,535	162	1,526	8,730	5,930	(116)	5,814
1,322	17,024	422	2,400	21,168	15,448	(137)	15,311
1,615	20,801	515	7,014	29,945	18,875	(709)	18,166
748	9,630	239	294	10,911	8,739	74	8,813
209	2,692	67	997	3,965	2,443	(75)	2,368
7,736	99,616	2,467	7,060	116,879	90,395	(826)	89,569
2,261	29,110	721	3,193	35,285	26,416	(402)	26,014
10,511	135,351	3,353	9,534	158,749	122,822	(847)	121,975
1,422	18,297	450	3,055	23,224	16,605	(302)	16,303
498	6,417	159	1,748	8,822	5,823	(52)	5,771
297	3,819	95	212	4,423	3,466	176	3,642
2,062	26,553	658	2,357	31,630	24,095	49	24,144
20,105	258,888	6,412	1,864	287,269	234,924	670	235,594
574	7,391	183	2,062	10,210	6,707	(64)	6,643
10,765	138,618	3,433	10,020	162,836	125,787	(1,093)	124,694
10,503	135,238	3,350	—	149,091	122,720	1,561	124,281
6,805	87,630	2,171	—	96,606	79,519	2,401	81,920
14,396	185,372	4,592	2,115	206,475	168,214	1,484	169,698
1,684	21,686	537	199	24,106	19,679	144	19,823
3,616	46,566	1,153	3,137	54,472	42,256	(356)	41,900
1,693	21,803	540	1,589	25,625	19,785	1,296	21,081
190	2,450	61	—	2,701	2,223	131	2,354
285	3,664	91	—	4,040	3,325	195	3,520
1,071	13,796	342	3,324	18,533	12,519	(150)	12,369
3,185	41,011	1,016	7,141	52,353	37,215	(690)	36,525
1,265	16,295	404	732	18,696	14,786	287	15,073
990	12,741	316	1,111	15,158	11,562	(17)	11,545
1,596	20,553	509	180	22,838	18,650	35	18,685
1,761	22,678	562	5,598	30,599	20,579	(705)	19,874
1,055	13,585	336	3,524	18,500	12,328	(400)	11,928
795	10,243	254	1,095	12,387	9,295	(90)	9,205
981	12,635	313	—	13,929	11,465	212	11,677
1,665	21,438	531	1,641	25,275	19,453	(208)	19,245
427	5,498	136	1,221	7,282	4,989	(141)	4,848
213	2,738	68	899	3,918	2,485	(10)	2,475
1,195	15,394	381	1,197	18,167	13,969	122	14,091
1,894	24,387	604	—	26,885	22,130	874	23,004
726	9,353	232	2,176	12,487	8,487	(271)	8,216
1,177	15,152	375	559	17,263	13,749	199	13,948
314,159	4,045,333	100,200	152,006	4,611,698	3,670,881	—	3,670,881

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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

June 30, 2019

(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.

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

June 30, 2019

(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, 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. 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, 2019. 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 2019 employer effective contribution rate is 0.79% 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, 2019 is as follows:

Total OPEB liability	\$ 38,231,000
Plan fiduciary net position	<u>(42,067,000)</u>
Net OPEB asset	<u><u>\$ (3,836,000)</u></u>

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Notes to Schedule of Employer Allocations and
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June 30, 2019

The total OPEB asset for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial valuations used the following actuarial assumptions as of June 30, 2019 measurement dates:

Inflation rate	2.50% per year
Salary increases	Graded by service, from 6.75% to 2.75%
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 rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 8.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 white-collar employee table with MP-2017 generational improvement. Post-termination mortality rates were based on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table with MP-2017 generational improvement. Deaths are assumed to be occupational 15% of the time. Disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement.

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

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

June 30, 2019

participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as June 30, 2019:

Decrement due to disability		Decrement due to retirement		
Age	Percent participation	Age	Percent participation	
<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+		
			Years of service	
			<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, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. Based on recent experience, the healthcare cost trend assumptions were updated.
2. Per capita claims costs were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect a Cadillac Tax load.

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Notes to Schedule of Employer Allocations and
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June 30, 2019

(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, excluding the inflation component of 2.50%, for each major asset class included in the Plan's target asset allocation are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	8.16 %
Global equity (non-U.S.)	7.51
Intermediate treasuries	1.58
Opportunistic	3.96
Real assets	4.76
Private equity	11.39
Cash equivalents	0.83

(c) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.38%. 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 in accordance with the method prescribed by GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*.

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(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, 2019, calculated using the discount rate of 7.38%, 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:

	Current discount rate	1% increase
1% decrease	(7.38%)	(8.38%)
<u>(6.38%)</u>	<u>(7.38%)</u>	<u>(8.38%)</u>
\$ 6,722,000	(3,836,000)	(11,688,000)

(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, 2019 calculated using the healthcare cost trend rates, as well as what the Plan'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:

	Current healthcare cost trend rate	1% increase
1% decrease	(3,836,000)	8,575,000
<u>(12,795,000)</u>	<u>(3,836,000)</u>	<u>8,575,000</u>
\$ (12,795,000)	(3,836,000)	8,575,000

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(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, 2019:

	<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	\$ —	2,696,000	299,556	2,396,444
Change in assumptions	2018	10.2 years	<u>1,969,882</u>	<u>—</u>	<u>214,118</u>	<u>1,755,764</u>
Total deferred outflows of resources			<u>\$ 1,969,882</u>	<u>2,696,000</u>	<u>513,674</u>	<u>4,152,208</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2017	10.6 years	1,622		189	1,433
	2018	10.2 years	<u>350,863</u>		<u>38,137</u>	<u>312,726</u>
			<u>352,485</u>	<u>—</u>	<u>38,326</u>	<u>314,159</u>
Change in assumptions	2019	9 years	<u>—</u>	<u>4,551,000</u>	<u>505,667</u>	<u>4,045,333</u>
Difference between projected and actual earnings on OPEB plan investments	2017	5 years	\$ 717,600	—	239,200	478,400
	2018	5 years	(13,600)	—	(3,400)	(10,200)
	2019	5 years	<u>—</u>	<u>(460,000)</u>	<u>(92,000)</u>	<u>(368,000)</u>
			<u>704,000</u>	<u>(460,000)</u>	<u>143,800</u>	<u>100,200</u>
Total deferred inflows of resources			<u>\$ 1,056,485</u>	<u>4,091,000</u>	<u>687,793</u>	<u>4,459,692</u>

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

Year ending June 30:		
2020	\$	(174,119)
2021		(174,119)
2022		65,081
2023		61,681
2024		(30,319)
Thereafter		<u>(55,689)</u>
Total	\$	<u><u>(307,484)</u></u>

(7) Collective OPEB Expense

The components of the collective OPEB expense (excluding employer specific amounts) for the year ending June 30, 2019 are as follows:

Service cost	\$	3,684,000
Interest on total OPEB liability		2,971,000
Administrative expense		6,000
Expected investment return net of investment expenses		(2,816,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between projected and actual investment earnings on OPEB plan investments		(143,800)
Difference between expected and actual experience		261,230
Change in assumptions		<u>(291,549)</u>
Total OPEB expense	\$	<u><u>3,670,881</u></u>