



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

Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2023

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL 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

### *Opinions*

We have audited the 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, 2023, and the related notes. We have also audited the total for all participating 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, 2023, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and 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, 2023, in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Schedules*

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibilities for the Audit of the Schedules*

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer and the related disclosures.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Other Matter*

We have audited, in accordance with GAAS, the financial statements of the Teachers' Retirement System as of and for the year ended June 30, 2023, and our report thereon, dated October 12, 2023, expressed an unmodified opinion on those financial statements.

*Restriction on Use*

Our report is intended solely for the information and use of the Teachers' Retirement System management, Alaska Management Retirement Board, Teachers' Retirement System 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  
December 21, 2023

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

Schedule of Employer Allocations

As of and for the year ended June 30, 2023

Employer	Employer number	Employer contributions	Allocation percentage
Anchorage School District	701	\$ 1,414,452	31.66550 %
Cordova City School District	704	11,917	0.26679
Craig City School District	705	16,020	0.35864
Fairbanks North Star Borough School District	706	372,534	8.33999
Haines Borough School District	707	11,580	0.25924
Hoonah City School District	708	5,524	0.12366
Hydaburg City School District	709	1,007	0.02254
Juneau Borough School District	710	138,680	3.10466
Kake City School District	712	8,177	0.18307
Ketchikan Gateway Borough School District	714	95,854	2.14590
Klawock City School District	717	4,790	0.10723
Kodiak Island Borough School District	718	112,722	2.52352
Nenana City School District	719	12,399	0.27757
Nome City School District	720	27,994	0.62670
Matanuska-Susitna Borough School District	722	567,274	12.69965
Pelican City School District	723	1,035	0.02317
Petersburg City School District	724	18,632	0.41712
Sitka Borough School District	727	44,695	1.00059
Skagway City School District	728	4,737	0.10605
Unalaska City School District	729	19,603	0.43886
Valdez City School District	730	25,246	0.56519
Wrangell Public School District	731	9,187	0.20568
Yakutat School District	732	4,123	0.09230
University of Alaska	733	138,073	3.09106
Galena City School District	735	46,626	1.04382
North Slope Borough School District	736	100,656	2.25340
State of Alaska	737	25,702	0.57552
Bristol Bay Borough School District	742	5,963	0.13350
Southeast Regional Resource Center	743	3,799	0.08504
Dillingham City School District	744	28,014	0.62716
Kenai Peninsula Borough School District	746	275,579	6.16944
Saint Mary's School District	748	9,006	0.20162
Northwest Arctic Borough School District	751	114,312	2.55911
Bering Strait School District	752	142,848	3.19795
Lower Yukon School District	753	98,761	2.21097
Lower Kuskokwim School District	754	173,484	3.88382
Kuspuk School District	755	28,251	0.63245
Southwest Region School District	756	41,559	0.93039
Lake And Peninsula Borough School District	757	24,096	0.53945
Aleutian Region School District	758	3,971	0.08890
Pribilof School District	759	3,336	0.07467
Iditarod Area School District	761	14,358	0.32143
Yukon / Koyukuk School District	762	47,811	1.07034
Yukon Flats School District	763	27,168	0.60821
Denali Borough School District	764	13,212	0.29577
Delta/Greely School District	765	18,730	0.41931
Alaska Gateway School District	766	22,301	0.49926
Copper River School District	767	13,636	0.30527
Chatham School District	768	10,837	0.24261
Southeast Island School District	769	11,414	0.25553
Annette Island School District	770	25,816	0.57795
Chugach School District	771	6,016	0.13468
Tanana School District	775	1,354	0.03031
Kashunamiut School District	777	12,735	0.28511
Yupit School District	778	23,430	0.52453
Special Education Service Agency	779	10,083	0.22573
Aleutians East Borough School District	780	15,726	0.35207
Total contributions		<u>\$ 4,466,845</u>	<u>100.00000 %</u>

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, 2023

Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Deferred outflows of resources		
					Difference between projected and actual earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 7,014,241	1,217,521	293,422	398,796	29,321	1,939,060
Cordova City School District	704	59,097	10,258	2,472	3,360	1,201	17,291
Craig City School District	705	79,442	13,789	3,323	4,517	744	22,373
Fairbanks North Star Borough School District	706	1,847,391	320,667	77,281	105,034	63,590	566,572
Haines Borough School District	707	57,424	9,968	2,402	3,265	5,595	21,230
Hoonah City School District	708	27,392	4,755	1,146	1,557	9,212	16,670
Hydaburg City School District	709	4,993	867	209	284	16,605	17,965
Juneau Borough School District	710	687,712	119,372	28,769	39,100	16,215	203,456
Kake City School District	712	40,552	7,039	1,696	2,306	875	11,916
Ketchikan Gateway Borough School District	714	475,339	82,509	19,885	27,025	491	129,910
Klawock City School District	717	23,753	4,123	994	1,350	2,093	8,560
Kodiak Island Borough School District	718	558,985	97,028	23,384	31,781	9,646	161,839
Nenana City School District	719	61,485	10,672	2,572	3,496	3,926	20,666
Nome City School District	720	138,820	24,096	5,807	7,893	7,718	45,514
Matanuska-Susitna Borough School District	722	2,813,100	488,294	117,678	159,939	9,797	775,708
Pelican City School District	723	5,132	891	215	292	237	1,635
Petersburg City School District	724	92,397	16,038	3,865	5,253	918	26,074
Sitka Borough School District	727	221,640	38,472	9,272	12,601	2,149	62,494
Skagway City School District	728	23,490	4,077	983	1,336	6,773	14,069
Unalaska City School District	729	97,211	16,874	4,067	5,527	2,387	28,855
Valdez City School District	730	125,195	21,731	5,237	7,118	2,856	36,942
Wrangell Public School District	731	45,560	7,908	1,906	2,590	4,793	17,197
Yakutat School District	732	20,445	3,549	855	1,162	2,475	8,041
University of Alaska	733	684,700	118,849	28,643	38,929	3,489	189,910
Galena City School District	735	231,216	40,134	9,672	13,146	1,937	64,889
North Slope Borough School District	736	499,151	86,642	20,881	28,379	102,727	238,629
State of Alaska	737	127,471	22,129	5,331	7,248	706	35,414
Bristol Bay Borough School District	742	29,571	5,133	1,237	1,681	4,283	12,334
Southeast Regional Resource Center	743	18,837	3,270	788	1,071	4,831	9,960
Dillingham City School District	744	138,923	24,114	5,811	7,898	5,605	43,428
Kenai Peninsula Borough School District	746	1,366,592	237,211	57,168	77,698	22,894	394,971
Saint Mary's School District	748	44,660	7,752	1,868	2,539	2,868	15,027
Northwest Arctic Borough School District	751	566,869	98,396	23,713	32,229	35,673	190,011
Bering Strait School District	752	708,379	122,959	29,633	40,275	23,420	216,287
Lower Yukon School District	753	489,753	85,011	20,487	27,845	27,851	161,194
Lower Kuskokwim School District	754	860,304	149,330	35,989	48,913	85,271	319,503
Kuspuk School District	755	140,095	24,317	5,860	7,965	18,094	56,236
Southwest Region School District	756	206,091	35,773	8,621	11,717	12,120	68,231
Lake And Peninsula Borough School District	757	119,493	20,741	4,999	6,794	43,293	75,827
Aleutian Region School District	758	19,692	3,418	824	1,120	1,156	6,518
Pribilof School District	759	16,541	2,871	692	940	2,228	6,731
Iditarod Area School District	761	71,201	12,359	2,979	4,048	5,219	24,605
Yukon / Koyukuk School District	762	237,092	41,154	9,918	13,480	8,421	72,973
Yukon Flats School District	763	134,724	23,385	5,636	7,660	5,943	42,624
Denali Borough School District	764	65,516	11,372	2,741	3,725	3,353	21,191
Delta/Greely School District	765	92,882	16,122	3,885	5,281	4,032	29,320
Alaska Gateway School District	766	110,592	19,196	4,626	6,288	16,461	46,571
Copper River School District	767	67,620	11,737	2,829	3,845	4,724	23,135
Chatham School District	768	53,740	9,328	2,248	3,055	3,824	18,455
Southeast Island School District	769	56,602	9,825	2,368	3,218	7,132	22,543
Annette Island School District	770	128,021	22,222	5,355	7,279	4,335	39,191
Chugach School District	771	29,832	5,178	1,248	1,696	3,196	11,318
Tanana School District	775	6,714	1,165	281	382	4,278	6,106
Kashunamiut School District	777	63,154	10,962	2,642	3,591	5,698	22,893
Yupit School District	778	116,189	20,168	4,860	6,606	18,969	50,603
Special Education Service Agency	779	50,001	8,679	2,092	2,843	959	14,573
Aleutians East Borough School District	780	77,986	13,537	3,262	4,434	3,372	24,605
<b>Total of all participating entities</b>		<b>\$ 22,151,000</b>	<b>3,844,937</b>	<b>926,627</b>	<b>1,259,400</b>	<b>698,879</b>	<b>6,729,843</b>

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

Deferred inflows of resources				OPEB expense		
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
					Proportionate share of contributions	Total OPEB expense
243,492	3,384,964	76,892	3,705,348	197,225	(7,214)	190,011
2,051	28,519	5,829	36,399	1,662	(683)	979
2,758	38,337	8,231	49,326	2,234	(1,034)	1,200
64,130	891,522	13,106	968,758	51,945	6,669	58,614
1,993	27,712	2,891	32,596	1,615	485	2,100
951	13,219	2,678	16,848	770	842	1,612
173	2,409	2,580	5,162	140	1,951	2,091
23,873	331,879	14,777	370,529	19,337	451	19,788
1,408	19,570	1,846	22,824	1,140	(104)	1,036
16,501	229,391	24,254	270,146	13,365	(3,920)	9,445
825	11,463	4,369	16,657	668	(216)	452
19,405	269,757	35,896	325,058	15,717	(3,044)	12,673
2,134	29,672	2,638	34,444	1,729	102	1,831
4,819	66,992	8,178	79,989	3,903	134	4,037
97,654	1,357,559	121,601	1,576,814	79,098	(16,939)	62,159
178	2,477	345	3,000	144	(19)	125
3,207	44,589	7,854	55,650	2,598	(1,088)	1,510
7,694	106,960	1,151	115,805	6,232	196	6,428
815	11,336	1,193	13,344	660	824	1,484
3,375	46,913	6,396	56,684	2,733	(555)	2,178
4,346	60,417	12,013	76,776	3,520	(1,565)	1,955
1,582	21,987	794	24,363	1,281	628	1,909
710	9,867	1,990	12,567	575	(19)	556
23,769	330,426	73,426	427,621	19,252	(10,068)	9,184
8,026	111,581	15,985	135,592	6,501	(2,539)	3,962
17,327	240,882	11,177	269,386	14,035	12,737	26,772
4,425	61,517	11,393	77,335	3,584	(1,635)	1,949
1,027	14,270	3,011	18,308	831	150	981
654	9,090	1,114	10,858	530	545	1,075
4,823	67,042	1,865	73,730	3,906	578	4,484
47,440	659,496	6,483	713,419	38,426	2,608	41,034
1,550	21,552	1,915	25,017	1,256	58	1,314
19,678	273,562	5,085	298,325	15,939	4,718	20,657
24,591	341,853	11,496	377,940	19,918	2,348	22,266
17,001	236,347	21,689	275,037	13,771	1,708	15,479
29,864	415,169	28,473	473,506	24,190	8,369	32,559
4,863	67,608	21,723	94,194	3,939	(802)	3,137
7,154	99,456	1,794	108,404	5,795	1,514	7,309
4,148	57,665	11,657	73,470	3,360	4,577	7,937
684	9,503	1,067	11,254	554	43	597
574	7,982	158	8,714	465	390	855
2,472	34,361	4,145	40,978	2,002	51	2,053
8,230	114,417	21,777	144,424	6,667	(1,973)	4,694
4,677	65,016	30,864	100,557	3,788	(3,158)	630
2,274	31,617	990	34,881	1,842	316	2,158
3,224	44,823	92	48,139	2,612	637	3,249
3,839	53,370	9,004	66,213	3,110	575	3,685
2,347	32,633	2,340	37,320	1,901	145	2,046
1,866	25,934	5,558	33,358	1,511	(202)	1,309
1,965	27,315	1,007	30,287	1,592	988	2,580
4,444	61,781	9,358	75,583	3,600	(744)	2,856
1,036	14,397	4,521	19,954	839	(193)	646
233	3,240	565	4,038	189	527	716
2,192	30,477	6,522	39,191	1,776	128	1,904
4,033	56,071	11,020	71,124	3,267	1,690	4,957
1,736	24,130	3,736	29,602	1,406	(463)	943
2,707	37,635	367	40,709	2,193	495	2,688
<b>768,947</b>	<b>10,689,729</b>	<b>698,879</b>	<b>12,157,555</b>	<b>622,838</b>	<b>—</b>	<b>622,838</b>



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

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

June 30, 2023

**(1) Plan Description**

The State of Alaska Teachers' Retirement System (System) Retiree Medical Plan (Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan that provides health benefits for teachers and other eligible members.

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The self-insured Plan provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement (DCR) Plan. Members are not eligible to use this Plan until they have at least 10 years of service, and are Medicare age eligible.

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

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

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

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

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

June 30, 2023

**(2) Basis of Presentation**

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. The amounts presented in the Schedules are prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**(3) Allocation Methodology**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2023. 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 2023 employer effective contribution rate is 0.87% 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, 2023 are as follows:

Total OPEB liability	\$ 54,406,000
Plan fiduciary net position	<u>(76,557,000)</u>
Net OPEB asset	<u>\$ (22,151,000)</u>

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

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

June 30, 2023

The collective total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to the measurement date of June 30, 2023. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	Range from 7.25% to 2.85% based on service.
Investment rate of return	7.25%, net of investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%
Healthcare cost trend rates	Pre-65 medical: 6.70% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 7.2% grading down to 4.5% Employer Group Waiver Plan (EGWP): 7.2% grading down to 4.5% Initial trend rates are for FY 2024 Ultimate trend rates reached in FY 2050
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.  Post-commencement mortality rates for healthy retirees were based on 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.  Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.  Post-commencement mortality rates for beneficiaries were based on 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

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

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

June 30, 2023

Participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility, and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as of June 30, 2023:

<b>Decrement due to disability</b>		<b>Decrement due to retirement</b>	
<b>Age</b>	<b>Percent participation</b>	<b>Age</b>	<b>Percent participation</b>
<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+	
			<b>Years of service</b>
			<15
			15–19
			20–24
			25–29
			30+

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation with the following exceptions:

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

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**(b) Long-Term Expected Rate of Return**

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Broad domestic equity	27.00%	6.17%
Global equity (non-U.S.)	22.00	6.55
Aggregate bonds	23.00	1.63
Real assets	14.00	4.87
Private equity	14.00	11.57
Cash equivalents	—	0.49

**(c) Discount Rate**

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**(d) Sensitivity of the Collective Net OPEB Asset to Changes in the Discount Rate**

The following presents the collective net OPEB asset of the Plan as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the Plan's collective net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	8,126,000	22,151,000	32,727,000

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**(e) Sensitivity of the Collective Net OPEB Asset to Changes in the Healthcare Cost Trend Rates**

The following presents the collective net OPEB asset of the Plan as of June 30, 2023 calculated using the current healthcare cost trend rates as disclosed above, as well as what the Plan's collective net OPEB asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	<u>1% decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% increase</u>
\$	34,027,000	22,151,000	6,040,000

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2023:

	<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	9.0 years	\$ 1,497,779	—	299,556	1,198,223
	2021	9.0 years	1,799,000	—	257,000	1,542,000
	2023	8.4 years	—	1,254,000	149,286	1,104,714
			<u>3,296,779</u>	<u>1,254,000</u>	<u>705,842</u>	<u>3,844,937</u>
Change in assumptions						
	2018	10.2 years	1,113,413	—	214,118	899,295
	2021	9.0 years	31,888	—	4,556	27,332
			<u>1,145,301</u>	<u>—</u>	<u>218,674</u>	<u>926,627</u>
Difference between projected and actual earnings on OPEB plan investments						
	2019	5 years	92,000	—	92,000	—
	2020	5 years	546,800	—	273,400	273,400
	2021	5 years	(6,678,000)	—	(2,226,000)	(4,452,000)
	2022	5 years	7,534,400	—	1,883,600	5,650,800
	2023	5 years	—	(266,000)	(53,200)	(212,800)
			<u>1,495,200</u>	<u>(266,000)</u>	<u>(30,200)</u>	<u>1,259,400</u>
Total deferred outflows of resources			<u>\$ 5,937,280</u>	<u>988,000</u>	<u>894,316</u>	<u>6,030,964</u>

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	<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 inflows of resources:						
Difference between expected and actual experience						
	2017	10.6 years	\$ 866	—	189	677
	2018	10.2 years	198,315	—	38,137	160,178
	2020	9.1 years	354,606	—	58,132	296,474
	2022	8.4 years	360,309	—	48,691	311,618
			<u>914,096</u>	<u>—</u>	<u>145,149</u>	<u>768,947</u>
Change in assumptions						
	2019	9.0 years	2,528,332	—	505,667	2,022,665
	2020	9.1 years	3,775,297	—	618,901	3,156,396
	2022	8.4 years	5,206,429	—	703,571	4,502,858
	2023	8.4 years	—	1,144,000	136,190	1,007,810
			<u>11,510,058</u>	<u>1,144,000</u>	<u>1,964,329</u>	<u>10,689,729</u>
Total deferred inflows of resources			<u>\$ 12,424,154</u>	<u>1,144,000</u>	<u>2,109,478</u>	<u>11,458,676</u>

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 8.4 years, 8.4 years, 9.0 years, 9.1 years, 9.0 years, 10.2 years, and 10.6 years for the 2023, 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

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

Year ending June 30:	
2024	\$ (1,307,163)
2025	(1,580,563)
2026	645,437
2027	(1,238,088)
2028	(1,119,448)
Thereafter	<u>(827,887)</u>
Total	<u>\$ (5,427,712)</u>

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**(7) Collective OPEB Expense**

The components of the collective OPEB expense (excluding employer specific amounts) for the year ending June 30, 2023 are as follows:

Service cost	\$ 3,136,000
Interest on total OPEB liability	3,672,000
Administrative expense	37,000
Expected investment return net of investment expenses	(5,007,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between expected and actual experience	560,693
Change in assumptions	(1,745,655)
Difference between projected and actual investment earnings on OPEB plan investments	<u>(30,200)</u>
Total OPEB expense	<u>\$ 622,838</u>