



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedules of Employer and Nonemployer Allocations and Schedules of
Pension Amounts by Employer and Nonemployer

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Table of Contents

	Page
Independent Auditors' Report	1
Schedules of Employer and Nonemployer Allocations	3
Schedules of Pension Amounts by Employer and Nonemployer	6
Notes to Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer	10



KPMG LLP
Suite 600
701 West Eighth Avenue
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 schedules of employer and nonemployer allocations of the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan as of and for the years ended June 30, 2014 and 2013, 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 employer pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan as of and for the year ended June 30, 2014, and the total for all entities of the column titled net pension liability included in the accompanying schedule of pension amounts by employer and nonemployer of the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan as of June 30, 2013 (collectively, the specified column totals), 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 schedules of employer and nonemployer allocations and the specified column totals included in the schedules of pension amounts by employer and nonemployer based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of employer and nonemployer allocations and specified column totals included in the schedules 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 employer pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan as of and for the year ended June 30, 2014, and the employer and nonemployer allocations and net pension liability for the total of all participating entities for the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan as of and for the year ended June 30, 2013, 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, 2014, and our report thereon, dated December 9, 2014, 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 Defined Benefit Pension 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

November 25, 2015

**STATE of ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedules of Employer and Nonemployer Allocations

As of and for the years ended June 30, 2014 and 2013

Employer/ Nonemployer	2014			2013		
	Employer/ nonemployer number	Employer/ nonemployer contributions	Allocation percentage	Employer/ nonemployer contributions	Allocation percentage	
Anchorage SD - employer contributions	701	\$ 12,944,265	5.25204575%	\$ 12,967,147	5.53406895%	
Anchorage SD - nonemployer contributions	701	70,430,538	28.57670214%	67,099,310	28.63638473%	
Cordova City SD - employer contributions	704	114,056	0.04627763%	134,509	0.05740530%	
Cordova City SD - nonemployer contributions	704	546,678	0.22181101%	578,431	0.24686063%	
Craig City SD - employer contributions	705	113,631	0.04610518%	106,528	0.04546379%	
Craig City SD - nonemployer contributions	705	618,831	0.25108632%	573,687	0.24483610%	
Fairbanks North Star Borough SD - employer contributions	706	3,910,653	1.58672024%	3,920,578	1.67320932%	
Fairbanks North Star Borough SD - nonemployer contributions	706	20,536,964	8.33273078%	19,663,419	8.39187822%	
Haines Borough SD - employer contributions	707	78,747	0.03195102%	84,746	0.03616772%	
Haines Borough SD - nonemployer contributions	707	491,153	0.19928193%	464,880	0.19839985%	
Hoonah City SD - employer contributions	708	52,512	0.02130642%	51,600	0.02202151%	
Hoonah City SD - nonemployer contributions	708	291,594	0.11831206%	305,806	0.13051085%	
Hydaburg City SD - employer contributions	709	22,352	0.00906937%	25,019	0.01067753%	
Hydaburg City SD - nonemployer contributions	709	152,633	0.06192968%	120,774	0.05154326%	
Juneau Borough SD - employer contributions	710	1,395,437	0.56618883%	1,388,404	0.59253780%	
Juneau Borough SD - nonemployer contributions	710	7,597,836	3.08276929%	7,257,490	3.09732357%	
Kake City SD - employer contributions	712	34,294	0.01391445%	27,715	0.01182805%	
Kake City SD - nonemployer contributions	712	218,853	0.08879801%	190,055	0.08111111%	
Ketchikan Gateway Borough SD - employer contributions	714	681,584	0.27654780%	656,885	0.28034296%	
Ketchikan Gateway Borough SD - nonemployer contributions	714	3,764,335	1.52735271%	3,380,563	1.44274361%	
Klawock City SD - employer contributions	717	68,294	0.02770980%	74,984	0.03200158%	
Klawock City SD - nonemployer contributions	717	282,304	0.11454282%	346,438	0.14785140%	
Kodiak Island Borough SD - employer contributions	718	736,577	0.29886081%	785,788	0.33535560%	
Kodiak Island Borough SD - nonemployer contributions	718	3,975,214	1.61291534%	4,078,066	1.74042140%	
Nenana City SD - employer contributions	719	105,890	0.04296415%	106,618	0.04550207%	
Nenana City SD - nonemployer contributions	719	522,095	0.21183629%	452,818	0.19325206%	
Nome City SD - employer contributions	720	205,073	0.08320684%	195,169	0.08329347%	
Nome City SD - nonemployer contributions	720	1,319,030	0.53518739%	1,166,180	0.49769799%	
Matanuska-Susitna Borough SD - employer contributions	722	4,601,861	1.86717332%	4,409,181	1.88173333%	
Matanuska-Susitna Borough SD - nonemployer contributions	722	24,300,325	9.85968821%	22,206,906	9.47737771%	
Pelican City SD - employer contributions	723	3,590	0.00145642%	3,982	0.00169926%	
Pelican City SD - nonemployer contributions	723	17,258	0.00700228%	15,714	0.00670623%	
Petersburg City SD - employer contributions	724	180,275	0.07314517%	169,338	0.07226946%	
Petersburg City SD - nonemployer contributions	724	887,829	0.36023030%	801,859	0.34221430%	
Sitka Borough SD - employer contributions	727	484,459	0.19656592%	473,075	0.20189710%	
Sitka Borough SD - nonemployer contributions	727	2,495,254	1.01243210%	2,293,016	0.97860445%	
Skagway City SD - employer contributions	728	34,127	0.01384670%	36,944	0.01576662%	
Skagway City SD - nonemployer contributions	728	199,834	0.08108117%	169,958	0.07253389%	
Unalaska City SD - employer contributions	729	133,745	0.05426620%	127,901	0.05458490%	
Unalaska City SD - nonemployer contributions	729	791,203	0.32102504%	711,525	0.30366186%	
Valdez City SD - employer contributions	730	275,479	0.11177366%	261,915	0.11177895%	
Valdez City SD - nonemployer contributions	730	1,242,426	0.50410579%	1,252,123	0.53437625%	
Wrangell Public SD - employer contributions	731	104,692	0.04247796%	99,331	0.04239201%	
Wrangell Public SD - nonemployer contributions	731	552,472	0.22416180%	511,880	0.21845803%	
Yakutat SD - employer contributions	732	47,318	0.01919895%	45,660	0.01948659%	
Yakutat SD - nonemployer contributions	732	175,842	0.07134685%	221,723	0.09462592%	
University of Alaska - employer contributions	733	2,385,215	0.96778434%	2,390,342	1.02014105%	
University of Alaska - nonemployer contributions	733	10,830,389	4.39435539%	10,555,728	4.50493297%	
Galena City SD - employer contributions	735	287,317	0.11657675%	260,063	0.11098868%	
Galena City SD - nonemployer contributions	735	1,346,871	0.54648356%	1,115,411	0.47603075%	
North Slope Borough SD - employer contributions	736	674,450	0.27365328%	676,595	0.28875480%	
North Slope Borough SD - nonemployer contributions	736	4,599,674	1.86628602%	3,897,030	1.66315927%	
State of Alaska - employer contributions	737	331,040	0.13431733%	325,512	0.13892088%	
State of Alaska - nonemployer contributions	737	1,619,848	0.65724211%	1,509,849	0.64436770%	
Bristol Bay Borough SD - employer contributions	742	27,877	0.01131075%	34,752	0.01483118%	
Bristol Bay Borough SD - nonemployer contributions	742	213,379	0.08657710%	247,040	0.10543083%	
Southeast Regional Resource Center	743	22,918	0.00929895%	27,895	0.01190497%	
Southeast Regional Resource Center - nonemployer contributions	743	163,619	0.06638723%	166,232	0.07094406%	
Dillingham City SD - employer contributions	744	173,274	0.07030478%	178,455	0.07616050%	
Dillingham City SD - nonemployer contributions	744	1,099,149	0.44597214%	1,010,041	0.43106129%	
Kenai Peninsula Borough SD - employer contributions	746	2,496,328	1.01286765%	2,417,500	1.03173120%	
Kenai Peninsula Borough SD - nonemployer contributions	746	13,881,170	5.63218843%	12,923,553	5.51546405%	
Saint Mary's SD - employer contributions	748	50,155	0.02035023%	46,616	0.01989442%	
Saint Mary's SD - nonemployer contributions	748	303,981	0.12333820%	271,017	0.11566364%	

**STATE of ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedules of Employer and Nonemployer Allocations

As of and for the years ended June 30, 2014 and 2013

Employer/ Nonemployer	2014			2013	
	Employer/ nonemployer number	Employer/ nonemployer contributions	Allocation percentage	Employer/ nonemployer contributions	Allocation percentage
Northwest Arctic Borough SD - employer contributions	751	\$ 590,283	0.23950323%	577,279	0.24636889%
Northwest Arctic Borough SD - nonemployer contributions	751	4,071,796	1.65210288%	3,733,210	1.59324483%
Bering Strait SD - employer contributions	752	598,505	0.24283908%	626,718	0.26746825%
Bering Strait SD - nonemployer contributions	752	4,627,415	1.87754144%	4,466,957	1.90639074%
Lower Yukon SD - employer contributions	753	462,619	0.18770460%	424,091	0.18099188%
Lower Yukon SD - nonemployer contributions	753	3,773,777	1.53118394%	3,350,022	1.42970966%
Lower Kuskokwim SD - employer contributions	754	1,243,561	0.50456605%	1,264,988	0.53986664%
Lower Kuskokwim SD - nonemployer contributions	754	7,802,974	3.16600237%	7,340,970	3.13295082%
Kuspuk SD - employer contributions	755	111,899	0.04540209%	123,148	0.05255664%
Kuspuk SD - nonemployer contributions	755	725,647	0.29442639%	626,306	0.26729253%
Southwest Region SD - employer contributions	756	190,831	0.07742822%	185,196	0.07903739%
Southwest Region SD - nonemployer contributions	756	1,439,508	0.58407022%	1,323,678	0.56491406%
Lake And Peninsula Borough SD - employer contributions	757	130,806	0.05307381%	127,255	0.05430942%
Lake And Peninsula Borough SD - nonemployer contributions	757	970,098	0.39361044%	932,962	0.39816583%
Aleutian Region SD - employer contributions	758	16,855	0.00683863%	13,202	0.00563412%
Aleutian Region SD - nonemployer contributions	758	121,860	0.04944386%	104,428	0.04456748%
Pribilof SD - employer contributions	759	19,332	0.00784377%	15,737	0.00671597%
Pribilof SD - nonemployer contributions	759	190,015	0.07709721%	154,327	0.06586320%
Iditarod Area SD - employer contributions	761	67,432	0.02736023%	52,557	0.02243019%
Iditarod Area SD - nonemployer contributions	761	481,086	0.19519712%	445,250	0.19002224%
Yukon / Koyukuk SD - employer contributions	762	187,902	0.07623976%	182,491	0.07788279%
Yukon / Koyukuk SD - nonemployer contributions	762	1,306,119	0.52994876%	1,190,439	0.50805087%
Yukon Flats SD - employer contributions	763	101,769	0.04129188%	103,280	0.04407731%
Yukon Flats SD - nonemployer contributions	763	688,509	0.27935759%	666,909	0.28462079%
Denali Borough SD - employer contributions	764	80,803	0.03278541%	103,545	0.04419036%
Denali Borough SD - nonemployer contributions	764	532,699	0.21613903%	541,772	0.23121553%
Delta/Greely SD - employer contributions	765	165,181	0.06702119%	180,110	0.07686686%
Delta/Greely SD - nonemployer contributions	765	1,073,951	0.43574822%	1,031,948	0.44041100%
Alaska Gateway SD - employer contributions	766	128,420	0.05210534%	124,349	0.05306921%
Alaska Gateway SD - nonemployer contributions	766	778,427	0.31584139%	736,963	0.31451809%
Copper River SD - employer contributions	767	121,758	0.04940257%	132,305	0.05646451%
Copper River SD - nonemployer contributions	767	642,031	0.26049942%	563,425	0.24045617%
Chatham SD - employer contributions	768	60,292	0.02446292%	63,121	0.02693866%
Chatham SD - nonemployer contributions	768	335,154	0.13598626%	333,627	0.14238388%
Southeast Island SD - employer contributions	769	77,777	0.03155730%	71,860	0.03066809%
Southeast Island SD - nonemployer contributions	769	571,182	0.23175315%	465,410	0.19862608%
Annette Island SD - employer contributions	770	82,385	0.03342705%	85,821	0.03662656%
Annette Island SD - nonemployer contributions	770	577,657	0.23438041%	595,225	0.25402762%
Chugach SD - employer contributions	771	72,052	0.02923461%	82,653	0.03527444%
Chugach SD - nonemployer contributions	771	372,912	0.15130645%	375,945	0.16044488%
Tanana SD - employer contributions	775	12,851	0.00521411%	10,744	0.00458548%
Tanana SD - nonemployer contributions	775	105,392	0.04276218%	84,603	0.03610672%
Kashunamiut SD - employer contributions	777	38,672	0.01569083%	45,023	0.01921493%
Kashunamiut SD - nonemployer contributions	777	462,992	0.18785559%	383,582	0.16370357%
Yupit SD - employer contributions	778	89,914	0.03648181%	120,551	0.05144823%
Yupit SD - nonemployer contributions	778	863,515	0.35036527%	1,005,603	0.42916733%
Special Education Service Agency - employer contributions	779	41,387	0.01679268%	46,165	0.01970194%
Special Education Service Agency - nonemployer contributions	779	261,746	0.10620170%	315,471	0.13463539%
Aleutians East Borough SD - employer contributions	780	99,826	0.04050390%	97,142	0.04145771%
Aleutians East Borough SD - nonemployer contributions	780	645,757	0.26201150%	617,244	0.26342509%
Total employer contributions		37,570,594	15.24400772%	37,370,078	15.94865802%
Total nonemployer contributions		208,890,798	84.75599228%	196,944,798	84.05134198%
Total contributions		\$ 246,461,392	100.00000000%	234,314,876	100.00000000%

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

Page intentionally blank

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedules of Pension Amounts by Employer and Nonemployer
As of and for the years ended June 30, 2014 and 2013

Employer/ Nonemployer	Employer/ nonemployer number	Net pension liability		Difference between expected and actual experience	Deferred outflows of resources - June 30, 2014		Total deferred outflows of resources
		June 30, 2013	June 30, 2014		Changes of assumptions	Changes in proportion	
Anchorage SD - attributable to employer contributions	701	\$ 183,201,065	157,512,125	-	-	-	-
Anchorage SD - attributable to nonemployer contributions	701	947,985,329	857,033,106	-	-	-	-
Cordova City SD - attributable to employer contributions	704	1,900,358	1,387,895	-	-	-	-
Cordova City SD - attributable to nonemployer contributions	704	8,172,130	6,652,250	-	-	-	-
Craig City SD - attributable to employer contributions	705	1,505,044	1,382,723	-	-	12,001	12,001
Craig City SD - attributable to nonemployer contributions	705	8,105,109	7,530,235	-	-	116,948	116,948
Fairbanks North Star Borough SD - attributable to employer contributions	706	55,390,298	47,586,729	-	-	-	-
Fairbanks North Star Borough SD - attributable to nonemployer contributions	706	277,806,626	249,903,789	-	-	-	-
Haines Borough SD - attributable to employer contributions	707	1,197,304	958,231	-	-	-	-
Haines Borough SD - attributable to nonemployer contributions	707	6,567,873	5,976,589	-	-	16,505	16,505
Hoonah City SD - attributable to employer contributions	708	729,005	638,993	-	-	-	-
Hoonah City SD - attributable to nonemployer contributions	708	4,320,461	3,548,252	-	-	-	-
Hydaburg City SD - attributable to employer contributions	709	353,471	271,996	-	-	-	-
Hydaburg City SD - attributable to nonemployer contributions	709	1,706,300	1,857,310	-	-	194,341	194,341
Juneau Borough SD - attributable to employer contributions	710	19,615,505	16,980,356	-	-	-	-
Juneau Borough SD - attributable to nonemployer contributions	710	102,534,497	92,454,172	-	-	-	-
Kake City SD - attributable to employer contributions	712	391,558	417,303	-	-	39,039	39,039
Kake City SD - attributable to nonemployer contributions	712	2,685,120	2,663,108	-	-	143,830	143,830
Ketchikan Gateway Borough SD - attributable to employer contributions	714	9,280,536	8,293,841	-	-	-	-
Ketchikan Gateway Borough SD - attributable to nonemployer contributions	714	47,760,909	45,806,260	-	-	1,583,128	1,583,128
Klawock City SD - attributable to employer contributions	717	1,059,388	831,034	-	-	-	-
Klawock City SD - attributable to nonemployer contributions	717	4,894,506	3,435,211	-	-	-	-
Kodiak Island Borough SD - attributable to employer contributions	718	11,101,687	8,963,022	-	-	-	-
Kodiak Island Borough SD - attributable to nonemployer contributions	718	57,615,302	48,372,336	-	-	-	-
Nenana City SD - attributable to employer contributions	719	1,506,311	1,288,522	-	-	-	-
Nenana City SD - attributable to nonemployer contributions	719	6,397,460	6,353,102	-	-	347,731	347,731
Nome City SD - attributable to employer contributions	720	2,757,366	2,495,425	-	-	-	-
Nome City SD - attributable to nonemployer contributions	720	16,475,906	16,050,603	-	-	701,467	701,467
Matanuska-Susitna Borough SD - attributable to employer contributions	722	62,293,324	55,997,692	-	-	-	-
Matanuska-Susitna Borough SD - attributable to nonemployer contributions	722	313,741,246	295,698,194	-	-	7,153,444	7,153,444
Pelican City SD - attributable to employer contributions	723	56,253	43,679	-	-	-	-
Pelican City SD - attributable to nonemployer contributions	723	222,005	210,003	-	-	5,539	5,539
Petersburg City SD - attributable to employer contributions	724	2,392,424	2,193,669	-	-	16,385	16,385
Petersburg City SD - attributable to nonemployer contributions	724	11,328,739	10,803,531	-	-	337,099	337,099
Sitka Borough SD - attributable to employer contributions	727	6,683,647	5,895,134	-	-	-	-
Sitka Borough SD - attributable to nonemployer contributions	727	32,395,942	30,363,470	-	-	632,952	632,952
Skagway City SD - attributable to employer contributions	728	521,942	415,271	-	-	-	-
Skagway City SD - attributable to nonemployer contributions	728	2,401,178	2,431,675	-	-	159,929	159,929
Unalaska City SD - attributable to employer contributions	729	1,806,991	1,627,477	-	-	-	-
Unalaska City SD - attributable to nonemployer contributions	729	10,052,491	9,627,741	-	-	324,884	324,884
Valdez City SD - attributable to employer contributions	730	3,700,356	3,352,162	-	-	-	-
Valdez City SD - attributable to nonemployer contributions	730	17,690,112	15,118,447	-	-	-	-
Wrangell Public SD - attributable to employer contributions	731	1,403,355	1,273,940	-	-	1,608	1,608
Wrangell Public SD - attributable to nonemployer contributions	731	7,231,884	6,722,752	-	-	106,724	106,724
Yakutat SD - attributable to employer contributions	732	645,088	575,788	-	-	-	-
Yakutat SD - attributable to nonemployer contributions	732	3,132,518	2,139,736	-	-	-	-
University of Alaska - attributable to employer contribution:	733	33,770,979	29,024,455	-	-	-	-
University of Alaska - Nonemployer Contribution	733	149,132,316	131,789,457	-	-	-	-
Galena City SD - attributable to employer contributions	735	3,674,194	3,496,209	-	-	104,559	104,559
Galena City SD - attributable to nonemployer contributions	735	15,758,629	16,389,383	-	-	1,318,248	1,318,248
North Slope Borough SD - attributable to employer contributions	736	9,559,004	8,207,032	-	-	-	-
North Slope Borough SD - attributable to nonemployer contributions	736	55,057,599	55,971,081	-	-	3,800,722	3,800,722
State of Alaska - attributable to employer contributions	737	4,598,868	4,028,257	-	-	-	-
State of Alaska - Nonemployer Contribution	737	21,331,293	19,711,100	-	-	240,894	240,894
Bristol Bay Borough SD - attributable to employer contributions	742	490,975	339,216	-	-	-	-
Bristol Bay Borough SD - attributable to nonemployer contributions	742	3,490,206	2,596,501	-	-	-	-
Southeast Regional Resource Center - attributable to employer contributions	743	394,105	278,881	-	-	-	-
Southeast Regional Resource Center - Nonemployer Contribution	743	2,348,548	1,990,994	-	-	-	-
Dillingham City SD - attributable to employer contribution	744	2,521,234	2,108,484	-	-	-	-
Dillingham City SD - attributable to nonemployer contribution	744	14,269,950	13,374,982	-	-	278,998	278,998
Kenai Peninsula Borough SD - attributable to employer contribution:	746	34,154,662	30,376,532	-	-	-	-
Kenai Peninsula Borough SD - attributable to nonemployer contribution:	746	182,585,164	168,912,841	-	-	2,184,040	2,184,040
Saint Mary's SD - attributable to employer contributions:	748	658,589	610,316	-	-	8,529	8,529
Saint Mary's SD - attributable to nonemployer contributions:	748	3,828,955	3,698,989	-	-	143,599	143,599

Deferred inflows of resources - June 30, 2014					Pension expense excluding that attributable to employer-paid member contributions - Year ended		
Difference between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion	Total deferred inflows of resources	Proportionate share of allocable plan pension expense	Net amortization of deferred amounts from changes in proportion	Total employer pension expense excluding that attributable to employer-paid member contributions
-	-	14,061,952	5,276,960	19,338,911	10,653,416	(4,059,200)	6,594,216
-	-	76,511,938	1,116,726	77,628,664	57,965,888	(859,020)	57,106,868
-	-	123,905	208,211	332,116	93,871	(160,162)	(66,291)
-	-	593,882	468,706	1,062,588	449,928	(360,543)	89,386
-	-	123,443	-	123,443	93,521	9,232	102,753
-	-	672,264	-	672,264	509,311	89,960	599,272
-	-	4,248,322	1,618,304	5,866,627	3,218,554	(1,244,850)	1,973,704
-	-	22,310,251	1,106,713	23,416,963	16,902,375	(851,317)	16,051,058
-	-	85,546	78,899	164,445	64,810	(60,692)	4,119
-	-	533,562	-	533,562	404,230	12,696	416,926
-	-	57,046	13,380	70,426	43,219	(10,292)	32,926
-	-	316,772	228,253	545,024	239,988	(175,579)	64,409
-	-	24,283	30,090	54,373	18,397	(23,146)	(4,750)
-	-	165,812	-	165,812	125,620	149,493	275,113
-	-	1,515,927	493,018	2,008,945	1,148,475	(379,244)	769,231
-	-	8,253,879	272,326	8,526,206	6,253,187	(209,482)	6,043,705
-	-	37,255	-	37,255	28,225	30,030	58,254
-	-	237,750	-	237,750	180,121	110,639	290,759
-	-	740,436	71,012	811,447	560,958	(54,624)	506,334
-	-	4,089,370	-	4,089,370	3,098,131	1,217,791	4,315,921
-	-	74,191	80,304	154,495	56,207	(61,772)	(5,565)
-	-	306,680	623,240	929,919	232,342	(479,415)	(247,073)
-	-	800,177	682,857	1,483,034	606,219	(525,275)	80,944
-	-	4,318,458	2,385,777	6,704,234	3,271,689	(1,835,213)	1,436,476
-	-	115,033	47,487	162,520	87,150	(36,529)	50,621
-	-	567,175	-	567,175	429,695	267,485	697,181
-	-	222,780	1,621	224,401	168,779	(1,247)	167,533
-	-	1,432,923	-	1,432,923	1,085,591	539,590	1,625,181
-	-	4,999,214	272,434	5,271,648	3,787,434	(209,564)	3,577,869
-	-	26,398,562	-	26,398,562	19,999,704	5,502,649	25,502,353
-	-	3,899	4,544	8,443	2,954	(3,495)	(541)
-	-	18,748	-	18,748	14,204	4,261	18,465
-	-	195,841	-	195,841	148,370	12,604	160,974
-	-	964,489	-	964,489	730,703	259,307	990,009
-	-	526,290	99,752	626,042	398,721	(76,732)	321,988
-	-	2,710,710	-	2,710,710	2,053,649	486,886	2,540,535
-	-	37,073	35,924	72,997	28,087	(27,634)	453
-	-	217,089	-	217,089	164,468	123,022	287,490
-	-	145,294	5,963	151,257	110,075	(4,587)	105,488
-	-	859,520	-	859,520	651,177	249,911	901,088
-	-	299,265	99	299,364	226,725	(76)	226,649
-	-	1,349,705	566,393	1,916,098	1,022,544	(435,687)	586,857
-	-	113,731	-	113,731	86,164	1,237	87,401
-	-	600,176	-	600,176	454,697	82,095	536,792
-	-	51,404	5,382	56,786	38,944	(4,140)	34,804
-	-	191,026	435,577	626,602	144,722	(335,059)	(190,337)
-	-	2,591,169	979,651	3,570,819	1,963,084	(753,578)	1,209,507
-	-	11,765,551	2,069,026	13,834,577	8,913,650	(1,591,559)	7,322,091
-	-	312,125	-	312,125	236,468	80,430	316,898
-	-	1,463,168	-	1,463,168	1,108,505	1,014,037	2,122,542
-	-	732,686	282,566	1,015,252	555,087	(217,358)	337,729
-	-	4,996,838	-	4,996,838	3,785,634	2,923,632	6,709,266
-	-	359,624	86,137	445,762	272,454	(66,260)	206,194
-	-	1,759,716	-	1,759,716	1,333,171	185,303	1,518,474
-	-	30,284	65,871	96,155	22,943	(50,670)	(27,727)
-	-	231,804	352,774	584,577	175,616	(271,364)	(95,749)
-	-	24,897	48,761	73,659	18,862	(37,509)	(18,647)
-	-	177,747	85,263	263,010	134,662	(65,587)	69,075
-	-	188,236	109,567	297,803	142,608	(84,282)	58,326
-	-	1,194,056	-	1,194,056	904,624	214,614	1,119,238
-	-	2,711,876	352,957	3,064,833	2,054,533	(271,506)	1,783,027
-	-	15,079,755	-	15,079,755	11,424,509	1,680,031	13,104,540
-	-	54,486	-	54,486	41,279	6,561	47,840
-	-	330,229	-	330,229	250,183	110,461	360,644

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedules of Pension Amounts by Employer and Nonemployer
As of and for the years ended June 30, 2014 and 2013

Employer/ Nonemployer	Employer/ nonemployer number	Net pension liability		Difference between expected and actual experience	Deferred outflows of resources - June 30, 2014		Total deferred outflows of resources
		June 30, 2013	June 30, 2014		Changes of assumptions	Changes in proportion	
Northwest Arctic Borough SD - attributable to employer contributions	751	\$ 8,155,851	7,182,851	-	-	-	-
Northwest Arctic Borough SD - attributable to nonemployer contributions	751	52,743,136	49,547,595	-	-	1,101,298	1,101,298
Bering Strait SD - attributable to employer contributions	752	8,854,329	7,282,895	-	-	-	-
Bering Strait SD - attributable to nonemployer contributions	752	63,109,588	56,308,638	-	-	-	-
Lower Yukon SD - attributable to employer contributions	753	5,991,596	5,629,378	-	-	125,602	125,602
Lower Yukon SD - attributable to nonemployer contributions	753	47,329,431	45,921,161	-	-	1,898,694	1,898,694
Lower Kuskokwim SD - attributable to employer contributions	754	17,871,867	15,132,250	-	-	-	-
Lower Kuskokwim SD - attributable to nonemployer contributions	754	103,713,909	94,950,384	-	-	618,430	618,430
Kuspuk SD - attributable to employer contributions	755	1,739,847	1,361,637	-	-	-	-
Kuspuk SD - attributable to nonemployer contributions	755	8,848,512	8,830,031	-	-	507,704	507,704
Southwest Region SD - attributable to employer contributions	756	2,616,472	2,322,121	-	-	-	-
Southwest Region SD - attributable to nonemployer contributions	756	18,701,042	17,516,630	-	-	358,433	358,433
Lake And Peninsula Borough SD - attributable to employer contributions	757	1,797,871	1,591,717	-	-	-	-
Lake And Peninsula Borough SD - attributable to nonemployer contributions	757	13,180,971	11,804,622	-	-	-	-
Aleutian Region SD - attributable to employer contribution:	758	186,513	205,095	-	-	22,538	22,538
Aleutian Region SD - attributable to nonemployer contribution:	758	1,475,372	1,482,852	-	-	91,242	91,242
Pribilof SD - attributable to employer contribution:	759	222,327	235,240	-	-	21,102	21,102
Pribilof SD - attributable to nonemployer contribution:	759	2,180,350	2,312,193	-	-	210,201	210,201
Iditarod Area SD - attributable to employer contributions	761	742,534	820,550	-	-	92,246	92,246
Iditarod Area SD - attributable to nonemployer contributions	761	6,290,539	5,854,083	-	-	96,828	96,828
Yukon / Koyukuk SD - attributable to employer contributions	762	2,578,249	2,286,478	-	-	-	-
Yukon / Koyukuk SD - attributable to nonemployer contributions	762	16,818,630	15,893,494	-	-	409,733	409,733
Yukon Flats SD - attributable to employer contributions	763	1,459,145	1,238,369	-	-	-	-
Yukon Flats SD - attributable to nonemployer contributions	763	9,422,151	8,378,108	-	-	-	-
Denali Borough SD - attributable to employer contributions	764	1,462,888	983,255	-	-	-	-
Denali Borough SD - attributable to nonemployer contributions	764	7,654,211	6,482,144	-	-	-	-
Delta/Greely SD - attributable to employer contributions	765	2,544,618	2,010,007	-	-	-	-
Delta/Greely SD - attributable to nonemployer contributions	765	14,579,465	13,068,361	-	-	-	-
Alaska Gateway SD - attributable to employer contributions	766	1,756,815	1,562,672	-	-	-	-
Alaska Gateway SD - attributable to nonemployer contributions	766	10,411,878	9,472,280	-	-	24,760	24,760
Copper River SD - attributable to employer contributions	767	1,869,214	1,481,614	-	-	-	-
Copper River SD - attributable to nonemployer contributions	767	7,960,115	7,812,540	-	-	375,031	375,031
Chatham SD - attributable to employer contributions	768	891,783	733,658	-	-	-	-
Chatham SD - attributable to nonemployer contributions	768	4,713,508	4,078,313	-	-	-	-
Southeast Island SD - attributable to employer contributions	769	1,015,243	946,423	-	-	16,638	16,638
Southeast Island SD - attributable to nonemployer contributions	769	6,575,362	6,950,421	-	-	619,843	619,843
Annette Island SD - attributable to employer contributions	770	1,212,494	1,002,498	-	-	-	-
Annette Island SD - attributable to nonemployer contributions	770	8,409,388	7,029,215	-	-	-	-
Chugach SD - attributable to employer contributions	771	1,167,733	876,764	-	-	-	-
Chugach SD - attributable to nonemployer contributions	771	5,311,390	4,537,775	-	-	-	-
Tanana SD - attributable to employer contributions	775	151,799	156,374	-	-	11,762	11,762
Tanana SD - attributable to nonemployer contributions	775	1,195,285	1,282,464	-	-	124,531	124,531
Kashunamiut SD - attributable to employer contributions	777	636,095	470,578	-	-	-	-
Kashunamiut SD - attributable to nonemployer contributions	777	5,419,280	5,633,906	-	-	451,910	451,910
Yupit SD - attributable to employer contributions	778	1,703,154	1,094,112	-	-	-	-
Yupit SD - attributable to nonemployer contributions	778	14,207,252	10,507,673	-	-	-	-
Special Education Service Agency - employer contribution:	779	652,217	503,623	-	-	-	-
Special Education Service Agency - Nonemployer Contribution	779	4,457,000	3,185,055	-	-	-	-
Aleutians East Borough SD - attributable to employer contributions	780	1,372,425	1,214,737	-	-	-	-
Aleutians East Borough SD - attributable to nonemployer contributions	780	8,720,484	7,857,888	-	-	-	-
Total attributable to employer contributions		527,967,967	457,177,288	-	-	472,010	472,010
Total attributable to nonemployer contributions		2,782,454,552	2,541,885,026	-	-	26,679,661	26,679,661
Total for all entities		\$ 3,310,422,519	2,999,062,314	-	-	27,151,671	27,151,671

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

Deferred inflows of resources - June 30, 2014					Pension expense excluding that attributable to employer-paid member contributions - Year ended		
Difference between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion	Total deferred inflows of resources	Proportionate share of allocable plan pension expense	Total employer pension expense excluding that attributable to employer-paid member contributions	
						Net amortization of deferred amounts from changes in proportion	
-	-	641,252	128,464	769,716	485,816	(98,818)	386,998
-	-	4,423,379	-	4,423,379	3,351,178	847,152	4,198,330
-	-	650,183	460,838	1,111,022	492,582	(354,491)	138,091
-	-	5,026,974	539,802	5,566,776	3,808,465	(415,232)	3,393,232
-	-	502,565	-	502,565	380,746	96,617	477,363
-	-	4,099,628	-	4,099,628	3,105,902	1,460,534	4,566,436
-	-	1,350,937	660,512	2,011,449	1,023,478	(508,086)	515,391
-	-	8,476,730	-	8,476,730	6,422,020	475,716	6,897,735
-	-	121,561	133,869	255,430	92,095	(102,976)	(10,881)
-	-	788,304	-	788,304	597,224	390,541	987,765
-	-	207,308	30,109	237,417	157,058	(23,161)	133,897
-	-	1,563,803	-	1,563,803	1,184,747	275,717	1,460,464
-	-	142,101	23,120	165,221	107,657	(17,784)	89,872
-	-	1,053,862	85,236	1,139,098	798,412	(65,566)	732,846
-	-	18,310	-	18,310	13,872	17,337	31,208
-	-	132,382	-	132,382	100,293	70,186	170,480
-	-	21,001	-	21,001	15,911	16,233	32,143
-	-	206,422	-	206,422	156,386	161,693	318,079
-	-	73,255	-	73,255	55,498	70,959	126,457
-	-	522,625	-	522,625	395,944	74,483	470,427
-	-	204,126	30,743	234,869	154,647	(23,648)	130,999
-	-	1,418,897	-	1,418,897	1,074,965	315,179	1,390,144
-	-	110,556	52,118	162,674	83,758	(40,091)	43,667
-	-	747,959	98,480	846,439	566,658	(75,754)	490,904
-	-	87,780	213,399	301,179	66,503	(164,153)	(97,650)
-	-	578,696	282,098	860,793	438,423	(216,998)	221,425
-	-	179,444	184,223	363,667	135,948	(141,710)	(5,762)
-	-	1,166,683	87,246	1,253,928	883,885	(67,112)	816,773
-	-	139,508	18,035	157,543	105,692	(13,873)	91,819
-	-	845,641	-	845,641	640,663	19,046	659,709
-	-	132,272	132,137	264,408	100,210	(101,644)	(1,434)
-	-	697,467	-	697,467	528,405	288,485	816,891
-	-	65,498	46,324	111,821	49,621	(35,634)	13,988
-	-	364,093	119,706	483,799	275,839	(92,082)	183,757
-	-	84,492	-	84,492	64,012	12,799	76,810
-	-	620,501	-	620,501	470,095	476,803	946,898
-	-	89,498	59,866	149,365	67,804	(46,051)	21,753
-	-	627,536	367,621	995,156	475,425	(282,785)	192,640
-	-	78,273	113,012	191,285	59,300	(86,932)	(27,632)
-	-	405,111	170,982	576,094	306,915	(131,525)	175,390
-	-	13,960	-	13,960	10,576	9,048	19,624
-	-	114,492	-	114,492	86,740	95,793	182,533
-	-	42,011	65,940	107,951	31,828	(50,723)	(18,895)
-	-	502,969	-	502,969	381,052	347,623	728,676
-	-	97,677	280,038	377,715	74,001	(215,414)	(141,413)
-	-	938,076	1,474,472	2,412,548	710,692	(1,134,209)	(423,517)
-	-	44,961	54,435	99,397	34,063	(41,873)	(7,811)
-	-	284,347	532,025	816,372	215,423	(409,250)	(193,827)
-	-	108,446	17,847	126,293	82,159	(13,728)	68,431
-	-	701,516	26,450	727,966	531,472	(20,346)	511,126
-	-	40,814,667	13,656,781	54,471,448	30,921,428	(10,142,131)	20,779,297
-	-	226,927,699	13,494,890	240,422,589	171,921,740	10,142,131	182,063,871
-	-	267,742,366	27,151,671	294,894,037	202,843,168	(0)	202,843,168

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedules of Employer and Nonemployer Allocations and
Schedules of Pension Amounts by Employer and Nonemployer

June 30, 2014 and 2013

(1) Plan Description

State of Alaska Teachers' Retirement System Defined Benefit Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits for teachers and other eligible members.

Benefit and contribution provisions are established by Chapter 14 of Alaska Statute Title 14, and may be amended only by the 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.

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.

(2) Basis of Presentation

The schedules of employer and nonemployer allocations and the schedules 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 of Alaska (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 were prepared in accordance with U.S. generally accepted accounting principles. Such preparation

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedules of Employer and Nonemployer Allocations and
Schedules of Pension Amounts by Employer and Nonemployer

June 30, 2014 and 2013

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 employer pension expense. 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 contributions made for each employer to total contributions made to the Plan during the years ended June 30, 2014 and 2013. 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 (Board). As set by Alaska Statute 14.25.070(a), employer contributions were 12.56% of annual payroll for the fiscal year 2014 and 2013. Each employer is also required to make an additional contribution to the Plan for employees that participate in the PERS Defined Contribution Retirement (DCR) Plan for the difference between the statutory employer contribution rate of 12.56% on eligible salaries of participants in the DCR less the total of employer matching contributions to the DCR.

Alaska Statute 14.25.085 requires the State, as a nonemployer contributing entity, contributes 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

Components of Net Pension Liability

The components of the net pension liability of the Plan as of June 30, 2014 and 2013 were as follows:

	2014	2013
Total pension liability	\$ 6,770,201,321	6,589,552,519
Plan fiduciary net position	3,771,139,007	3,279,130,000
Net pension liability	\$ 2,999,062,314	3,310,422,519
Plan fiduciary net position as a percentage of the total pension liability	55.70%	49.76%

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedules of Employer and Nonemployer Allocations and
Schedules of Pension Amounts by Employer and Nonemployer

June 30, 2014 and 2013

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of June 30, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.12%
Salary increases:	Graded by service, from 6.11% to 3.62%
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on average inflation rate of 3.12% and a real rate of return of 4.88%.

Mortality rates were based on the 1994 Group Annuity Mortality (GAM) Sex-distinct Table 1994 Base Year without margin projected to 2013 using Projection Scale AA, adjusted 55% for females and 45% for males and the 1994 GAM Sex-distinct Table 1994 Base Year without margin projected to 2013 using Projection Scale AA, with a 3-year setback for females and 4-year setback for males.

The actuarial assumptions used in the June 30, 2013 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Board to better reflect expected future experience.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedules of Employer and Nonemployer Allocations and
Schedules of Pension Amounts by Employer and Nonemployer

June 30, 2014 and 2013

included in the System's current and expected asset allocation is summarized in the following table (note that the rates shown below exclude the inflation component):

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Equities:	
Broad domestic equity	5.40%
Large cap	5.25
Small/mid cap	5.60
International equity	5.25
Emerging markets equity	5.65
Global ex-U.S. equity	5.55
Fixed income:	
Domestic fixed	0.75
TIPS	0.75
Other:	
Real estate	3.95
Private equity	6.40
Hedge funds	2.85
Cash equivalents	(0.25)

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. 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 Plans 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of June 30, 2014, calculated using the discount rate of 8.0%, as well as what the Plans net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>1% Decrease (7%)</u>	<u>Current discount rate (8%)</u>	<u>1% Increase (9%)</u>
\$ 3,776,983,113	2,999,062,314	2,346,163,638

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedules of Employer and Nonemployer Allocations and
Schedules of Pension Amounts by Employer and Nonemployer

June 30, 2014 and 2013

(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, 2014:

	Year of Deferral	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred Inflows of Resources:						
Difference between projected and actual earnings on pension plan investments	2014	5 years	\$ —	334,677,957	66,935,591	267,742,366

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, excluding that attributable to employer-paid member contributions, as follows:

Year ending June 30:	
2015	\$ (66,935,592)
2016	(66,935,592)
2017	(66,935,591)
2018	(66,935,591)
Total	<u>\$ (267,742,366)</u>

(7) Pension Expense

The components of allocable pension expense, which exclude amounts attributable to employer-paid member contributions, consists of plan changes that are expensed immediately as well as amortizations relating to the difference between expected and actual experience, changes in actuary assumptions and differences between projected and actual investment earnings on pension plan investments. The components of the pension expense for the year ending June 30, 2014 are as follows:

Service cost	\$ 64,324,456
Interest on total pension liability	515,325,346
Member contributions	(47,724,000)
Administrative expense	3,160,000
Expected investment return net of investment expenses	(265,280,043)
Other	(27,000)
Recognition (amortization) of deferred inflows/outflows of resources:	
Difference between projected and actual investment earnings on pension plan investments	<u>(66,935,591)</u>
Pension expense	<u>\$ 202,843,168</u>