



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of Employer and Nonemployer Allocations and
Schedule of OPEB Amounts by Employer and Nonemployer

June 30, 2025

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Table of Contents

	Pages
Independent Auditors' Report	1–2
Schedule of Employer and Nonemployer Allocations	3–4
Schedule of OPEB Amounts by Employer and Nonemployer	6–7
Notes to Schedule of Employer and Nonemployer Allocations and Schedule of OPEB Amounts by Employer and Nonemployer	8–14
Supplemental Schedules:	
Schedule of Employer Allocations of Special Funding Amounts (Unaudited)	15–16
Schedule of Special Funding Amounts by Employer (Unaudited)	17–18
Schedule of Employer and Nonemployer Contributions (Unaudited)	19–20



KPMG LLP
Suite 200
3800 Centerpoint Drive
Anchorage, AK 99503

Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Teachers' Retirement System

Opinions

We have audited the schedule of employer and nonemployer allocations of the State of Alaska Teachers' Retirement System Alaska Retiree Healthcare Trust (the Plan) as of and for the year ended June 30, 2025, and the related notes. We have also audited the total for all entities of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (benefit) (specified column totals) included in the accompanying schedule of OPEB amounts by employer and nonemployer of the Plan as of and for the year ended June 30, 2025, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (benefit) for the total of all participating entities for the Plan as of and for the year ended June 30, 2025, in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Schedules

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

Auditors' Responsibilities for the Audit of the Schedules

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



In performing an audit in accordance with GAAS, we:

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

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

Other Matter

We have audited, in accordance with GAAS, the financial statements of the State of Alaska Teachers' Retirement System as of and for the year ended June 30, 2025, and our report thereon, dated October 22, 2025, expressed an unmodified opinion on those financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the schedule of employer and nonemployer allocations, the specified column totals included in the schedule of OPEB amounts by employer and nonemployer, and the related notes. The supplemental schedule of employer allocations of special funding amounts, the supplemental schedule of special funding amounts by employer and the supplemental schedule of employer and nonemployer contributions are presented for purposes of additional analysis and are not a required part of the schedules. Such information has not been subjected to the auditing procedures applied in the audit of the schedules, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

KPMG LLP

Anchorage, Alaska
April 3, 2026

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2025

Employer/nonemployer	Employer/ nonemployer number	Present value of projected future contributions	Allocation percentage
Employer:			
Anchorage School District	701	\$ 73,314,000	14.39273 %
Cordova City School District	704	599,000	0.11759
Craig City School District	705	546,000	0.10719
Fairbanks North Star Borough School District	706	17,049,000	3.34699
Haines Borough School District	707	454,000	0.08913
Hoonah City School District	708	177,000	0.03475
Hydaburg City School District	709	162,000	0.03180
Juneau Borough School District	710	6,781,000	1.33122
Kake City School District	712	306,000	0.06007
Ketchikan Gateway Borough School District	714	4,289,000	0.84200
Klawock City School District	717	377,000	0.07401
Kodiak Island Borough School District	718	4,287,000	0.84161
Nenana City School District	719	733,000	0.14390
Nome City School District	720	1,211,000	0.23774
Matanuska-Susitna Borough School District	722	31,299,000	6.14450
Pelican City School District	723	36,000	0.00707
Petersburg City School District	724	911,000	0.17884
Sitka Borough School District	727	2,765,000	0.54281
Skagway City School District	728	397,000	0.07794
Unalaska City School District	729	584,000	0.11465
Valdez City School District	730	1,313,000	0.25776
Wrangell Public School District	731	450,000	0.08834
Yakutat School District	732	186,000	0.03651
University of Alaska	733	9,074,000	1.78137
Galena City School District	735	2,495,000	0.48981
North Slope Borough School District	736	4,081,000	0.80117
State of Alaska	737	3,932,000	0.77191
Bristol Bay Borough School District	742	214,000	0.04201
Southeast Regional Resource Center	743	178,000	0.03494
Dillingham City School District	744	853,000	0.16746
Kenai Peninsula Borough School District	746	13,137,000	2.57900
Saint Mary's School District	748	331,000	0.06498
Northwest Arctic Borough School District	751	3,697,000	0.72578
Bering Strait School District	752	5,021,000	0.98570
Lower Yukon School District	753	4,013,000	0.78782
Lower Kuskokwim School District	754	7,174,000	1.40837

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2025

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Kuspuk School District	755	\$ 736,000	0.14449 %
Southwest Region School District	756	1,043,000	0.20476
Lake And Peninsula Borough School District	757	962,000	0.18886
Aleutian Region School District	758	15,000	0.00294
Pribilof School District	759	126,000	0.02474
Iditarod Area School District	761	468,000	0.09188
Yukon/Koyukuk School District	762	2,636,000	0.51749
Yukon Flats School District	763	615,000	0.12073
Denali Borough School District	764	784,000	0.15391
Delta/Greely School District	765	1,062,000	0.20849
Alaska Gateway School District	766	838,000	0.16451
Copper River School District	767	508,000	0.09973
Chatham School District	768	518,000	0.10169
Southeast Island School District	769	456,000	0.08952
Annette Island School District	770	772,000	0.15156
Chugach School District	771	557,000	0.10935
Tanana School District	775	—	0.00878
Kashunamiut School District	777	436,000	0.08559
Yupit School District	778	1,033,000	0.20279
Special Education Service Agency	779	312,000	0.06125
Aleutians East Borough School District	780	429,000	0.08422
Total present value of projected future employer contributions		216,732,000	42.55675
Nonemployer:			
State of Alaska	999	292,606,000	57.44325
Total of all participating entities		\$ 509,338,000	100.00000 %

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

Page intentionally blank

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of OPEB Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2025

Employer/nonemployer	Employer/ nonemployer number	Net OPEB asset	Total deferred outflows of resources
Employer:			
Anchorage School District	701	\$ 172,075,843	—
Cordova City School District	704	1,405,917	—
Craig City School District	705	1,281,521	—
Fairbanks North Star Borough School District	706	40,015,837	—
Haines Borough School District	707	1,065,587	—
Hoonah City School District	708	415,438	—
Hydaburg City School District	709	380,231	—
Juneau Borough School District	710	15,915,736	—
Kenai City School District	712	718,215	—
Ketchikan Gateway Borough School District	714	10,066,744	—
Klawock City School District	717	884,860	—
Kodiak Island Borough School District	718	10,062,050	—
Nenana City School District	719	1,720,430	—
Nome City School District	720	2,842,347	—
Matanuska-Susitna Borough School District	722	73,462,120	—
Pelican City School District	723	84,496	—
Petersburg City School District	724	2,138,215	—
Sitka Borough School District	727	6,489,752	—
Skagway City School District	728	931,802	—
Unalaska City School District	729	1,370,711	—
Valdez City School District	730	3,081,752	—
Wrangell Public School District	731	1,056,198	—
Yakutat School District	732	436,562	—
University of Alaska	733	21,297,654	—
Galena City School District	735	5,856,033	—
North Slope Borough School District	736	9,578,546	—
State of Alaska	737	9,228,827	—
Bristol Bay Borough School District	742	502,281	—
Southeast Regional Resource Center	743	417,785	—
Dillingham City School District	744	2,002,083	—
Kenai Peninsula Borough School District	746	30,833,952	—
Saint Mary's School District	748	776,893	—
Northwest Arctic Borough School District	751	8,677,257	—
Bering Strait School District	752	11,784,827	—
Lower Yukon School District	753	9,418,943	—
Lower Kuskokwim School District	754	16,838,150	—
Kuspuk School District	755	1,727,471	—
Southwest Region School District	756	2,448,033	—
Lake And Peninsula Borough School District	757	2,257,917	—
Aleutian Region School District	758	35,207	—
Pribilof School District	759	295,736	—
Iditarod Area School District	761	1,098,446	—
Yukon/Koyukuk School District	762	6,186,976	—
Yukon Flats School District	763	1,443,471	—
Denali Borough School District	764	1,840,132	—
Delta/Greely School District	765	2,492,628	—
Alaska Gateway School District	766	1,966,876	—
Copper River School District	767	1,192,331	—
Chatham School District	768	1,215,802	—
Southeast Island School District	769	1,070,281	—
Annette Island School District	770	1,811,967	—
Chugach School District	771	1,307,339	—
Tanana School District	775	104,928	—
Kashunamiut School District	777	1,023,339	—
Yupit School District	778	2,424,562	—
Special Education Service Agency	779	732,298	—
Aleutians East Borough School District	780	1,006,909	—
Total attributable to employer contributions		508,798,244	—
Nonemployer:			
State of Alaska	999	686,777,756	—
Total of all participating entities		\$ 1,195,576,000	—

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

Deferred inflows of resources		OPEB expense (benefit)		
Difference between projected and actual investment earnings	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense (benefit)	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
			and proportionate share of contributions	Total OPEB expense (benefit)
6,296,873	6,296,873	(18,668,992)	(8,303,278)	(26,972,270)
51,448	51,448	(152,532)	(63,242)	(215,774)
46,895	46,895	(139,036)	87,012	(52,024)
1,464,323	1,464,323	(4,341,431)	(1,508,956)	(5,850,387)
38,994	38,994	(115,609)	(167,449)	(283,058)
15,202	15,202	(45,072)	(98,959)	(144,031)
13,914	13,914	(41,252)	(87,510)	(128,762)
582,414	582,414	(1,726,743)	(353,552)	(2,080,295)
26,282	26,282	(77,921)	(87,621)	(165,542)
368,378	368,378	(1,092,169)	112,251	(979,918)
32,380	32,380	(96,001)	(63,501)	(159,502)
368,206	368,206	(1,091,660)	(339,608)	(1,431,268)
62,957	62,957	(186,654)	(95,476)	(282,130)
104,012	104,012	(308,374)	(464,675)	(773,049)
2,688,242	2,688,242	(7,970,112)	(8,172,066)	(16,142,178)
3,092	3,092	(9,167)	(9,467)	(18,634)
78,245	78,245	(231,981)	(211,844)	(443,825)
237,483	237,483	(704,091)	(792,903)	(1,496,994)
34,098	34,098	(101,094)	(32,276)	(133,370)
50,159	50,159	(148,712)	(150,205)	(298,917)
112,772	112,772	(334,348)	(304,308)	(638,656)
38,650	38,650	(114,590)	2,974	(111,616)
15,975	15,975	(47,364)	(64,409)	(111,773)
779,357	779,357	(2,310,642)	(2,882,128)	(5,192,770)
214,293	214,293	(635,338)	(1,337,105)	(1,972,443)
350,513	350,513	(1,039,203)	(1,034,562)	(2,073,765)
337,716	337,716	(1,001,261)	(609,098)	(1,610,359)
18,380	18,380	(54,494)	71,277	16,783
15,288	15,288	(45,327)	(102,782)	(148,109)
73,263	73,263	(217,212)	(315,943)	(533,155)
1,128,325	1,128,325	(3,345,262)	(1,396,029)	(4,741,291)
28,429	28,429	(84,287)	(136,158)	(220,445)
317,532	317,532	(941,420)	(1,317,024)	(2,258,444)
431,249	431,249	(1,278,569)	(1,282,424)	(2,560,993)
344,673	344,673	(1,021,888)	(1,391,070)	(2,412,958)
616,168	616,168	(1,826,818)	(1,590,386)	(3,417,204)
63,214	63,214	(187,418)	238,174	50,756
89,582	89,582	(265,594)	(140,907)	(406,501)
82,625	82,625	(244,968)	(128,758)	(373,726)
1,288	1,288	(3,820)	49,791	45,971
10,822	10,822	(32,085)	(62,271)	(94,356)
40,196	40,196	(119,174)	(281,024)	(400,198)
226,404	226,404	(671,242)	(1,850,044)	(2,521,286)
52,822	52,822	(156,606)	44,643	(111,963)
67,337	67,337	(199,641)	(218,428)	(418,069)
91,214	91,214	(270,432)	(41,855)	(312,287)
71,975	71,975	(213,392)	(549,711)	(763,103)
43,632	43,632	(129,359)	(119,675)	(249,034)
44,491	44,491	(131,906)	(537,094)	(669,000)
39,165	39,165	(116,118)	(85,377)	(201,495)
66,306	66,306	(196,585)	86,178	(110,407)
47,840	47,840	(141,837)	(264,843)	(406,680)
3,840	3,840	(11,384)	5,507	(5,877)
37,448	37,448	(111,025)	(106,306)	(217,331)
88,723	88,723	(263,048)	(298,565)	(561,613)
26,797	26,797	(79,449)	(12,739)	(92,188)
36,846	36,846	(109,242)	80,251	(28,991)
18,618,747	18,618,747	(55,200,951)	(38,685,553)	(93,886,504)
25,131,653	25,131,653	(74,510,449)	38,685,553	(35,824,896)
43,750,400	43,750,400	(129,711,400)	—	(129,711,400)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

(1) Plan Description

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

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The Plan, a healthcare trust fund of the State, provides major medical coverage to retirees of the System's Defined Benefit Pension Plan (DB Plan). The Plan is self-funded and self-insured. 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:

- Employees hired between July 1, 1955 and June 30, 1990
- Employees hired between July 1, 1990 and June 30, 2006

When pension benefits begin, major medical benefits are provided without cost to (1) all members first hired before July 1, 1990; (2) members hired after July 1, 1990, with 25 years of membership service; and (3) members who are disabled or age 60 or older, regardless of their initial hire dates. Members first hired after June 30, 1990, may receive major medical benefits prior to age 60 by paying premiums.

(2) Basis of Presentation

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

(3) Allocation Methodology

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of OPEB amounts by employer and nonemployer are based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for the fiscal years 2027 to 2039. Employer and nonemployer allocation percentages have been rounded for presentation purposes;

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

therefore, amounts presented in the schedule of OPEB 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). There were no employer contributions required for the year ended June 30, 2025.

Alaska Statute 14.25.085 requires the State, as a nonemployer contributing entity, to contribute each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the Plan's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

The components of the collective net OPEB asset of the Plan as of June 30, 2025 are as follows:

Total OPEB liability	\$	2,695,505,000
Plan fiduciary net position		<u>(3,891,081,000)</u>
Net OPEB asset	\$	<u>(1,195,576,000)</u>

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50% per year
Salary increases	Range from 7.00% to 2.85% based on service.
Investment rate of return	7.25%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Trend rates	Pre-65 medical: 6.2% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 8.5% grading down to 4.5% Initial trend rates are for FY 2026 Ultimate trend rates reached in FY 2050

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.</p> <p>Post-commencement mortality rates for healthy retirees were based on 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
-----------	--

The assumptions used in the June 30, 2024 actuarial valuation are the same as those used in the June 30, 2023 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Employer Group Waiver Plan (EGWP) subsidies were updated to reflect higher expected subsidies.
3. Prescription drug and EGWP trend assumption was updated to reflect higher than initial trend rates.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

(b) Long-Term Expected Rate of Return

The long-term expected rate of return on postretirement healthcare 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 rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2025 are summarized in the following table:

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	25.00%	5.74%
Global equity (ex-U.S.)	17.00	6.37
Global equity	3.60	5.88
Aggregate bonds	25.20	2.30
Real assets	14.00	4.54
Private equity	14.00	9.28
Cash equivalents	1.20	0.60

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that Employer and Nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the postretirement healthcare 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 postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

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

The following presents the collective net OPEB asset as of June 30, 2025, calculated using the discount rate of 7.25%, as well as what the plan's collective net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

1% decrease (6.25%)	Current discount rate (7.25%)	1% increase (8.25%)
\$ 886,867,000	1,195,576,000	1,454,339,000

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

The following presents the collective net OPEB asset as of June 30, 2025, calculated using the healthcare cost trend rates as summarized in the 2024 actuarial valuation report, as well as what the plan's collective net OPEB asset would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

1% decrease	Current healthcare cost trend rate	1% increase
\$ 1,482,339,000	1,195,576,000	853,921,000

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

(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 and nonemployer specific amounts) for the year ended June 30, 2025:

	Year of deferral	Amortization period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred outflows of resources:						
Difference between expected and actual experience	2025	1 year	\$ —	16,243,000	16,243,000	—
Change in assumptions	2024	1.1 years	11,780,545	—	11,780,545	—
Total deferred outflows of resources			<u>\$ 11,780,545</u>	<u>16,243,000</u>	<u>28,023,545</u>	<u>—</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2024	1.1 years	\$ 244,545	—	244,545	—
Change in assumptions	2025	1 year	—	31,703,000	31,703,000	—
Difference between projected and actual earnings on OPEB plan investments	2021	5 years	130,979,400	—	130,979,400	—
	2022	5 years	(196,760,000)	—	(98,380,000)	(98,380,000)
	2023	5 years	7,508,400	—	2,502,800	5,005,600
	2024	5 years	45,632,000	—	11,408,000	34,224,000
	2025	5 years	—	128,626,000	25,725,200	102,900,800
			<u>(12,640,200)</u>	<u>128,626,000</u>	<u>72,235,400</u>	<u>43,750,400</u>
Total deferred inflows of resources			<u>\$ (12,395,655)</u>	<u>128,626,000</u>	<u>72,479,945</u>	<u>43,750,400</u>

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 1.0 year and 1.1 years for the 2025 and 2024 amounts, respectively.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2025

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

Year ending June 30:		
2026	\$	58,744,000
2027		(39,636,000)
2028		(37,133,200)
2029		<u>(25,725,200)</u>
Total	\$	<u>(43,750,400)</u>

(7) Collective OPEB Expense (Benefit)

The components of the collective OPEB expense (benefit) (excluding employer and nonemployer specific amounts) for the year ended June 30, 2025 are as follows:

Service cost	\$	16,208,000
Interest on total OPEB liability		188,815,000
Expected return on assets		(259,924,000)
Administrative expense		1,616,000
Other		(267,000)
Recognition (amortization) of deferred outflows and inflows of resources:		
Difference between expected and actual experience		15,998,455
Change in assumptions		(19,922,455)
Difference between projected and actual investment earnings on OPEB plan investments		<u>(72,235,400)</u>
Total OPEB expense (benefit)	\$	<u>(129,711,400)</u>

(8) Plan Transfer Allocation Methodology

In April 2022, the Alaska Supreme Court found that a former Plan member's ability to reinstate in the defined benefit plan status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Division of Retirement and Benefits is working with impacted former members who meet the requirements to re-establish their position in the defined benefits plans, and to transfer related assets into the Plan. These transfers were allocated between participating employers using allocation percentages from the June 30, 2023 schedule of employer and nonemployer allocations and were reported as net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions on the schedule of OPEB amounts by employer and nonemployer. During fiscal year 2025, the total amount of transfers allocated was \$62,000.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer Allocations of Special Funding Amounts (Unaudited)

As of and for the year ended June 30, 2025

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Anchorage School District	701	\$ 100,804,000	34.45040 %
Cordova City School District	704	825,000	0.28195
Craig City School District	705	747,000	0.25529
Fairbanks North Star Borough School District	706	23,446,000	8.01282
Haines Borough School District	707	626,000	0.21394
Hoonah City School District	708	244,000	0.08339
Hydaburg City School District	709	225,000	0.07690
Juneau Borough School District	710	9,326,000	3.18722
Kake City School District	712	425,000	0.14525
Ketchikan Gateway Borough School District	714	5,900,000	2.01636
Klawock City School District	717	519,000	0.17737
Kodiak Island Borough School District	718	5,895,000	2.01465
Nenana City School District	719	1,005,000	0.34347
Nome City School District	720	1,667,000	0.56971
Matanuska-Susitna Borough School District	722	43,033,000	14.70681
PELICAN CITY School District	723	49,000	0.01675
Petersburg City School District	724	1,250,000	0.42720
Sitka Borough School District	727	3,803,000	1.29970
Skagway City School District	728	547,000	0.18694
Unalaska City School District	729	802,000	0.27409
Valdez City School District	730	1,805,000	0.61687
Wrangell Public School District	731	616,000	0.21052
Yakutat School District	732	254,000	0.08681
University of Alaska	733	12,475,000	4.26341
Galena City School District	735	3,434,000	1.17359
North Slope Borough School District	736	5,610,000	1.91725
Bristol Bay Borough School District	742	294,000	0.10048
Southeast Regional Resource Center	743	245,000	0.08373
Dillingham City School District	744	1,171,000	0.40020
Kenai Peninsula Borough School District	746	18,064,000	6.17349
Saint Mary's School District	748	454,000	0.15516
Northwest Arctic Borough School District	751	5,084,000	1.73749
Bering Strait School District	752	6,906,000	2.36017
Lower Yukon School District	753	5,520,000	1.88650
Lower Kuskokwim School District	754	9,867,000	3.37211
Kuspuk School District	755	1,010,000	0.34517
Southwest Region School District	756	1,435,000	0.49042
Lake And Peninsula Borough School District	757	1,323,000	0.45214
Aleutian Region School District	758	21,000	0.00718

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer Allocations of Special Funding Amounts (Unaudited)

As of and for the year ended June 30, 2025

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Pribilof School District	759	\$ 172,000	0.05878 %
Iditarod Area School District	761	643,000	0.21975
Yukon/Koyukuk School District	762	3,623,000	1.23818
Yukon Flats School District	763	847,000	0.28947
Denali Borough School District	764	1,079,000	0.36876
Delta/Greely School District	765	1,463,000	0.49999
Alaska Gateway School District	766	1,148,000	0.39234
Copper River School District	767	697,000	0.23820
Chatham School District	768	712,000	0.24333
Southeast Island School District	769	628,000	0.21462
Annette Island School District	770	1,065,000	0.36397
Chugach School District	771	766,000	0.26179
Tanana School District	775	—	—
Kashunamiut School District	777	597,000	0.20403
Yupit School District	778	1,422,000	0.48598
Special Education Service Agency	779	426,000	0.14559
Aleutians East Borough School District	780	592,000	0.20232
Total for all employers		\$ <u>292,606,000</u>	<u>100.00000 %</u>

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2025

Employer	Employer number	State proportionate share of net OPEB asset attributable to employer	Employer OPEB benefit and related revenue attributable to special funding situation
Anchorage School District	701	\$ 236,597,833	(25,669,161)
Cordova City School District	704	1,936,364	(210,082)
Craig City School District	705	1,753,289	(190,219)
Fairbanks North Star Borough School District	706	55,030,284	(5,970,390)
Haines Borough School District	707	1,469,289	(159,407)
Hoonah City School District	708	572,694	(62,133)
Hydaburg City School District	709	528,099	(57,295)
Juneau Borough School District	710	21,889,125	(2,374,813)
Kake City School District	712	997,521	(108,224)
Ketchikan Gateway Borough School District	714	13,847,935	(1,502,401)
Klawock City School District	717	1,218,149	(132,160)
Kodiak Island Borough School District	718	13,836,199	(1,501,128)
Nenana City School District	719	2,358,843	(255,918)
Nome City School District	720	3,912,628	(424,492)
Matanuska-Susitna Borough School District	722	101,003,080	(10,958,108)
Pelican City School District	723	115,008	(12,478)
Petersburg City School District	724	2,933,884	(318,305)
Sitka Borough School District	727	8,926,050	(968,412)
Skagway City School District	728	1,283,868	(139,290)
Unalaska City School District	729	1,882,380	(204,225)
Valdez City School District	730	4,236,529	(459,633)
Wrangell Public School District	731	1,445,818	(156,861)
Yakutat School District	732	596,165	(64,680)
University of Alaska	733	29,280,167	(3,176,688)
Galena City School District	735	8,059,967	(874,449)
North Slope Borough School District	736	13,167,273	(1,428,554)
Bristol Bay Borough School District	742	690,050	(74,865)
Southeast Regional Resource Center	743	575,041	(62,388)
Dillingham City School District	744	2,748,463	(298,188)
Kenai Peninsula Borough School District	746	42,398,151	(4,599,895)
Saint Mary's School District	748	1,065,587	(115,609)
Northwest Arctic Borough School District	751	11,932,695	(1,294,612)
Bering Strait School District	752	16,209,125	(1,758,574)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2025

Employer	Employer number	State proportionate share of net OPEB asset attributable to employer	Employer OPEB benefit and related revenue attributable to special funding situation
Lower Yukon School District	753	\$ 12,956,034	(1,405,637)
Lower Kuskokwim School District	754	23,158,910	(2,512,575)
Kuspuk School District	755	2,370,579	(257,191)
Southwest Region School District	756	3,368,099	(365,415)
Lake And Peninsula Borough School District	757	3,105,223	(336,894)
Aleutian Region School District	758	49,289	(5,348)
Pribilof School District	759	403,703	(43,799)
Iditarod Area School District	761	1,509,190	(163,736)
Yukon/Koyukuk School District	762	8,503,571	(922,576)
Yukon Flats School District	763	1,988,000	(215,684)
Denali Borough School District	764	2,532,529	(274,761)
Delta/Greely School District	765	3,433,818	(372,545)
Alaska Gateway School District	766	2,694,479	(292,332)
Copper River School District	767	1,635,934	(177,487)
Chatham School District	768	1,671,141	(181,307)
Southeast Island School District	769	1,473,984	(159,917)
Annette Island School District	770	2,499,670	(271,196)
Chugach School District	771	1,797,884	(195,058)
Tanana School District	775	—	—
Kashunamiut School District	777	1,401,223	(152,023)
Yupit School District	778	3,337,587	(362,104)
Special Education Service Agency	779	999,868	(108,478)
Aleutians East Borough School District	780	1,389,488	(150,749)
Total for all employers		\$ 686,777,756	(74,510,449)

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

As of and for the year ended June 30, 2025

Employer/nonemployer	Employer number	Employer contributions		
		Actual	RDS	Total
Employer:				
Anchorage SD	701	\$ 8,388	—	8,388
Cordova City SD	704	70	—	70
Craig City SD	705	72	—	72
Fairbanks North Star Borough SD	706	1,964	—	1,964
Haines Borough SD	707	45	—	45
Hoonah City SD	708	15	—	15
Hydaburg City SD	709	13	—	13
Juneau Borough SD	710	797	—	797
Kake City SD	712	32	—	32
Ketchikan Gateway Borough SD	714	530	—	530
Klawock City SD	717	43	—	43
Kodiak Island Borough SD	718	505	—	505
Nenana City SD	719	83	—	83
Nome City SD	720	119	—	119
Matanuska-Susitna Borough SD	722	3,313	—	3,313
Pelican City SD	723	4	—	4
Petersburg City SD	724	97	—	97
Sitka Borough SD	727	287	—	287
Skagway City SD	728	48	—	48
Unalaska City SD	729	60	—	60
Valdez City SD	730	141	—	141
Wrangell Public SD	731	55	—	55
Yakutat SD	732	19	—	19
University of Alaska	733	934	—	934
Galena City SD	735	224	—	224
North Slope Borough SD	736	2,875	194,000	196,875
State of Alaska	737	445	—	445
Bristol Bay Borough SD	742	30	—	30
Southeast Regional Resource Center	743	15	—	15
Dillingham City SD	744	85	—	85
Kenai Peninsula Borough SD	746	1,509	—	1,509
Saint Mary's SD	748	32	—	32
Northwest Arctic Borough SD	751	371	—	371
Bering Strait SD	752	530	—	530
Lower Yukon SD	753	394	—	394
Lower Kuskokwim SD	754	764	—	764
Kuspuk SD	755	102	—	102
Southwest Region SD	756	114	—	114
Lake and Peninsula Borough SD	757	105	—	105
Aleutian Region SD	758	5	—	5
Pribilof SD	759	12	—	12
Iditarod Area SD	761	39	—	39
Yukon / Koyukuk SD	762	210	—	210
Yukon Flats SD	763	80	—	80
Denali Borough SD	764	82	—	82
Delta/greely SD	765	127	—	127
Alaska Gateway SD	766	66	—	66
Copper River SD	767	54	—	54
Chatham SD	768	30	—	30
Southeast Island SD	769	50	—	50

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

As of and for the year ended June 30, 2025

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Employer contributions</u>		
		<u>Actual</u>	<u>RDS</u>	<u>Total</u>
Annette Island SD	770	\$ 101	—	101
Chugach SD	771	51	—	51
Tanana SD	775	5	—	5
Kashunamiut SD	777	49	—	49
Yupit SD	778	109	—	109
Special Education Service Agency	779	37	—	37
Aleutians East Borough SD	780	58	—	58
Total employer contributions		26,394	194,000	220,394
Nonemployer:				
State of Alaska	999	38,064	—	—
Total of all participating entities		<u>\$ 64,458</u>	<u>194,000</u>	<u>220,394</u>

See accompanying independent auditors' report.