



**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, 2020

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION 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 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, 2020, 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, 2020, 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 entities for the Plan as of and for the year ended June 30, 2020, 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, 2020, and our report thereon, dated October 28, 2020, 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.

KPMG LLP

Anchorage, Alaska
December 22, 2020

**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, 2020

<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	\$ 236,533,000	12.78056 %
Cordova City School District	704	2,227,000	0.12033
Craig City School District	705	1,965,000	0.10617
Fairbanks North Star Borough School District	706	69,647,000	3.76323
Haines Borough School District	707	1,400,000	0.07565
Hoonah City School District	708	486,000	0.02626
Hydaburg City School District	709	802,000	0.04333
Juneau Borough School District	710	25,160,000	1.35947
Kake City School District	712	788,000	0.04258
Ketchikan Gateway Borough School District	714	13,457,000	0.72712
Klawock City School District	717	1,215,000	0.06565
Kodiak Island Borough School District	718	12,008,000	0.64883
Nenana City School District	719	2,143,000	0.11579
Nome City School District	720	3,113,000	0.16820
Matanuska-Susitna Borough School District	722	88,299,000	4.77105
Pelican City School District	723	—	0.00362
Petersburg City School District	724	3,019,000	0.16312
Sitka Borough School District	727	8,495,000	0.45901
Skagway City School District	728	785,000	0.04242
Unalaska City School District	729	2,050,000	0.11077
Valdez City School District	730	4,331,000	0.23402
Wrangell Public School District	731	1,385,000	0.07484
Yakutat School District	732	338,000	0.01826
University of Alaska	733	26,217,000	1.41658
Galena City School District	735	4,888,000	0.26411
North Slope Borough School District	736	13,112,000	0.70848
State of Alaska	737	12,085,000	0.65299
Bristol Bay Borough School District	742	569,000	0.03074
Southeast Regional Resource Center	743	408,000	0.02205
Dillingham City School District	744	345,000	0.01864
Kenai Peninsula Borough School District	746	44,162,000	2.38620
Saint Mary's School District	748	1,163,000	0.06284
Northwest Arctic Borough School District	751	14,074,000	0.76046
Bering Strait School District	752	13,754,000	0.74317
Lower Yukon School District	753	10,156,000	0.54876
Lower Kuskokwim School District	754	24,240,000	1.30976
Kuspuk School District	755	2,287,000	0.12357

**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, 2020

<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	\$ 4,735,000	0.25585 %
Lake And Peninsula Borough School District	757	3,210,000	0.17345
Aleutian Region School District	758	320,000	0.01729
Pribilof School District	759	450,000	0.02431
Iditarod Area School District	761	1,419,000	0.07667
Yukon / Koyukuk School District	762	4,345,000	0.23477
Yukon Flats School District	763	1,441,000	0.07786
Denali Borough School District	764	2,535,000	0.13697
Delta/Greely School District	765	3,667,000	0.19814
Alaska Gateway School District	766	2,557,000	0.13816
Copper River School District	767	1,260,000	0.06808
Chatham School District	768	816,000	0.04409
Southeast Island School District	769	1,189,000	0.06424
Annette Island School District	770	1,507,000	0.08143
Chugach School District	771	1,332,000	0.07197
Tanana School District	775	139,000	0.00751
Kashunamiut School District	777	830,000	0.04485
Yupit School District	778	2,001,000	0.10812
Special Education Service Agency	779	1,062,000	0.05738
Aleutians East Borough School District	780	2,318,000	0.12525
Total present value of projected future employer contributions		684,239,000	36.97502
Nonemployer:			
State of Alaska	999	1,166,419,000	63.02498
Total for all entities		\$ 1,850,658,000	100.00000 %

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

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**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, 2020

Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Deferred outflows of resources			
			Net difference between projected and actual investment earnings on pension plan investments	Difference between expected and actual experience	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Employer:						
Anchorage School District	701	\$ 259,843,851	17,905,410	295,961	—	18,201,371
Cordova City School District	704	2,446,476	168,583	2,787	—	171,370
Craig City School District	705	2,158,655	148,749	2,459	—	151,208
Fairbanks North Star Borough School District	706	76,510,866	5,272,237	87,146	—	5,359,383
Haines Borough School District	707	1,537,973	105,979	1,752	—	107,731
Hoonah City School District	708	533,896	36,790	608	—	37,398
Hydaburg City School District	709	881,039	60,711	1,003	82,358	144,072
Juneau Borough School District	710	27,639,574	1,904,597	31,481	—	1,936,078
Kenai City School District	712	865,659	59,651	986	—	60,637
Ketchikan Gateway Borough School District	714	14,783,217	1,018,687	16,838	—	1,035,525
Klawock City School District	717	1,334,741	91,975	1,520	—	93,495
Kodiak Island Borough School District	718	13,191,415	908,999	15,025	—	924,024
Nenana City School District	719	2,354,197	162,224	2,681	—	164,905
Nome City School District	720	3,419,793	235,652	3,895	—	239,547
Matanuska-Susitna Borough School District	722	97,001,062	6,684,183	110,484	—	6,794,667
Pelican City School District	723	73,552	5,068	84	—	5,152
Petersburg City School District	724	3,316,529	228,537	3,777	—	232,314
Sitka Borough School District	727	9,332,201	643,067	10,629	—	653,696
Skagway City School District	728	862,363	59,424	982	—	60,406
Unalaska City School District	729	2,252,032	155,184	2,565	—	157,749
Valdez City School District	730	4,757,830	327,854	5,419	88,915	422,188
Wrangell Public School District	731	1,521,495	104,844	1,733	—	106,577
Yakutat School District	732	371,311	25,586	423	—	26,009
University of Alaska	733	28,800,743	1,984,612	32,804	—	2,017,416
Galena City School District	735	5,369,723	370,019	6,116	—	376,135
North Slope Borough School District	736	14,404,217	992,571	16,406	—	1,008,977
State of Alaska	737	13,276,004	914,827	15,121	—	929,948
Bristol Bay Borough School District	742	625,076	43,073	712	—	43,785
Southeast Regional Resource Center	743	448,209	30,885	511	—	31,396
Dillingham City School District	744	379,001	26,116	432	—	26,548
Kenai Peninsula Borough School District	746	48,514,263	3,343,038	55,258	—	3,398,296
Saint Mary's School District	748	1,277,616	88,038	1,455	—	89,493
Northwest Arctic Borough School District	751	15,461,024	1,065,394	17,610	—	1,083,004
Bering Strait School District	752	15,109,487	1,041,170	17,210	—	1,058,380
Lower Yukon School District	753	11,156,896	768,803	12,708	—	781,511
Lower Kuskokwim School District	754	26,628,906	1,834,954	30,330	—	1,865,284
Kuspuk School District	755	2,512,389	173,125	2,862	—	175,987
Southwest Region School District	756	5,201,645	358,437	5,925	—	364,362
Lake And Peninsula Borough School District	757	3,526,353	242,995	4,016	—	247,011
Aleutian Region School District	758	351,537	24,224	400	—	24,624
Pribilof School District	759	494,348	34,065	563	—	34,628
Iditarod Area School District	761	1,558,846	107,417	1,775	—	109,192
Yukon / Koyukuk School District	762	4,773,209	328,914	5,437	—	334,351
Yukon Flats School District	763	1,583,014	109,083	1,803	—	110,886
Denali Borough School District	764	2,784,830	191,898	3,172	—	195,070
Delta/Greely School District	765	4,028,391	277,590	4,588	—	282,178
Alaska Gateway School District	766	2,808,998	193,563	3,199	—	196,762
Copper River School District	767	1,384,176	95,381	1,577	—	96,958
Chatham School District	768	896,419	61,771	1,021	—	62,792
Southeast Island School District	769	1,306,179	90,007	1,488	—	91,495
Annette Island School District	770	1,655,518	114,079	1,886	—	115,965
Chugach School District	771	1,463,272	100,832	1,667	—	102,499
Tanana School District	775	152,699	10,522	174	—	10,696
Kashunamiut School District	777	911,798	62,830	1,039	—	63,869
Yupit School District	778	2,198,203	151,474	2,504	—	153,978
Special Education Service Agency	779	1,166,662	80,393	1,329	19,343	101,065
Aleutians East Borough School District	780	2,546,444	175,471	2,900	4,641	183,012
Total attributable to employer contributions		751,745,822	51,801,562	856,236	195,257	52,853,055
Nonemployer:						
State of Alaska	999	1,281,372,178	88,297,238	1,459,478	28,568,170	118,324,886
Total for all entities		\$ 2,033,118,000	140,098,800	2,315,714	28,763,427	171,177,941

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		
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	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
			proportionate share of contributions	Total pension expense (benefit)
8,380,124	8,380,124	23,080,880	(25,082,523)	(2,001,643)
52,119	52,119	217,311	(105,636)	111,675
38,597	38,597	191,745	(264,908)	(73,163)
2,184,422	2,184,422	6,796,151	(5,651,733)	1,144,418
27,350	27,350	136,612	(189,543)	(52,931)
38,101	38,101	47,424	(105,002)	(57,578)
—	—	78,259	137,077	215,336
1,131,132	1,131,132	2,455,112	(2,903,782)	(448,670)
53,941	53,941	76,893	(81,826)	(4,933)
266,082	266,082	1,313,133	(944,313)	368,820
16,792	16,792	118,560	(61,958)	56,602
508,687	508,687	1,171,740	(2,055,762)	(884,022)
62,896	62,896	209,114	(148,221)	60,893
128,118	128,118	303,766	(593,810)	(290,044)
3,090,005	3,090,005	8,616,213	(9,228,944)	(612,731)
1,416	1,416	6,533	(5,029)	1,504
88,476	88,476	294,594	(234,498)	60,096
375,962	375,962	828,942	(768,207)	60,735
62,571	62,571	76,600	(139,951)	(63,351)
141,531	141,531	200,039	(427,754)	(227,715)
—	—	422,619	(269,193)	153,426
91,393	91,393	135,148	(274,086)	(138,938)
30,156	30,156	32,982	(105,299)	(72,317)
1,275,491	1,275,491	2,558,254	(4,004,517)	(1,446,263)
172,775	172,775	476,971	(656,628)	(179,657)
1,445,913	1,445,913	1,279,468	(2,838,461)	(1,558,993)
55,435	55,435	1,179,254	(161,582)	1,017,672
71,344	71,344	55,523	(129,980)	(74,457)
3,061	3,061	39,813	(116,251)	(76,438)
835,157	835,157	33,665	(2,100,790)	(2,067,125)
2,142,745	2,142,745	4,309,326	(5,645,234)	(1,335,908)
28,218	28,218	113,485	(113,052)	433
650,324	650,324	1,373,340	(1,385,676)	(12,336)
509,332	509,332	1,342,115	(2,262,106)	(919,991)
800,152	800,152	991,022	(2,466,719)	(1,475,697)
1,055,531	1,055,531	2,365,338	(3,352,247)	(986,909)
172,119	172,119	223,165	(448,688)	(225,523)
267,244	267,244	462,041	(729,327)	(267,286)
214,970	214,970	313,232	(638,563)	(325,331)
11,433	11,433	31,225	(32,586)	(1,361)
26,754	26,754	43,911	(104,933)	(61,022)
65,669	65,669	138,466	(156,836)	(18,370)
220,988	220,988	423,985	(455,672)	(31,687)
271,043	271,043	140,613	(642,430)	(501,817)
11,708	11,708	247,365	(6,478)	240,887
142,833	142,833	357,826	(423,256)	(65,430)
82,809	82,809	249,512	(232,760)	16,752
187,150	187,150	122,951	(428,698)	(305,747)
129,096	129,096	79,625	(342,376)	(262,751)
176,736	176,736	116,022	(458,568)	(342,546)
278,824	278,824	147,053	(612,569)	(465,516)
50,607	50,607	129,977	(100,002)	29,975
83,880	83,880	13,564	(167,082)	(153,518)
247,151	247,151	80,991	(702,936)	(621,945)
307,064	307,064	195,257	(851,432)	(656,175)
—	—	103,630	56,274	159,904
—	—	226,190	(40,144)	186,046
28,763,427	28,763,427	66,774,545	(82,257,206)	(15,482,661)
—	—	113,819,116	82,257,206	196,076,322
28,763,427	28,763,427	180,593,661	—	180,593,661

**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, 2020

(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: 1) Employees hired between July 1, 1955 and June 30, 1990, and 2) Employees hired between July 1, 1990 and June 30, 2006. The Plan is closed to all new members effective July 1, 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, 2020

(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

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 2022 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 8.41% of annual payroll for the fiscal year 2020.

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, 2020, are as follows:

Total pension liability	\$ 7,477,917,000
Plan fiduciary net position	<u>(5,444,799,000)</u>
Net pension liability	<u>\$ 2,033,118,000</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, 2020

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	Graded by service, from 6.75% to 2.75%
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 93% of male and 90% of female of the RP-2014 white-collar healthy annuitant 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.

The actuarial assumptions used in the June 30, 2019 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, 2019 actuarial valuation are the same as those used in the June 30, 2018 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 DB Pension 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, 2020

(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 is summarized in the following table:

Asset class	Long-term expected real rate of return
Domestic equity	6.24%
Global equity (non-U.S.)	6.67
Aggregate bonds	(0.16)
Opportunistic	3.01
Real assets	3.82
Private equity	10.00
Cash equivalents	(1.09)

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer 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 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, 2020 calculated using the discount rate of 7.38%, 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:

	1% decrease (6.38%)	Current discount rate (7.38%)	1% increase (8.38%)
\$	2,853,100,000	2,033,118,000	1,343,514,000

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June 30, 2020

(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, 2020:

	<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 pension plan investments						
	2016	5 years	\$ 88,167,800	—	88,167,800	—
	2017	5 years	(95,823,600)	—	(47,911,800)	(47,911,800)
	2018	5 years	(9,520,800)	—	(3,173,600)	(6,347,200)
	2019	5 years	65,170,400	—	16,292,600	48,877,800
	2020	5 years	—	181,850,000	36,370,000	145,480,000
			<u>47,993,800</u>	<u>181,850,000</u>	<u>89,745,000</u>	<u>140,098,800</u>
Difference between expected and actual experience						
	2020	1.4 years	—	8,105,000	5,789,286	2,315,714
Total deferred outflows of resources			<u>\$ 47,993,800</u>	<u>189,955,000</u>	<u>95,534,286</u>	<u>142,414,514</u>
Deferred inflows of resources:						
Difference between expected and actual experience						
	2019	1.6 years	\$ 50,670,000	—	50,670,000	—
Change in assumptions						
	2019	1.6 years	13,223,625	—	13,223,625	—
Total deferred inflows of resources			<u>\$ 63,893,625</u>	<u>—</u>	<u>63,893,625</u>	<u>—</u>

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DEFINED BENEFIT PENSION PLAN**

Notes to Schedule of Employer and Nonemployer Allocations and
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June 30, 2020

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:	
2021	\$ 3,892,914
2022	49,489,000
2023	52,662,600
2024	<u>36,370,000</u>
Total	<u>\$ 142,414,514</u>

(7) Collective Pension Expense

The components of the collective pension expense (excluding employer specific amounts) for the year ending June 30, 2020 are as follows:

Service cost	\$ 50,654,000
Interest on total pension liability	529,132,000
Member contributions	(33,566,000)
Administrative expense	2,988,000
Expected investment return net of investment expenses	(400,222,000)
Other	(33,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between projected and actual investment earnings on pension plan investments	89,745,000
Difference between expected and actual experience	(44,880,714)
Change in assumptions	<u>(13,223,625)</u>
Total pension expense	<u>\$ 180,593,661</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, 2020

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Anchorage School District	701	\$ 410,466,000	35.19027 %
Cordova City School District	704	3,866,000	0.33144
Craig City School District	705	3,413,000	0.29260
Fairbanks North Star Borough School District	706	120,860,000	10.36163
Haines Borough School District	707	2,427,000	0.20807
Hoonah City School District	708	848,000	0.07270
Hydaburg City School District	709	1,389,000	0.11908
Juneau Borough School District	710	43,664,000	3.74342
Kake City School District	712	1,370,000	0.11745
Ketchikan Gateway Borough School District	714	23,351,000	2.00194
Klawock City School District	717	2,109,000	0.18081
Kodiak Island Borough School District	718	20,835,000	1.78624
Nenana City School District	719	3,720,000	0.31892
Nome City School District	720	5,401,000	0.46304
Matanuska-Susitna Borough School District	722	153,225,000	13.13636
Pelican City School District	723	—	—
Petersburg City School District	724	5,241,000	0.44932
Sitka Borough School District	727	14,740,000	1.26370
Skagway City School District	728	1,367,000	0.11720
Unalaska City School District	729	3,560,000	0.30521
Valdez City School District	730	7,516,000	0.64437
Wrangell Public School District	731	2,404,000	0.20610
Yakutat School District	732	589,000	0.05050
University of Alaska	733	45,494,000	3.90031
Galena City School District	735	8,483,000	0.72727
North Slope Borough School District	736	22,762,000	1.95144
Bristol Bay Borough School District	742	989,000	0.08479
Southeast Regional Resource Center	743	705,000	0.06044
Dillingham City School District	744	600,000	0.05144
Kenai Peninsula Borough School District	746	76,634,000	6.57002
Saint Mary's School District	748	2,019,000	0.17309
Northwest Arctic Borough School District	751	24,425,000	2.09402
Bering Strait School District	752	23,866,000	2.04609
Lower Yukon School District	753	17,620,000	1.51061
Lower Kuskokwim School District	754	42,061,000	3.60599
Kuspuk School District	755	3,965,000	0.33993
Southwest Region School District	756	8,215,000	0.70429
Lake And Peninsula Borough School District	757	5,572,000	0.47770
Aleutian Region School District	758	557,000	0.04775

**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, 2020

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Pribilof School District	759	\$ 775,000	0.06644 %
Iditarod Area School District	761	2,460,000	0.21090
Yukon / Koyukuk School District	762	7,535,000	0.64599
Yukon Flats School District	763	2,500,000	0.21433
Denali Borough School District	764	4,401,000	0.37731
Delta/Greely School District	765	6,367,000	0.54586
Alaska Gateway School District	766	4,433,000	0.38005
Copper River School District	767	2,190,000	0.18775
Chatham School District	768	1,415,000	0.12131
Southeast Island School District	769	2,063,000	0.17687
Annette Island School District	770	2,617,000	0.22436
Chugach School District	771	2,310,000	0.19804
Tanana School District	775	243,000	0.02083
Kashunamiut School District	777	1,445,000	0.12388
Yupiit School District	778	3,472,000	0.29766
Special Education Service Agency	779	1,845,000	0.15818
Aleutians East Borough School District	780	4,020,000	0.34464
		<u>\$ 1,166,419,000</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, 2020

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	\$ 450,918,334	\$ 40,053,254
Cordova City School District	704	4,247,003	377,244
Craig City School District	705	3,749,359	333,040
Fairbanks North Star Borough School District	706	132,771,021	11,793,514
Haines Borough School District	707	2,666,186	236,827
Hoonah City School District	708	931,572	82,748
Hydaburg City School District	709	1,525,889	135,539
Juneau Borough School District	710	47,967,184	4,260,731
Kake City School District	712	1,505,017	133,684
Ketchikan Gateway Borough School District	714	25,652,293	2,278,590
Klawock City School District	717	2,316,847	205,796
Kodiak Island Borough School District	718	22,888,335	2,033,078
Nenana City School District	719	4,086,614	362,997
Nome City School District	720	5,933,281	527,029
Matanuska-Susitna Borough School District	722	168,325,663	14,951,689
Pelican City School District	723	—	—
Petersburg City School District	724	5,757,512	511,417
Sitka Borough School District	727	16,192,660	1,438,329
Skagway City School District	728	1,501,721	133,392
Unalaska City School District	729	3,910,846	347,385
Valdez City School District	730	8,256,718	733,411
Wrangell Public School District	731	2,640,920	234,582
Yakutat School District	732	647,047	57,475
University of Alaska	733	49,977,535	4,439,303
Galena City School District	735	9,319,018	827,771
North Slope Borough School District	736	25,005,246	2,221,115
Bristol Bay Borough School District	742	1,086,468	96,507
Southeast Regional Resource Center	743	774,479	68,794
Dillingham City School District	744	659,131	58,548
Kenai Peninsula Borough School District	746	84,186,451	7,477,942
Saint Mary's School District	748	2,217,977	197,014
Northwest Arctic Borough School District	751	26,832,138	2,383,390
Bering Strait School District	752	26,218,047	2,328,843
Lower Yukon School District	753	19,356,490	1,719,359
Lower Kuskokwim School District	754	46,206,205	4,104,311
Kuspuk School District	755	4,355,760	386,904

**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, 2020

<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	\$ 9,024,606	\$ 801,619
Lake And Peninsula Borough School District	757	6,121,133	543,715
Aleutian Region School District	758	611,894	54,352
Pribilof School District	759	851,378	75,624
Iditarod Area School District	761	2,702,438	240,047
Yukon / Koyukuk School District	762	8,277,591	735,265
Yukon Flats School District	763	2,746,381	243,950
Denali Borough School District	764	4,834,728	429,449
Delta/Greely School District	765	6,994,482	621,292
Alaska Gateway School District	766	4,869,882	432,572
Copper River School District	767	2,405,829	213,700
Chatham School District	768	1,554,451	138,076
Southeast Island School District	769	2,266,313	201,307
Annette Island School District	770	2,874,911	255,367
Chugach School District	771	2,537,656	225,410
Tanana School District	775	266,948	23,712
Kashunamiut School District	777	1,587,408	141,003
Yupitit School District	778	3,814,173	338,798
Special Education Service Agency	779	2,026,829	180,035
Aleutians East Borough School District	780	4,416,180	392,271
Total for all employers		<u>\$ 1,281,372,178</u>	<u>\$ 113,819,116</u>

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, 2020

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual employer contributions</u>
Employer:		
Anchorage School District	701	\$ 12,025,123
Cordova City School District	704	116,153
Craig City School District	705	114,189
Fairbanks North Star Borough School District	706	3,449,080
Haines Borough School District	707	42,278
Hoonah City School District	708	27,830
Hydaburg City School District	709	40,891
Juneau Borough School District	710	1,371,423
Kake City School District	712	23,204
Ketchikan Gateway Borough School District	714	742,663
Klawock City School District	717	72,046
Kodiak Island Borough School District	718	580,410
Nenana City School District	719	114,268
Nome City School District	720	156,327
Matanuska-Susitna Borough School District	722	4,491,685
Pelican City School District	723	1,349
Petersburg City School District	724	174,117
Sitka Borough School District	727	437,062
Skagway City School District	728	40,854
Unalaska City School District	729	100,911
Valdez City School District	730	258,900
Wrangell Public School District	731	70,592
Yakutat School District	732	19,760
University of Alaska	733	1,516,834
Galena City School District	735	264,334
North Slope Borough School District	736	286,809
State of Alaska	737	1,183,548
Bristol Bay Borough School District	742	40,405
Southeast Regional Resource Center	743	13,627
Dillingham City School District	744	86,542
Kenai Peninsula Borough School District	746	2,222,018
Saint Mary's School District	748	69,109
Northwest Arctic Borough School District	751	522,120
Bering Strait School District	752	525,092
Lower Yukon School District	753	453,494
Lower Kuskokwim School District	754	899,458
Kuspuk School District	755	59,645
Southwest Region School District	756	147,642
Lake And Peninsula Borough School District	757	110,178
Aleutian Region School District	758	11,761
Pribilof School District	759	11,744
Iditarod Area School District	761	37,947

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
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Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2020

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual employer contributions</u>
Yukon / Koyukuk School District	762	\$ 171,801
Yukon Flats School District	763	60,808
Denali Borough School District	764	119,235
Delta/Greely School District	765	196,577
Alaska Gateway School District	766	90,858
Copper River School District	767	60,962
Chatham School District	768	39,969
Southeast Island School District	769	48,661
Annette Island School District	770	52,856
Chugach School District	771	88,587
Tanana School District	775	214
Kashunamiut School District	777	36,071
Yup'it School District	778	103,408
Special Education Service Agency	779	22,117
Aleutians East Borough School District	780	88,884
Total employer contributions		34,114,430
Nonemployer:		
State of Alaska	999	140,219,115
Total for all entities		\$ <u>174,333,545</u>

See accompanying independent auditors' report.