



**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of Employer Allocations and  
Schedules of OPEB Amounts by Employer

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1
Schedules of Employer Allocations	3
Schedules of OPEB Amounts by Employer	7
Notes to Schedules of Employer Allocations and Schedules of OPEB Amounts by Employer	13



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## **Independent Auditors' Report**

The Division of Retirement and Benefits and  
Members of the Alaska Retirement Management Board  
State of Alaska Public Employees' Retirement System:

We have audited the accompanying schedules of employer allocations of the State of Alaska Public Employees' Retirement System Retiree Medical Plan (the Plan) as of and for the years ended June 30, 2017 and 2016, and the related notes. We have also audited the total for all entities of the columns titled net OPEB liability, 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, 2017 and the total for all entities of the column titled net OPEB liability (specified column total) included in the accompanying schedule of OPEB amounts by employer of the Plan as of June 30, 2016, and the related notes.

### ***Management's Responsibility for the Schedules***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on the schedules of employer allocations and the specified column totals included in the schedules of OPEB amounts by employer based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of employer allocations and specified column totals included in the schedules of OPEB amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



***Opinions***

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for the Plan as of and for the year ended June 30, 2017 and the employer allocations and the net OPEB liability for the total of all participating entities for the Plan as of and for the year ended June 30, 2016, in accordance with U.S. generally accepted accounting principles.

***Other Matter***

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Public Employees' Retirement System, which includes the Retiree Medical Plan, as of and for the year ended June 30, 2017, and our report thereon, dated December 5, 2017, expressed an unmodified opinion on those financial statements.

***Restriction on Use***

Our report is intended solely for the information and use of the State of Alaska Public Employees' Retirement System management, the members of the Alaska Retirement Management Board, State of Alaska Public Employees' Retirement System Retiree Medical Plan employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

Anchorage, Alaska  
October 26, 2018

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of Employer Allocations

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

Employer	Employer number	2017		2016	
		Employer contributions	Allocation percentage	Employer contributions	Allocation percentage
State of Alaska	101	\$ 6,096,975	49.64943%	\$ 8,399,134	51.89724%
Southwest Region SD	102	15,116	0.12309%	19,214	0.11872%
Annette Island SD	103	12,406	0.10103%	14,473	0.08943%
Bering Strait SD	104	49,895	0.40631%	64,905	0.40104%
Chatham SD	105	4,076	0.03319%	4,932	0.03047%
City of Valdez	107	58,588	0.47710%	72,971	0.45088%
Juneau Borough SD	108	80,143	0.65263%	101,314	0.62601%
Matanuska-Susitna Borough	109	141,391	1.15139%	182,797	1.12948%
Matanuska-Susitna Borough SD	110	214,604	1.74758%	269,261	1.66373%
Anchorage SD	111	602,178	4.90371%	764,100	4.72128%
Copper River SD	112	7,215	0.05875%	9,267	0.05726%
University of Alaska	113	318,987	2.59760%	318,582	1.96848%
City of Kenai	115	47,699	0.38843%	61,305	0.37880%
Fairbanks North Star Borough	116	142,067	1.15689%	180,244	1.11371%
Fairbanks North Star Borough SD	117	207,419	1.68907%	268,382	1.65830%
Denali Borough SD	118	11,575	0.09426%	15,472	0.09560%
City and Borough of Sitka	120	67,026	0.54581%	89,696	0.55422%
Chugach SD	121	4,173	0.03398%	6,406	0.03958%
Ketchikan Gateway Borough	122	28,723	0.23390%	41,751	0.25797%
City of Soldotna	123	27,883	0.22706%	39,397	0.24343%
Iditarod Area SD	124	7,242	0.05897%	6,404	0.03957%
Kuspuk SD	125	9,736	0.07928%	9,814	0.06064%
City and Borough of Juneau	126	207,973	1.69358%	260,601	1.61022%
City of Kodiak	128	47,924	0.39026%	59,577	0.36812%
City of Fairbanks	129	33,064	0.26925%	42,861	0.26483%
City of Wasilla	131	44,993	0.36639%	57,483	0.35518%
Sitka Borough SD	133	20,640	0.16808%	29,315	0.18113%
City of Palmer	134	30,401	0.24756%	35,245	0.21777%
City and Borough of Wrangell	135	12,620	0.10277%	18,538	0.11454%
City of Bethel	136	42,823	0.34872%	56,678	0.35021%
Valdez City SD	137	16,002	0.13031%	19,267	0.11905%
Hoonah City SD	138	3,032	0.02469%	6,132	0.03789%
City of Nome	139	24,779	0.20178%	33,489	0.20692%
City of Kotzebue	140	36,673	0.29864%	46,151	0.28516%
Galena City SD	141	28,655	0.23335%	38,069	0.23522%
City of Petersburg	143	28,611	0.23299%	39,640	0.24493%
Bristol Bay Borough	144	15,556	0.12668%	19,329	0.11943%
North Slope Borough	145	503,342	4.09886%	661,013	4.08432%
Wrangell Public SD	146	5,128	0.04176%	6,205	0.03834%
City of Cordova	148	26,381	0.21483%	34,074	0.21054%
Nome City SD	149	11,068	0.09013%	17,377	0.10737%
City of King Cove	151	5,503	0.04481%	7,248	0.04478%
Alaska Housing Finance Corporation	152	86,341	0.70310%	107,224	0.66252%
Lower Yukon SD	153	38,904	0.31681%	47,168	0.29145%
Northwest Arctic Borough SD	154	58,962	0.48014%	77,591	0.47943%
Southeast Island SD	155	6,569	0.05349%	8,707	0.05380%
Pribilof SD	156	1,426	0.01161%	1,731	0.01070%
Lower Kuskokwim SD	157	95,737	0.77961%	125,015	0.77245%
Kodiak Island Borough SD	158	56,896	0.46332%	73,756	0.45573%
Yukon Flats SD	159	6,562	0.05344%	9,261	0.05722%
Yukon/Koyukuk SD	160	17,289	0.14079%	21,365	0.13201%
North Slope Borough SD	161	86,362	0.70327%	106,773	0.65974%
Aleutian Region SD	162	-	0.00000%	950	0.00587%
Cordova Community Medical Center	163	36,591	0.29797%	31,316	0.19350%
Lake and Peninsula Borough SD	164	14,533	0.11835%	18,537	0.11454%
Sitka Community Hospital	165	95,684	0.77918%	124,291	0.76798%
Tanana SD	166	857	0.00698%	1,615	0.00998%
Southeast Regional Resource Center	167	10,679	0.08696%	14,036	0.08673%
Hydaburg City SD	168	2,269	0.01848%	2,332	0.01441%
North Pacific Fishery Management Council	170	5,561	0.04528%	7,493	0.04630%
City of Barrow	171	8,325	0.06779%	11,002	0.06798%
City of Saint Paul	172	7,054	0.05744%	14,016	0.08660%
Municipality of Anchorage	173	973,482	7.92734%	1,195,396	7.38621%
Kodiak Island Borough	174	17,660	0.14381%	20,799	0.12851%
Nome Joint Utility System	175	1,598	0.01301%	569	0.00352%
City of Sand Point	176	8,794	0.07161%	12,861	0.07947%
Ketchikan Gateway Borough SD	177	49,996	0.40713%	63,254	0.39084%
City of Dillingham	178	25,269	0.20577%	33,941	0.20972%
City of Unalaska	179	81,755	0.66575%	105,899	0.65434%

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of Employer Allocations

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

Employer	Employer number	2017		2016	
		Employer contributions	Allocation percentage	Employer contributions	Allocation percentage
Kenai Peninsula Borough	180	\$ 118,210	0.96262%	\$ 155,008	0.95778%
City of Ketchikan	181	47,956	0.39052%	65,123	0.40239%
City of Seward	182	27,999	0.22800%	35,792	0.22115%
City of Fort Yukon	183	4,119	0.03354%	2,450	0.01514%
Bristol Bay Borough SD	184	2,317	0.01887%	2,056	0.01270%
Cordova City SD	185	5,968	0.04860%	7,139	0.04411%
City of Craig	186	12,430	0.10122%	17,649	0.10905%
Petersburg Medical Center	187	48,532	0.39521%	61,061	0.37729%
Haines Borough	189	20,256	0.16495%	23,436	0.14481%
Kenai Peninsula Borough SD	190	125,292	1.02029%	163,086	1.00769%
City of North Pole	191	17,520	0.14267%	22,987	0.14203%
City of Galena	192	5,477	0.04460%	6,132	0.03789%
City of Nenana	193	319	0.00260%	353	0.00218%
Yupit SD	195	9,386	0.07643%	8,796	0.05435%
Nenana City SD	196	12,300	0.10016%	15,470	0.09559%
City of Saxman	198	825	0.00672%	2,104	0.01300%
City of Hoonah	199	11,590	0.09438%	14,111	0.08719%
City of Pelican	200	1,105	0.00900%	1,103	0.00682%
City of Whittier	202	8,222	0.06695%	9,476	0.05855%
Anchorage Community Development Authority	203	17,704	0.14417%	25,312	0.15640%
Craig City SD	204	8,508	0.06928%	10,901	0.06736%
Dillingham City SD	205	7,141	0.05815%	12,956	0.08005%
City of Thorne Bay	206	4,344	0.03537%	5,370	0.03318%
City of Akutan	208	11,455	0.09328%	8,040	0.04968%
Unalaska City SD	209	5,923	0.04823%	6,966	0.04304%
Kashunamiut SD	211	8,209	0.06685%	12,996	0.08030%
City of Homer	215	37,573	0.30597%	50,637	0.31288%
Special Education Service Agency	218	2,730	0.02223%	3,654	0.02258%
Bartlett Regional Hospital	219	250,454	2.03952%	304,824	1.88347%
Northwest Arctic Borough	220	14,132	0.11508%	23,375	0.14443%
Saint Mary's SD	221	5,213	0.04245%	6,951	0.04295%
Bristol Bay Regional Housing Authority	223	9,343	0.07608%	12,946	0.07999%
Copper River Basin Regional Housing Authority	224	4,443	0.03618%	6,347	0.03922%
Skagway City SD	225	1,021	0.00831%	1,413	0.00873%
City of Klawock	227	5,406	0.04402%	7,463	0.04611%
Petersburg City SD	228	7,570	0.06164%	9,895	0.06114%
Aleutians East Borough	230	4,051	0.03299%	4,715	0.02913%
City of Huslia	235	634	0.00516%	870	0.00538%
City of Kaltag	237	74	0.00060%	259	0.00160%
Haines Borough SD	240	5,072	0.04130%	7,877	0.04867%
City of Atka	243	825	0.00672%	2,297	0.01419%
Aleutians East Borough SD	244	5,121	0.04170%	9,092	0.05618%
Delta/Greely SD	246	8,575	0.06983%	12,294	0.07596%
Lake and Peninsula Borough	247	2,708	0.02205%	4,319	0.02669%
City and Borough of Yakutat	248	6,167	0.05022%	6,244	0.03858%
City of Unalakleet	249	3,633	0.02958%	3,745	0.02314%
Klawock City SD	251	3,134	0.02552%	4,475	0.02765%
Alaska Gateway SD	255	15,376	0.12521%	18,512	0.11438%
Pelican City SD	257	128	0.00104%	228	0.00141%
Denali Borough	258	3,707	0.03019%	5,171	0.03195%
Cook Inlet Housing Authority	262	62,407	0.50820%	83,223	0.51422%
Interior Regional Housing Authority	263	6,834	0.05565%	8,530	0.05271%
Yakutat SD	264	1,577	0.01284%	1,829	0.01130%
Kake City SD	265	3,155	0.02569%	3,711	0.02293%
Aleutian Housing Authority	267	6,656	0.05420%	9,384	0.05798%
Bering Straits Regional Housing Authority	270	6,562	0.05344%	11,813	0.07299%
City of Egegik	271	131	0.00107%	-	0.00000%
Ilisagvik College	275	48,719	0.39673%	65,400	0.40410%
North Pacific Rim Housing Authority	276	4,065	0.03310%	5,539	0.03422%
Saxman Seaport	278	926	0.00754%	742	0.00458%
Tlingit-Haida Regional Housing Authority	279	18,974	0.15451%	28,807	0.17800%
Baranof Island Housing Authority	281	4,476	0.03645%	5,749	0.03552%
City of Delta Junction	282	3,111	0.02533%	5,268	0.03255%
City of Anderson	283	297	0.00242%	455	0.00281%
Inter-Island Ferry Authority	284	6,953	0.05662%	9,094	0.05619%
City of Seldovia	286	1,353	0.01102%	1,300	0.00803%
Northwest Inupiat Housing Authority	288	3,892	0.03169%	4,823	0.02980%
City of Upper Kalskag	290	129	0.00105%	144	0.00089%
City of Shaktoolik	291	378	0.00308%	535	0.00331%

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of Employer Allocations

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

<u>Employer</u>	<u>Employer number</u>	<u>2017</u>		<u>2016</u>	
		<u>Employer contributions</u>	<u>Allocation percentage</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
Tagiugmiullu Nunamiullu Housing Authority	293	\$ 5,979	0.04869%	\$ 8,592	0.05309%
Municipality of Skagway	296	27,791	0.22631%	33,521	0.20712%
City of Nulato	297	1,869	0.01522%	2,285	0.01412%
City of Aniak	298	1,676	0.01365%	1,340	0.00828%
Alaska Gasline Development Corporation	299	26,504	0.21583%	23,591	0.14577%
	Total contributions	\$ 12,280,051	100.00000%	\$ 16,184,162	100.00000%

See accompanying notes to schedules of employer allocations and schedules of OPEB amounts by employer

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**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of OPEB Amounts by Employer

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

		<b>Net OPEB Liability</b>		<b>Deferred outflows of resources as of June 30, 2017</b>			
	<b>Employer number</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Difference between expected and actual experience</b>	<b>Change of assumptions</b>	<b>Changes in proportion and differences between employer contributions and proportionate share of contributions</b>	<b>Total deferred outflows of resources</b>
<b>Employers:</b>							
State of Alaska	101	\$ 2,589,217	4,783,370	—	—	—	—
Southwest Region SD	102	6,419	10,943	—	—	359	359
Annette Island SD	103	5,268	8,243	—	—	951	951
Bering Strait SD	104	21,189	36,964	—	—	433	433
Chatham SD	105	1,731	2,809	—	—	223	223
City of Valdez	107	24,881	41,558	—	—	2,151	2,151
Juneau Borough SD	108	34,035	57,699	—	—	2,185	2,185
Matanuska-Susitna Borough	109	60,045	104,104	—	—	1,798	1,798
Matanuska-Susitna Borough SD	110	91,137	153,346	—	—	6,880	6,880
Anchorage SD	111	255,728	435,161	—	—	14,969	14,969
Copper River SD	112	3,064	5,277	—	—	123	123
University of Alaska	113	135,465	181,434	—	—	51,616	51,616
City of Kenai	115	20,257	34,914	—	—	790	790
Fairbanks North Star Borough	116	60,332	102,650	—	—	3,543	3,543
Fairbanks North Star Borough SD	117	88,085	152,845	—	—	2,525	2,525
Denali Borough SD	118	4,916	8,811	—	—	—	—
City And Borough of Sitka	120	28,464	51,083	—	—	—	—
Chugach SD	121	1,772	3,648	—	—	—	—
Ketchikan Gateway Borough	122	12,198	23,777	—	—	—	—
City of Soldotna	123	11,841	22,437	—	—	—	—
Iditarod Area SD	124	3,075	3,647	—	—	1,592	1,592
Kuspuk SD	125	4,134	5,589	—	—	1,529	1,529
City And Borough of Juneau	126	88,320	148,414	—	—	6,840	6,840
City of Kodiak	128	20,352	33,929	—	—	1,817	1,817
City of Fairbanks	129	14,042	24,410	—	—	363	363
City of Wasilla	131	19,107	32,737	—	—	919	919
Sitka Borough SD	133	8,765	16,695	—	—	—	—
City of Palmer	134	12,910	20,072	—	—	2,444	2,444
City And Borough of Wrangell	135	5,359	10,558	—	—	—	—
City of Bethel	136	18,186	32,279	—	—	—	—
Valdez City SD	137	6,795	10,973	—	—	924	924
Hoonah City SD	138	1,288	3,492	—	—	—	—
City of Nome	139	10,523	19,072	—	—	—	—
City of Kotzebue	140	15,574	26,283	—	—	1,106	1,106
Galena City SD	141	12,169	21,680	—	—	—	—
City of Petersburg	143	12,150	22,575	—	—	—	—
Bristol Bay Borough	144	6,606	11,008	—	—	595	595
North Slope Borough	145	213,756	376,452	—	—	1,195	1,195
Wrangell Public SD	146	2,178	3,534	—	—	280	280
City of Cordova	148	11,203	19,405	—	—	352	352
Nome City SD	149	4,700	9,896	—	—	—	—
City of King Cove	151	2,337	4,128	—	—	2	2
Alaska Housing Finance Corporation	152	36,666	61,065	—	—	3,329	3,329
Lower Yukon SD	153	16,521	26,863	—	—	2,081	2,081
Northwest Arctic Borough SD	154	25,039	44,189	—	—	59	59
Southeast Island SD	155	2,790	4,959	—	—	—	—
Pribilof SD	156	606	986	—	—	75	75
Lower Kuskokwim SD	157	40,657	71,197	—	—	588	588
Kodiak Island Borough SD	158	24,162	42,004	—	—	623	623
Yukon Flats SD	159	2,787	5,274	—	—	—	—
Yukon / Koyukuk SD	160	7,342	12,168	—	—	720	720
North Slope Borough SD	161	36,676	60,808	—	—	3,572	3,572
Aleutian Region SD	162	—	541	—	—	—	—
Cordova Community Medical Center	163	15,539	17,834	—	—	8,571	8,571
Lake And Peninsula Borough SD	164	6,172	10,557	—	—	313	313
Sitka Community Hospital	165	40,634	70,785	—	—	919	919
Tanana SD	166	364	919	—	—	—	—
Southeast Regional Resource Center	167	4,535	7,994	—	—	19	19
Hydaburg City SD	168	964	1,329	—	—	334	334
North Pacific Fishery Management Council	170	2,362	4,267	—	—	—	—
City of Barrow	171	3,535	6,266	—	—	—	—
City of Saint Paul	172	2,996	7,982	—	—	—	—
Municipality of Anchorage	173	413,411	680,787	—	—	44,399	44,399
Kodiak Island Borough	174	7,500	11,845	—	—	1,255	1,255
Nome Joint Utility System	175	678	324	—	—	778	778
City of Sand Point	176	3,734	7,325	—	—	—	—

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of OPEB Amounts by Employer

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

Deferred inflows of resources as of June 30, 2017				OPEB expense for the year ended June 30, 2017			
Difference between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of OPEB expense	Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	Total OPEB expense
20,331	—	1,258,310	184,435	1,463,076	5,388,623	(22,765)	5,365,858
50	—	3,120	—	3,170	13,360	44	13,404
41	—	2,560	—	2,601	10,964	117	11,081
166	—	10,298	—	10,464	44,099	53	44,152
14	—	841	—	855	3,603	28	3,631
195	—	12,092	—	12,287	51,781	266	52,047
267	—	16,540	—	16,807	70,832	270	71,102
471	—	29,181	—	29,652	124,964	222	125,186
716	—	44,291	—	45,007	189,672	849	190,521
2,008	—	124,280	—	126,288	532,217	1,848	534,065
24	—	1,489	—	1,513	6,377	15	6,392
1,064	—	65,834	—	66,898	281,927	6,372	288,299
159	—	9,844	—	10,003	42,158	98	42,256
474	—	29,320	—	29,794	125,561	437	125,998
692	—	42,808	—	43,500	183,321	312	183,633
39	—	2,389	110	2,538	10,230	(14)	10,216
223	—	13,833	690	14,746	59,239	(85)	59,154
14	—	861	459	1,334	3,688	(57)	3,631
96	—	5,928	1,975	7,999	25,386	(244)	25,142
93	—	5,755	1,343	7,191	24,644	(166)	24,478
24	—	1,495	—	1,519	6,400	197	6,597
32	—	2,009	—	2,041	8,604	189	8,793
693	—	42,922	—	43,615	183,811	844	184,655
160	—	9,891	—	10,051	42,356	224	42,580
110	—	6,824	—	6,934	29,223	45	29,268
150	—	9,286	—	9,436	39,765	114	39,879
69	—	4,260	1,071	5,400	18,242	(132)	18,110
101	—	6,274	—	6,375	26,869	302	27,171
42	—	2,605	966	3,613	11,154	(119)	11,035
143	—	8,838	122	9,103	37,847	(15)	37,832
53	—	3,302	—	3,355	14,142	114	14,256
10	—	626	1,083	1,719	2,680	(134)	2,546
83	—	5,114	422	5,619	21,900	(52)	21,848
122	—	7,569	—	7,691	32,413	137	32,550
96	—	5,914	154	6,164	25,326	(19)	25,307
95	—	5,905	980	6,980	25,287	(121)	25,166
52	—	3,211	—	3,263	13,749	73	13,822
1,678	—	103,882	—	105,560	444,864	147	445,011
17	—	1,058	—	1,075	4,532	35	4,567
88	—	5,445	—	5,533	23,316	43	23,359
37	—	2,284	1,414	3,735	9,782	(175)	9,607
18	—	1,136	—	1,154	4,864	—	4,864
288	—	17,819	—	18,107	76,309	411	76,720
130	—	8,029	—	8,159	34,384	257	34,641
197	—	12,169	—	12,366	52,111	7	52,118
22	—	1,356	25	1,403	5,806	(3)	5,803
5	—	294	—	299	1,260	9	1,269
319	—	19,759	—	20,078	84,614	73	84,687
190	—	11,742	—	11,932	50,286	77	50,363
22	—	1,354	311	1,687	5,799	(38)	5,761
58	—	3,568	—	3,626	15,281	89	15,370
288	—	17,824	—	18,112	76,329	441	76,770
—	—	—	482	482	—	(60)	(60)
122	—	7,552	—	7,674	32,339	1,058	33,397
48	—	2,999	—	3,047	12,845	39	12,884
319	—	19,748	—	20,067	84,567	114	84,681
3	—	177	246	426	758	(30)	728
36	—	2,204	—	2,240	9,438	2	9,440
8	—	468	—	476	2,006	41	2,047
19	—	1,148	83	1,250	4,915	(10)	4,905
28	—	1,718	16	1,762	7,357	(2)	7,355
24	—	1,456	2,392	3,872	6,235	(295)	5,940
3,246	—	200,911	—	204,157	860,382	5,481	865,863
59	—	3,645	—	3,704	15,608	155	15,763
5	—	330	—	335	1,412	96	1,508
29	—	1,815	645	2,489	7,772	(80)	7,692

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of OPEB Amounts by Employer

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

	Employer number	Net OPEB Liability		Difference between expected and actual experience	Change of assumptions	Deferred outflows of resources as of June 30, 2017	
		June 30, 2017	June 30, 2016			Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Ketchikan Gateway Borough SD	177	\$ 21,232	36,024	—	—	1,337	1,337
City of Dillingham	178	10,731	19,330	—	—	—	—
City of Unalaska	179	34,719	60,311	—	—	937	937
Kenai Peninsula Borough	180	50,201	88,278	—	—	398	398
City of Ketchikan	181	20,365	37,088	—	—	—	—
City of Seward	182	11,890	20,384	—	—	562	562
City of Fort Yukon	183	1,749	1,395	—	—	1,510	1,510
Bristol Bay Borough SD	184	984	1,171	—	—	506	506
Cordova City SD	185	2,534	4,066	—	—	368	368
City of Craig	186	5,278	10,051	—	—	—	—
Petersburg Medical Center	187	20,610	34,775	—	—	1,471	1,471
Haines Borough	189	8,602	13,347	—	—	1,653	1,653
Kenai Peninsula Borough SD	190	53,208	92,879	—	—	1,034	1,034
City of North Pole	191	7,440	13,091	—	—	52	52
City of Galena	192	2,326	3,492	—	—	550	550
City of Nenana	193	135	201	—	—	34	34
Yupit SD	195	3,986	5,009	—	—	1,811	1,811
Nenana City SD	196	5,223	8,810	—	—	375	375
City of Saxman	198	351	1,199	—	—	—	—
City of Hoonah	199	4,922	8,037	—	—	590	590
City of Pelican	200	470	628	—	—	179	179
City of Whittier	202	3,492	5,397	—	—	689	689
Anchorage Community Development Authority	203	7,518	14,416	—	—	—	—
Craig City SD	204	3,613	6,208	—	—	158	158
Dillingham City SD	205	3,032	7,379	—	—	—	—
City of Thorne Bay	206	1,845	3,058	—	—	180	180
City of Akutan	208	4,864	4,579	—	—	3,577	3,577
Unalaska City SD	209	2,515	3,967	—	—	426	426
Kashunamiut SD	211	3,486	7,401	—	—	—	—
City of Homer	215	15,956	28,839	—	—	—	—
Special Education Service Agency	218	1,159	2,081	—	—	—	—
Bartlett Regional Hospital	219	106,362	173,599	—	—	12,805	12,805
Northwest Arctic Borough	220	6,001	13,312	—	—	—	—
Saint Mary's SD	221	2,214	3,959	—	—	—	—
Bristol Bay Regional Housing Authority	223	3,968	7,373	—	—	—	—
Copper River Basin Regional Housing Authority	224	1,887	3,615	—	—	—	—
Skagway City SD	225	434	804	—	—	—	—
City of Klawock	227	2,296	4,250	—	—	—	—
Petersburg City SD	228	3,215	5,635	—	—	41	41
Aleutians East Borough	230	1,721	2,685	—	—	317	317
City of Huslia	235	269	496	—	—	—	—
City of Kaltag	237	31	147	—	—	—	—
Haines Borough SD	240	2,154	4,486	—	—	—	—
City of Atka	243	351	1,308	—	—	—	—
Aleutians East Borough SD	244	2,175	5,178	—	—	—	—
Delta/Greely SD	246	3,642	7,001	—	—	—	—
Lake And Peninsula Borough	247	1,150	2,460	—	—	—	—
City And Borough of Yakutat	248	2,619	3,556	—	—	955	955
City of Unalakleet	249	1,543	2,132	—	—	529	529
Klawock City SD	251	1,331	2,548	—	—	—	—
Alaska Gateway SD	255	6,530	10,542	—	—	889	889
City of Saint George	256	—	—	—	—	—	—
Pelican City SD	257	55	130	—	—	—	—
Denali Borough	258	1,574	2,945	—	—	—	—
Cook Inlet Housing Authority	262	26,503	47,396	—	—	—	—
Interior Regional Housing Authority	263	2,902	4,858	—	—	242	242
Yakutat SD	264	670	1,041	—	—	126	126
Take City SD	265	1,340	2,113	—	—	227	227
Aleutian Housing Authority	267	2,827	5,344	—	—	—	—
Bering Straits Regional Housing Authority	270	2,787	6,728	—	—	—	—
City of Egegik	271	56	—	—	—	88	88
Ilisagvik College	275	20,689	37,246	—	—	—	—
North Pacific Rim Housing Authority	276	1,726	3,155	—	—	—	—
Saxman Seaport	278	393	422	—	—	243	243
Tlingit-Haida Regional Housing Authority	279	8,058	16,406	—	—	—	—
Baranof Island Housing Authority	281	1,901	3,274	—	—	76	76

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of OPEB Amounts by Employer

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

Deferred inflows of resources as of June 30, 2017				OPEB expense for the year ended June 30, 2017			
Difference between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of OPEB expense	Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	Total OPEB expense
167	—	10,318	—	10,485	44,187	165	44,352
84	—	5,215	324	5,623	22,333	(40)	22,293
273	—	16,873	—	17,146	72,256	116	72,372
394	—	24,397	—	24,791	104,477	49	104,526
160	—	9,897	974	11,031	42,384	(120)	42,264
93	—	5,779	—	5,872	24,746	69	24,815
14	—	850	—	864	3,640	186	3,826
8	—	478	—	486	2,048	62	2,110
20	—	1,232	—	1,252	5,275	45	5,320
41	—	2,565	643	3,249	10,985	(79)	10,906
162	—	10,016	—	10,178	42,894	182	43,076
68	—	4,181	—	4,249	17,903	204	18,107
418	—	25,858	—	26,276	110,736	128	110,864
58	—	3,616	—	3,674	15,484	6	15,490
18	—	1,130	—	1,148	4,840	68	4,908
1	—	66	—	67	282	4	286
31	—	1,937	—	1,968	8,295	224	8,519
41	—	2,538	—	2,579	10,871	46	10,917
3	—	170	515	688	730	(64)	666
39	—	2,392	—	2,431	10,244	73	10,317
4	—	228	—	232	977	22	999
27	—	1,697	—	1,724	7,267	85	7,352
59	—	3,654	1,004	4,717	15,647	(124)	15,523
28	—	1,756	—	1,784	7,519	19	7,538
24	—	1,474	1,797	3,295	6,311	(222)	6,089
14	—	897	—	911	3,839	22	3,861
38	—	2,364	—	2,402	10,124	442	10,566
20	—	1,222	—	1,242	5,234	53	5,287
27	—	1,694	1,104	2,825	7,255	(136)	7,119
125	—	7,754	567	8,446	33,208	(70)	33,138
9	—	563	29	601	2,413	(4)	2,409
835	—	51,690	—	52,525	221,357	1,581	222,938
47	—	2,917	2,408	5,372	12,490	(297)	12,193
17	—	1,076	41	1,134	4,607	(5)	4,602
31	—	1,928	321	2,280	8,257	(40)	8,217
15	—	917	249	1,181	3,927	(31)	3,896
3	—	211	34	248	902	(4)	898
18	—	1,116	172	1,306	4,778	(21)	4,757
25	—	1,562	—	1,587	6,690	5	6,695
14	—	836	—	850	3,581	39	3,620
2	—	131	18	151	560	(2)	558
—	—	15	81	96	66	(10)	56
17	—	1,047	604	1,668	4,483	(75)	4,408
3	—	170	613	786	730	(76)	654
17	—	1,057	1,188	2,262	4,526	(147)	4,379
29	—	1,770	503	2,302	7,579	(62)	7,517
9	—	559	381	949	2,393	(47)	2,346
21	—	1,273	—	1,294	5,451	118	5,569
12	—	750	—	762	3,211	65	3,276
10	—	647	174	831	2,770	(22)	2,748
51	—	3,173	—	3,224	13,589	110	13,699
—	—	—	—	—	—	—	—
—	—	27	29	56	114	(4)	110
12	—	765	145	922	3,276	(18)	3,258
208	—	12,880	493	13,581	55,157	(61)	55,096
23	—	1,410	—	1,433	6,040	30	6,070
5	—	325	—	330	1,393	16	1,409
11	—	651	—	662	2,789	28	2,817
22	—	1,374	310	1,706	5,883	(38)	5,845
22	—	1,354	1,604	2,980	5,800	(198)	5,602
—	—	27	—	27	116	11	127
162	—	10,055	605	10,822	43,058	(75)	42,983
14	—	839	93	946	3,592	(11)	3,581
3	—	191	—	194	818	30	848
63	—	3,916	1,926	5,905	16,770	(238)	16,532
15	—	924	—	939	3,956	9	3,965

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of OPEB Amounts by Employer

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

	<b>Net OPEB Liability</b>		<b>Deferred outflows of resources as of June 30, 2017</b>				
	<b>Employer number</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Difference between expected and actual experience</b>	<b>Change of assumptions</b>	<b>Changes in proportion and differences between employer contributions and proportionate share of contributions</b>	<b>Total deferred outflows of resources</b>
City of Delta Junction	282	\$ 1,321	3,001	—	—	—	—
City of Anderson	283	126	259	—	—	—	—
Inter-Island Ferry Authority	284	2,953	5,179	—	—	35	35
City of Seldovia	286	575	741	—	—	245	245
Northwest Inupiat Housing Authority	288	1,653	2,746	—	—	156	156
City of Upper Kalskag	290	55	82	—	—	13	13
City of Shaktoolik	291	161	305	—	—	—	—
Tagiugmiullu Nunamiullu Housing Authority	293	2,539	4,894	—	—	—	—
Municipality of Skagway	296	11,802	19,090	—	—	1,575	1,575
City of Nulato	297	794	1,301	—	—	90	90
City of Aniak	298	712	763	—	—	440	440
Alaska Gasline Development Corporation	299	11,256	13,435	—	—	5,749	5,749
<b>Total for employers</b>		<b>\$ 5,215,000</b>	<b>9,217,000</b>	<b>—</b>	<b>—</b>	<b>219,377</b>	<b>219,377</b>

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

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedules of OPEB Amounts by Employer

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

Deferred inflows of resources as of June 30, 2017				OPEB expense for the year ended June 30, 2017			
Difference between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of OPEB expense	Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	Total OPEB expense
10	—	642	592	1,244	2,749	(73)	2,676
1	—	61	32	94	263	(4)	259
23	—	1,435	—	1,458	6,145	4	6,149
5	—	279	—	284	1,196	30	1,226
13	—	803	—	816	3,440	19	3,459
—	—	27	—	27	114	2	116
1	—	78	19	98	334	(2)	332
20	—	1,234	361	1,615	5,285	(45)	5,240
93	—	5,736	—	5,829	24,563	194	24,757
6	—	386	—	392	1,652	11	1,663
6	—	346	—	352	1,481	54	1,535
88	—	5,470	—	5,558	23,425	710	24,135
<u>40,945</u>	<u>—</u>	<u>2,534,400</u>	<u>219,377</u>	<u>2,794,722</u>	<u>10,853,345</u>	<u>—</u>	<u>10,853,345</u>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

June 30, 2017 and 2016

**(1) Plan Description**

The State of Alaska Public Employees' Retirement System (System) Retiree Medical Plan (Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan that provides health benefits to State and local government employees.

The Plan is established under Alaska Statute 39.35 which establishes 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.

**(2) Basis of Presentation**

The schedules of employer allocations and the schedules of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the System and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

position or changes in financial position of the System, its participating employers, or the State. The amounts presented in the Schedules are prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**(3) Allocation Methodology**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The employer allocation percentages presented in the schedules of employer allocations and applied to amounts presented in the schedules 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 years ended June 30, 2017 and 2016, respectively. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedules 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 2017 employer effective contribution rate is 1.18% of member's compensation.

**(5) Collective Net OPEB Liability**

*Components of the Collective Net OPEB Liability*

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

	<b>2017</b>	<b>2016</b>
Total OPEB liability	\$ 86,697,000	69,924,000
Plan fiduciary net position	81,482,000	60,707,000
Net OPEB liability	\$ 5,215,000	9,217,000

The total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total OPEB liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, which was rolled



**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

June 30, 2017 and 2016

forward to June 30, 2016. The actuarial valuations used the following actuarial assumptions as of both the June 30, 2017 and 2016 measurement dates:

Inflation rate	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for Peace Officer/Firefighter Graded by age and service, from 8.55% to 4.34% for All Others
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%.
Healthcare cost trend rates	Pre-65 medical: 8.8% grading down to 4.4% Post-65 medical: 5.8% grading down to 4.0% Prescription drugs: 5.4% grading down to 4.0%

Post-termination mortality rates were based on 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience using 60% of the male rates and 65% of the female post-termination mortality rates.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

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 both June 30, 2017 and 2016:

<u>Age</u>	<u>Percent Participation</u>	<u>Age</u>	<u>Percent Participation</u>
<56	73.00 %	55	40.00 %
56	77.50	56	50.00
57	79.75	57	55.00
58	82.00	58	60.00
59	84.25	59	65.00
60	86.50	60	70.00
61	88.75	61	75.00
62	91.00	62	80.00
63	93.25	63	85.00
64	95.50	64	90.00
65+	94.40	65+	<u>Years of Service</u>
			<15
			15-19
			20-24
			25-29
			30+
			70.50 %
			75.20
			79.90
			89.30
			94.00

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

*Long-term Expected Rate of Return*

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2017 and

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

June 30, 2017 and 2016

2016 are 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>	
	<u>2017</u>	<u>2016</u>
Broad domestic equity	8.83%	—%
Global ex-U.S. equity	7.79	5.55
Intermediate treasuries	1.29	—
Opportunistic	4.76	—
Real assets	4.94	3.65
Absolute return	4.76	—
Private equity	12.02	—
Cash equivalents	0.63	—
Fixed income composite	—	0.80
Alternative equity	—	4.70
Domestic equity	—	5.35
Private equity	—	6.25

*Discount Rate*

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 8.0%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

June 30, 2017 and 2016

*Sensitivity of the Collective Net OPEB Liability to Changes in the Discount Rate*

The following presents the collective net OPEB liability of the Plan as of June 30, 2017 and 2016, calculated using the discount rate of 8.0%, as well as what the Plan's collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7%)</u>	<u>Current discount rate (8%)</u>	<u>1% Increase (9%)</u>
<b>2017</b> \$	24,431,000	5,215,000	(9,790,000)
<b>2016</b>	25,082,475	9,217,000	(3,140,064)

*Sensitivity of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the collective net OPEB liability (asset) of the Plan as of June 30, 2017 and 2016, calculated using the healthcare cost trend rates and using trend rates that are 1-percentage-point lower or 1-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>
<b>2017</b> \$	(12,909,000)	5,215,000	29,498,000
<b>2016</b>	(5,263,741)	9,217,000	28,569,710

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

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

Deferred outflows of resources relate entirely to employer specific amounts.

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

	Year of Deferral	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
<b>Deferred Inflows of Resources:</b>						
Difference between projected and actual earnings on OPEB plan investments	2017	5 years	\$ —	3,168,000	633,600	2,534,400
Difference between expected and actual experience	2017	9.1 years	—	46,000	5,055	40,945
Total Deferred Inflows of Resources			\$ —	3,214,000	638,655	2,575,345

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

Year ending June 30:	
2018	\$ (638,655)
2019	(638,655)
2020	(638,655)
2021	(638,655)
2022	(5,055)
Thereafter	(15,670)
Total	\$ <u>(2,575,345)</u>

**STATE OF ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREE MEDICAL PLAN**

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

**(7) Collective OPEB Expense**

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

Service cost	\$ 10,394,000
Interest on total OPEB liability	6,425,000
Administrative expense	12,000
Expected investment return net of investment expenses	(5,338,000)
Other	(1,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between projected and actual investment earnings on OPEB plan investments	(633,600)
Difference between expected and actual experience	<u>(5,055)</u>
Total OPEB expense	<u>\$ 10,853,345</u>