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STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

June 30, 2007 and 2006

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KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

Division of Retirement and Benefits
State of Alaska Judicial Retirement System:

We have audited the accompanying statements of plan net assets of the State of Alaska Judicial Retirement System (Plan), a Component Unit of the State of Alaska, as of June 30, 2007 and 2006, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the State of Alaska Judicial Retirement System, a Component Unit of the State of Alaska, as of June 30, 2007 and 2006, and the changes in plan net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying required supplementary information of management's discussion and analysis on pages 3 to 9 and schedules of funding progress and employer contributions on pages 35 to 41 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 1 and 2 on pages 42 and 43 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of the Plan's management, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

November 20, 2007

This section presents management's discussion and analysis (MD&A) of the Judicial Retirement System's (Plan) financial condition and performance for the years ended June 30, 2007 and 2006. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements, notes to the financial statements, required supplementary, and additional information to better understand the financial condition and performance of the Plan during the fiscal years ended June 30, 2007 and 2006. Information for fiscal year 2005 is presented for comparative purposes.

Financial Highlights

The Plan's total assets exceeded its total liabilities by $90,919,640 and $79,710,103 at the close of fiscal years 2007 and 2006, respectively.

The Plan's "Net assets held in trust for pension and post employment healthcare benefits" as of June 30, 2007 and 2006 increased by $11,209,537 or 14.1% and $6,004,973 or 8.1% over fiscal years 2006 and 2005, respectively.

Plan members and employer contributions received totaled $4,132,958 and $3,145,660 during fiscal years 2007 and 2006, an increase of $987,298 and $663,320 or 31.4% and 26.7% from fiscal years 2006 and 2005, respectively.

Net investment income increased from $8,041,936 fiscal year 2006 to $14,214,167 in fiscal year 2007 and increased from $5,569,108 in fiscal year 2005 to $8,041,936 in fiscal year 2006; reflecting an increase of 76.8% from fiscal year 2006 to 2007 and 44.4% from fiscal year 2005 to 2006, respectively.

Pension benefit and post employment healthcare payments totaled $7,061,710 and $5,256,797 during fiscal years 2007 and 2006, respectively; reflecting an increase of $1,804,913 and $476,463 or 34.33% and 10.0% from fiscal years 2006 and 2005, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The Plan's basic financial statements are comprised of three components: (1) statement of plan net assets, (2) statement of changes in plan net assets, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Statement of Plan Net Assets – This statement presents information regarding the Plan's assets, liabilities, and net assets. Net assets represent the total amount of assets less the total amount of liabilities.

Statement of Changes in Plan Net Assets – This statement presents how the Plan's net assets changed during the fiscal year as a result of contributions, investment income, operating deductions, and transfers.

The above statements represent resources available for investment and payment of benefits as of the fiscal year end and the sources and uses of those funds during the fiscal year.

(Continued)

Overview of the Financial Statements (Cont.)

Notes to Financial Statements – The notes to the financial statements are an integral part of the financial statements and provide additional detailed information and schedules to better understand the Plan's financial statements.

Required Supplementary Information – The required supplementary information consists of three schedules and related notes concerning the funded status of the Plan and actuarial assumptions and methods used in the actuarial valuation report.

Other Supplementary Schedules – Other supplementary schedules include detailed information on administrative and investment deductions incurred by the Plan and payments to consultants other than investment advisors for professional services.

Condensed Financial Information

Net Assets

Description	2007	2006	Increase/(decrease) Amount	Increase/(decrease) Percentage	2005
Assets:					
Cash and cash equivalents	$ 194,177	50,743	143,434	282.7%	103,196
Due from State of Alaska General Fund	—	362,570	(362,570)	(100.0)	—
Contributions receivable	175,201	116,792	58,409	50.0	116,370
Securities lending collateral	10,728,980	8,007,877	2,721,103	34.0	6,146,096
Investments, at fair value	90,598,268	79,224,935	11,373,333	14.4	73,569,928
Total assets	101,696,626	87,762,917	13,933,709	15.9	79,935,590
Liabilities:					
Accrued expenses	43,821	44,937	(1,116)	(2.5)	56,588
Securities lending collateral payable	10,728,980	8,007,877	2,721,103	34.0	6,146,096
Due to State of Alaska General Fund	4,185	—	4,185	100.0	27,776
Total liabilities	10,776,986	8,052,814	2,724,172	33.8	6,230,460
Net assets	$ 90,919,640	79,710,103	11,209,537	14.1%	73,705,130

Condensed Financial Information (Cont.)

Changes in Net Assets

Description	2007	2006	Increase/(decrease) Amount	Increase/(decrease) Percentage	2005
Net assets, beginning of year	$ 79,710,103	73,705,130	6,004,973	8.1%	70,455,634
Additions:					
Contributions	4,132,958	3,145,660	987,298	31.4	2,482,340
Net investment income	14,214,167	8,041,936	6,172,231	76.8	5,569,108
Transfer from Retiree Health Fund	—	125,000	(125,000)	(100.0)	—
Total additions	18,347,125	11,312,596	7,034,529	62.2	8,051,448
Deductions:					
Pension benefits	6,232,138	4,466,917	1,765,221	39.5	4,052,060
Postemployment healthcare benefits	829,572	789,880	39,692	5.0	728,274
Administrative	75,878	50,826	25,052	49.3	21,618
Total deductions	7,137,588	5,307,623	1,829,965	34.5	4,801,952
Increase in net assets	11,209,537	6,004,973	5,204,564	86.7	3,249,496
Net assets, end of year	$ 90,919,640	79,710,103	11,209,537	14.1%	73,705,130

Financial Analysis of the Plan

The Statements of Plan Net Assets as of June 30, 2007 and 2006 showed total assets exceeding total liabilities by $90,919,640 and $79,710,103, respectively. These amounts represent the Plan's "Net assets held in trust for pension and post employment healthcare benefits." The entire amount is available to cover the Plan's obligations to pay pension and post employment healthcare benefits to its members and their beneficiaries.

These amounts also represent an increase in "Net assets held in trust for pension and post employment healthcare benefits" of $11,209,537 or 14.1% and $6,004,973 or 8.1% from fiscal years 2006 and 2005, respectively. Over the long term, plan members and employer contributions, as well as investment income earned, are expected to sufficiently fund the pension benefit and post employment healthcare costs of the Plan.

The investment of pension funds is a long-term undertaking. On an annual basis, the Alaska Retirement Management Board (ARMB) reviews and adopts an asset allocation strategy to ensure the asset mix will remain at an optimal risk/return level given the Plan's constraints and objectives. During fiscal year 2007, the ARMB adopted an asset allocation that includes 41% in domestic equities, 18% in international equities, 2% emerging markets equity, 15% in domestic fixed income, 3% in international fixed income, 2% in High Yield, 5% treasury inflation protection pool, 4% in Absolute Return, and 10% in real estate. This asset allocation is expected to provide a five-year median return of 7.86%.

Financial Analysis of the Plan (Cont.)

For fiscal years 2007 and 2006, the Plan's investments generated an 18.41% and an 11.37% rate of return, respectively. The Plan's annualized rate of return was 12.68% over the last three years and 11.29% over the last five years.

Actuarial Valuations and Funding Progress

The overall objective of a pension fund is to accumulate sufficient funds to meet all expected future obligations to members. The employer contribution requirements are actuarially determined as a percentage of eligible salaries, and reflect the cost of benefits accruing in the fiscal year following the valuation date and a 25–year fixed amortization of the unfunded accrued liability. The amortization period and employer contribution levels are typically recommended by the Actuary and adopted by the administrator biennially. Barring legislative changes, the contribution rate is expected to remain constant as a percentage of payroll. The ratio of assets to liabilities decreased from 77.1% to 61.5% during the two-year period ending June 30, 2006. Increasing health costs and salary increases for active judges that affect pension benefits for retirees impacted the Plan's funding ratio as of June 30, 2006 and appropriate rate increases in fiscal years 2008 and 2009 will be charged to the employer.

A summary of the actuarial assumptions and methods is presented in the Notes to the Required Supplementary Information. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the Plan.

		Valuation year	
		2006	2004
Valuation assets	$	79,710,103	70,455,634
Accrued liabilities		129,614,185	91,361,249
Funding ratio		61.5%	77.1%

Contributions, Investment Income and Transfer

The additions required to fund retirement benefits are accumulated through a combination of employer and plan members' contributions, investment income and a transfer.

Additions

				Increase/(decrease)		
		2007	2006	Amount	Percentage	2005
Plan members contributions	$	477,215	374,153	103,062	27.5%	335,242
Employer contributions		3,655,743	2,771,507	884,236	31.9	2,147,098
Net investment income		14,214,167	8,041,936	6,172,231	76.8	5,569,108
Transfers from Retiree Health Fund		—	125,000	(125,000)	(100.0)	—
Total	$	18,347,125	11,312,596	7,034,529	62.2%	8,051,448

(Continued)

Contributions, Investment Income and Transfer (Cont.)

Employer contributions increased from $2,771,507 during fiscal year 2006 to $3,655,743 during fiscal year 2007, an increase of $884,236 or 31.9%. There was an increase from $2,147,098 during fiscal year 2005 to $2,771,507 during fiscal year 2006, an increase of $624,409 or 29.1%.

The employer contribution rate rose from 33.53% in fiscal years 2005 and 2006 to 37.37% in fiscal year 2007, a change in the employer rate of 3.84% of eligible compensation, or an 11.45% increase over the previous years. Employer contribution rates for the Plan are determined for a two-year period. The increase is largely due to changes in actuarial assumptions and methods implemented in the valuation for the period ending June 30, 2004 (the valuation used to set fiscal year 2006 and 2007 employer contribution rates).

In 2007, net investment income increased by $6,172,231 or 76.8% over amounts recorded in fiscal year 2006. Net Investment income increased by $2,472,828 or 44.4% over amounts recorded in fiscal year 2005. The Plan's total returns were 18.41%, 11.37% and 8.49% for the years ending 2007, 2006 and 2005, respectively. The Plan had more than seventy-one percent of invested assets in domestic equity, international equity and real estate. The Domestic Equity Pool realized a return of 20.1% in 2007 compared to 9.2% in 2006. The International Equity Pool realized a return of 27.9% in 2007 compared to 28.3% in 2006. The Real Estate Pool realized a return of 20.7% in 2007 compared to 18.6% in 2006.

Over the long term, investment income has been a major component of additions to plan assets. During fiscal year 2007, the Plan continued to record significant rates of return on investments. The actuarial rate of return used in the actuarial valuation report to determine liabilities of the Plan is 8.25%. The actual rate of return exceeded the actuarial rate of return for the third consecutive year.

During 2006, a review was conducted of all medical reserve amounts in the Retiree Health Fund. The result was excess reserve balances over those deemed necessary for the continued operation of the Retiree Health Fund. The excess amount was allocated to plans participating in the Retiree Health Fund. In fiscal year 2006, the Plan recognized a transfer of $125,000 from the Retiree Health Fund. No transfer occurred in 2007.

Benefits and Other Deductions

The primary deduction of the Plan is the payment of pension and post employment healthcare benefits. These benefit payments and the cost of administering the Plan comprises the costs of operation.

Deductions

			Increase/(decrease)		
	2007	**2006**	**Amount**	**Percentage**	**2005**
Pension benefits	$ 6,232,138	4,466,917	1,765,221	39.5%	4,052,060
Healthcare benefits	829,572	789,880	39,692	5.0	728,274
Administrative	75,878	50,826	25,052	49.3	21,618
Total	$ 7,137,588	5,307,623	1,829,965	34.5%	4,801,952

Benefits and Other Deductions (Cont.)

Pension benefit payments in 2007 and 2006 increased $1,765,221 and $414,857 or 39.5% and 10.2% from fiscal years 2006 and 2005, respectively. The increases in pension benefits were the result of more members receiving retirement benefits.

Post employment healthcare benefits in 2007 and 2006 increased $39,692 and $61,606 or 5.0% and 8.5%, from fiscal year 2006 and 2005, respectively. Healthcare costs continue to rise year over year and this increase is directly related to the number of new retirees in the Plan.

Funding

Retirement benefits are financed by accumulations from employer and plan members contributions and income earned on Plan investments.

- The employer contribution rate is calculated by the Plan's consulting actuary and approved by the administrator. Contributions are determined on a biennial basis.
- Plan member contributions are set by Alaska Statute 22.25.011.
- The ARMB works with an external consultant to determine the proper asset allocation strategy.

Legislation

During the fiscal year 2007 legislative session, no laws were enacted that affected the Plan.

Economic Conditions, Future Contribution Rates, and Status of Unfunded Liability

The financial market environment continues to challenge investors. With the threat of inflation, interest rate increases by the Federal Reserve Bank, and continued turmoil in the Middle East, many forces once again pose challenges to Plan investments. The ARMB continues to diversify the portfolio of the Plan to maintain an optimal risk/return ratio.

Employer contribution rates will increase significantly in fiscal year 2008 due to: (1) a revaluation of the June 30, 2004 actuarial valuation report and (2) Senate Bill 237 becoming effective July 1, 2006. Senate Bill 237 increased the salaries for sitting judges by fifty percent and increased the number of sitting judges by six. Because the pension benefit for retired members is based on the current authorized salary for the position from which they retired, this law results in a significant increase in benefits to retired members of the Plan.

The replication of the June 30, 2004, actuarial valuation discovered that the prior consulting actuary valued the health insurance premium as a family unit. The Plan's current consulting actuary recommended valuing the healthcare liabilities using a health insurance premium per individual. The replication and subsequent revaluation of the liabilities had an effect of increasing the Plan's employer contribution rate by 13.45%. As the budget process for fiscal year 2007 was complete prior to the results of the replication, the fiscal year 2007 employer contribution rate will remain at the rate developed with the original actuarial valuation (37.37%), which is an 11.45% increase over the fiscal year 2006 employer contribution rate of 33.53%. Contribution rates are typically set for a two-year period. However, the employer contribution rate for fiscal year 2008, set using the original June 30, 2004 valuation, will be adjusted based on the results of the June 30, 2006, actuarial valuation.

Economic Conditions, Future Contribution Rates, and Status of Unfunded Liability (Cont.)

The June 30, 2004, actuarial valuation replication for the Plan reported a funding ratio of 77.1% and an unfunded liability of $20.9 million. The original June 30, 2004, actuarial valuation for the Plan reported a funding ratio of 88.8% and an unfunded liability of $9.6 million. The June 30, 2006, actuarial valuation set the fiscal year 2008 and 2009 employer contribution rate at 57.70%.

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial condition for those with interest in the Plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Alaska, Division of Retirement & Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Statements of Plan Net Assets

June 30, 2007 and 2006

	2007			2006		
	Pension	**Postemployment healthcare**	**Total**	**Pension**	**Postemployment healthcare**	**Total**
Assets:						
Cash and cash equivalents (notes 3 and 5):						
Short-term fixed income pool	$ 168,320	25,857	194,177	45,182	5,561	50,743
Securities lending collateral	9,300,307	1,428,673	10,728,980	7,130,300	877,577	8,007,877
Total cash and cash equivalents	9,468,627	1,454,530	10,923,157	7,175,482	883,138	8,058,620
Receivables:						
Contributions	151,872	23,329	175,201	103,993	12,799	116,792
Due from State of Alaska General Fund (note 1)	—	—	—	322,836	39,734	362,570
Total receivable	151,872	23,329	175,201	426,829	52,533	479,362
Investments (notes 3, 4, 5 and 7):						
Domestic equity pool	34,153,116	1,561,057	35,714,173	31,440,800	959,524	32,400,324
Domestic fixed income pool	12,106,739	553,370	12,660,109	17,043,292	520,134	17,563,426
International equity pool	16,857,700	770,525	17,628,225	14,906,061	454,910	15,360,971
Emerging markets equity pool	2,178,998	99,596	2,278,594	—	—	—
Treasury inflation protection pool	3,963,636	181,168	4,144,804	—	—	—
Real estate pool	10,906,484	498,509	11,404,993	8,815,022	269,021	9,084,043
International fixed income pool	1,431,104	65,412	1,496,516	1,424,172	43,463	1,467,635
High yield pool	1,525,562	69,730	1,595,292	1,218,055	37,173	1,255,228
Absolute return pool	3,514,904	160,658	3,675,562	2,031,315	61,993	2,093,308
Total investments	86,638,243	3,960,025	90,598,268	76,878,717	2,346,218	79,224,935
Total assets	96,258,742	5,437,884	101,696,626	84,481,028	3,281,889	87,762,917
Liabilities:						
Accrued expenses	37,986	5,835	43,821	40,012	4,925	44,937
Securities lending collateral payable (note 5)	9,300,307	1,428,673	10,728,980	7,130,300	877,577	8,007,877
Due to State of Alaska General Fund	3,627	558	4,185	—	—	—
Total liabilities	9,341,920	1,435,066	10,776,986	7,170,312	882,502	8,052,814
Commitments and contingencies (note 8)						
Net assets held in trust for pension and postemployment healthcare benefits	$ 86,916,822	4,002,818	90,919,640	77,310,716	2,399,387	79,710,103

(Schedules of funding progress are presented on pages 35 and 36.)

See accompanying notes to financial statements.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Statements of Changes in Plan Net Assets

Years ended June 30, 2007 and 2006

	2007			2006		
	Pension	**Postemployment healthcare**	**Total**	**Pension**	**Postemployment healthcare**	**Total**
Additions:						
Contributions:						
Employer	$ 3,168,943	486,800	3,655,743	2,467,780	303,727	2,771,507
Plan members	413,669	63,546	477,215	333,150	41,003	374,153
Total contributions	3,582,612	550,346	4,132,958	2,800,930	344,730	3,145,660
Investment income:						
Net appreciation in fair value (note 3)	10,132,685	1,556,540	11,689,225	5,268,991	648,492	5,917,483
Interest	761,517	116,981	878,498	908,533	111,820	1,020,353
Dividends	1,563,267	240,142	1,803,409	1,132,581	139,395	1,271,976
Total investment income	12,457,469	1,913,663	14,371,132	7,310,105	899,707	8,209,812
Less investment expense	157,881	24,254	182,135	166,368	20,476	186,844
Net investment income before securities lending activities	12,299,588	1,889,409	14,188,997	7,143,737	879,231	8,022,968
Securities lending income (note 5)	405,029	62,219	467,248	284,395	35,002	319,397
Less securities lending expenses (note 5)	383,211	58,867	442,078	267,505	32,924	300,429
Net income from securities lending activities	21,818	3,352	25,170	16,890	2,078	18,968
Net investment income	12,321,406	1,892,761	14,214,167	7,160,627	881,309	8,041,936
Transfer from retiree health fund (note 6)	—	—	—	111,301	13,699	125,000
Total additions	15,904,018	2,443,107	18,347,125	10,072,858	1,239,738	11,312,596
Deductions:						
Benefits	6,232,138	829,572	7,061,710	4,466,917	789,880	5,256,797
Administrative	65,774	10,104	75,878	45,256	5,570	50,826
Total deductions	6,297,912	839,676	7,137,588	4,512,173	795,450	5,307,623
Net increase	9,606,106	1,603,431	11,209,537	5,560,685	444,288	6,004,973
Net assets held in trust for pension and Postemployment healthcare benefits:						
Balance, beginning of year	77,310,716	2,399,387	79,710,103	71,750,031	1,955,099	73,705,130
Balance, end of year	$ 86,916,822	4,002,818	90,919,640	77,310,716	2,399,387	79,710,103

See accompanying notes to financial statements.

(1) Description

The following brief description of the State of Alaska Judicial Retirement System (Plan), a Component Unit of the State of Alaska, is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a defined benefit, single-employer retirement system established and administered by the State of Alaska (State) to provide pension and post employment healthcare benefits for eligible State justices and judges. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Plan is considered a component unit of the State financial reporting entity and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

Inclusion in the Plan is a condition of employment for eligible State justices and judges. At June 30, plan membership consisted of:

	2007	**2006**
Retirees and beneficiaries currently receiving benefits	89	86
Terminated plan members entitled to future benefits	4	7
	93	93
Active plan members:		
Vested	43	41
Nonvested	27	25
	70	66
	163	159

Pension Benefits

Members with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement age, sixty, or early retirement age, fifty-five. Members who are under age sixty and have twenty or more years of credited service may retire at any age and receive an actuarially reduced benefit.

The normal monthly pension benefit is based on the member's years of service and the current authorized salary for the position from which they retired. The pension benefit is equal to 5% for each year of service up to a maximum of 75% of the current salary for an active judge in the month the benefit is paid. In the event of salary increases for active judges, the monthly pension benefit for retired judges also increases.

Post employment Healthcare Benefits

Major medical benefits are provided without cost to retired Plan members.

(Continued)

(1) Description (Cont.)

Prior to July 1, 1997, post employment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and provides major medical coverage to retirees of the Plan. Retirees of three other State administered retirement plans also participate in the RHF. The Plan, along with the other participating plans, retains the risk of loss of allowable claims. The RHF issues a publicly available financial report, which may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Death Benefits

Upon the death of a member who has served for at least two years, the surviving spouse is entitled to receive monthly benefits equal to one-half of the monthly retirement pay the member would have been entitled to receive if retired at the time of death. If the member was not eligible to retire or would have been entitled to less than 60% of the monthly-authorized salary, the spouse is entitled to monthly benefits equal to 30% of the authorized salary. The benefits continue until the surviving spouse dies.

If there is no eligible surviving spouse, the member's surviving dependent child(ren) are entitled to receive a benefit equal to 50% of the above survivor's benefit. Each child will receive an equal share of the benefit while they are dependent. If there is no surviving spouse or dependent child(ren), the member's beneficiary(ies) shall receive the difference between contributions made and interest accrued in the Plan less benefits paid by the Plan.

Disability Benefits

Members who are involuntarily retired for incapacity and have a minimum of two years of service at the time of retirement for incapacity are eligible for pension benefits.

Contributions

Plan Members Contributions

Plan members first appointed after June 30, 1978, contribute 7% of their compensation to the Plan. The Plan member contributions are deducted before federal income tax is withheld. Contributions are not required after members have made contributions for 15 years. Plan member contributions earn interest at the rate of 4.5% per annum, compounded semiannually. Contributions are collected by the employer and remitted to the Plan. Members appointed before July 1, 1978, are not required to make contributions.

Employer Contributions

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay both pension and post employment healthcare benefits when due. Employer contribution rates are determined using the entry age normal actuarial funding method. The Plan amortizes the unfunded liability over a fixed 25-year period.

(1) Description (Cont.)

Refunds

Plan member contributions may be voluntarily refunded to the justice or judge if office is vacated before the justice or judge is fully vested. Plan member contributions may be involuntarily refunded to a garnishing agency. Members whose contributions have been refunded forfeit all retirement benefits, including post employment healthcare benefits. Members are allowed to reinstate voluntary refunded service by repaying the voluntary refunded balance and accrued interest, as long as they have returned to active service. Members are allowed to reinstate refunded service due to involuntary refunds by repaying the involuntary refunded balance and accrued interest.

Administrative Costs

Administrative costs are financed through investment earnings.

Due from (to) State of Alaska General Fund

Amounts due from (to) the State of Alaska General Fund represent the net difference between amounts paid by the Plan on behalf of others and amounts paid by others on behalf of the Plan.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized in the period in which they are due. Benefits are recognized when due and payable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

GASB Statements No. 25 and No. 43

The Plan follows the provisions of Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* (GASB 25). GASB 25 establishes a financial reporting framework for defined benefit plans that distinguishes between two separate categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.

(2) Summary of Significant Accounting Policies (Cont.)

GASB Statements No. 25 and No. 43 (Cont.)

During the fiscal year, the Plan's defined benefit post employment healthcare plan adopted GASB Statement No. 43, *Financial Reporting for Post employment Benefit Plans Other Than Pension Plans* (GASB 43). GASB 43 establishes uniform financial reporting standards for Other Post-employment Benefit Plans (OPEB) and supersedes the interim guidance included in GASB Statement No. 26, *Financial Reporting or Post Employment Healthcare Plans Administered by Defined Benefit Pension Plans*. The approach followed by GASB 43 is generally consistent with the approach adopted in GASB 25, with modifications to reflect differences between pension and OPEB plans.

Investments

Investments are carried at fair value in accordance with GASB Statement No. 31. Fair value is "the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller – that is, other than in a forced or liquidation sale." Security transactions are accounted for on a trade date (ownership) basis at the current fair value. Dividend income on equity securities is accrued on the ex-dividend date. Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the end of the year and the beginning of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment deductions consist of those administrative deductions directly related to the Plan's investment operations.

In fiscal year 2005, GASB Statement No. 40, *Deposits and Investment Risk Disclosures* (GASB 40) was implemented. GASB 40 addresses disclosures on deposits and investments, focusing on common investment risks related to interest rate risk, credit risk, foreign currency risk and concentration of credit risk.

Valuation

Investments with Readily Determinable Fair Values

Fixed income securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. Money market funds are valued at amortized cost, which approximates fair value.

Equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers.

Investments with Estimated Fair Values

With the exception of real estate investment trust holdings, real estate investments are valued quarterly by investment managers based on market conditions and their knowledge of industry trends. Separate account real estate investments are appraised once every three years, in conjunction with the property's purchase anniversary date, by independent appraisers. Real estate investment trust holdings are valued each business day using prices obtained from a pricing service.

(2) Summary of Significant Accounting Policies (Cont.)

Absolute return investments are carried at fair value as determined by the pro-rata interest in the net assets of the underlying investment funds. These investment funds are valued periodically by the general partners and the managers of the underlying investments. The net asset value represents the amount that would be expected to be received if it were to liquidate its interests subject to liquidity or redemption restrictions. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid-point of representative quoted bid and asked prices.

Income in the short-term fixed income pool is calculated daily and credited monthly to each participant on a pro-rata basis.

Income in the domestic fixed income pool, equity pools, high yield pool and the international fixed income pool is credited daily to each participant on a pro-rata basis.

Income in the absolute return pool is credited to pool participants monthly on a pro-rata basis.

Income in the real estate pool is credited to pool participants monthly on a pro-rata basis.

Reclassifications

Certain reclassifications not affecting net assets held in trust for pension and post employment healthcare benefits have been made to 2006 amounts in order to conform to the 2007 presentation.

Contributions Receivable

Contributions from plan members and the employer for service through June 30 are accrued. These contributions are considered fully collectible and, accordingly, no allowance for uncollectible receivables is reflected in the financial statements.

Federal Income Tax Status

The Plan is a qualified plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a).

(3) Investments

The Alaska Retirement Management Board (ARMB) has statutory oversight of the Plan's investments. As the fiduciary, the ARMB has the statutory authority to invest the assets under the Prudent Investor Rule. Alaska Statute provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

(Continued)

(3) Investments (Cont.)

The Department of Revenue, Treasury Division (Treasury) provides staff for the ARMB. Treasury has created a pooled environment by which it manages the investments the ARMB has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The ARMB has developed investment guidelines, policies and procedures for Treasury staff and external investment managers to adhere to when managing investments.

Short-Term Fixed Income Pool

The Plan participates in the State's internally managed short-term fixed income pool which was established March 15, 1993, with a start up and maintained share price of $1. Treasury staff determines the allocation between permissible securities. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Participant shares also change at the beginning of each month when income is paid. At June 30, 2007 and 2006, the Plan had a 0.005% and 0.002% direct ownership in the short-term fixed income pool, which included interest receivable of $439 and $220, respectively. The Plan had a 0.44% and 4.29% indirect ownership in the short-term fixed income pool at June 30, 2007 and 2006, respectively.

Enhanced Cash Fixed Income Pool

The Plan participates in the State's internally managed enhanced cash fixed income pool which was established in June 2007 with a startup share price of $1,000. The share price at June 30, 2007 was $1,000. Treasury staff determines the allocation between permissible securities. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Participant shares also change at the beginning of each month when income is paid. At year end only one pool, the retirement fixed income pool, was invested in the enhanced cash fixed income pool. At June 30, 2007 JRS Invested Assets included a 0.40% direct ownership in the enhanced cash fixed income pool.

Domestic Fixed Income Pool

The Plan participates in the ARMB's internally managed retirement fixed income pool which was established March 1, 1996, with a start up share price of $1,000. The share price at June 30, 2007, was $1,958. Treasury staff determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, the Plan had a 0.45% and 0.27% ownership in the retirement fixed income pool, respectively.

International Fixed Income Pool

The Plan participates in the ARMB's externally managed international fixed income pool which was established March 3, 1997, with a start up share price of $1,000. The share price at June 30, 2007, was $1,826. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the

(3) Investments (Cont.)

beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, the Plan had a 0.51% ownership in the international fixed income pool.

Domestic Equity Pool

The domestic equity pool is comprised of an external large cap domestic equity and an external small cap domestic equity pool.

Large Cap Domestic Equity Pool

The Plan participates in the ARMB's externally managed large cap domestic equity pool which was established July 1, 2004, with a start up share price of $1,000. The share price at June 30, 2007, was $1,368. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, the Plan had a 0.62% and 0.61% ownership in the large cap domestic equity pool, respectively.

Small Cap Domestic Equity Pool

The Plan participates in the ARMB's externally managed small cap domestic equity pool which was established July 1, 2004, with a start up share price of $1,000. The share price at June 30, 2007, was $1,375. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, the Plan had a 0.63% ownership in the small cap domestic equity pool.

International Equity Pool

The Plan participates in the ARMB's externally managed international equity pool which was established January 1, 1992, with a start up share price of $1,000. The share price at June 30, 2007, was $4,302. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, the Plan had a 0.65% and 0.74% ownership in the international equity pool, respectively.

(3) Investments (Cont.)

Absolute Return Pool

The Plan participates in the ARMB's externally managed absolute return pool which was established October 31, 2004, with a start up share price of $1,000. The share price at June 30, 2007, was $1,248. Underlying assets in the pool are comprised of hedge fund limited partnership agreements. Each manager independently determines the limited partnerships to invest in. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007, the Plan had a 0.60% ownership in the absolute return pool.

Real Estate Pool

The Plan participates in the ARMB's externally managed real estate pool which was established June 27, 1997, with a start up share price of $1,000. The share price at June 30, 2007, was $3,006. Underlying assets in the pool are comprised of separate accounts, commingled accounts, limited partnerships, and real estate investment trust holdings. With the exception of investments in real estate investment trusts, each manager independently determines which permissible investments are made. Treasury staff determines the permissible real estate investment trusts to invest in. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, the Plan had a 0.66% ownership in the real estate pool.

Treasury Inflation Protection Securities Pool

The Plan participates in the ARMB's externally managed Treasury Inflation Protection Securities (TIPS) Pool which was established May 24, 2006. At June 30, 2007 investments in this pool consisted of equity in an externally managed TIPS Fund. The U.S. Treasury Inflation Protected Securities Index Strategy seeks to replicate the returns and characteristics of the Lehman Brothers Inflation Notes Index.

High Yield Pool

The Plan participates in the ARMB's externally managed high yield pool which was established April 15, 2005, with a start up share price of $1,000. The share price at June 30, 2007, was $1,189. The manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007, the Plan had a 0.57% and 0.58% ownership in the high yield pool, respectively.

(3) Investments (Cont.)

Emerging Markets Equity Pool

The Plan participates in the ARMB's externally managed Emerging Markets Equity Pool which was established May 2, 1994, with a start up share price of $1,000. The share price at June 30, 2007, was $3,870. The pool participates in two externally managed commingled investment funds through ownership of equity shares. The commingled funds, comprised of various institutional investors, invest in the securities markets of developing countries. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2007 and 2006, JRS Invested Assets included a 0.56% and 0.00% ownership in the Emerging Markets Equity Pool, respectively.

(3) Investments (Cont.)

At June 30, 2007, the Plan's investments included the following:

	Fair value							
	Fixed income pools							
	Short-term	Enhanced Cash	Domestic	Inter-national	TIPS	High yield	Other	Total
Deposits	$ —	—	—	6,244	—	—	462,830	469,074
Overnight sweep account	16,362	—	—	—	—	98,065	—	114,427
Money market fund	—	—	—	—	—	—	10,728,980	10,728,980
Short-term investment fund	106,473	—	—	5,313	—	—	—	111,786
Commercial paper	235,845	—	14,566	—	—	28,211	—	278,622
U. S. treasury bills	—	—	—	—	—	—	34,219	34,219
U. S. treasury notes	—	—	1,377,592	—	—	—	—	1,377,592
U. S. treasury strips	—	—	1,110	—	—	—	—	1,110
U. S. treasury bonds	—	—	617,358	—	—	—	—	617,358
U. S. treasury - TIPS	—	—	—	—	4,144,804	—	—	4,144,804
U.S. government agency discount notes	—	—	863,176	—	—	—	—	863,176
U.S. government agency	—	—	5,500	—	—	—	—	5,500
Municipal bonds	—	—	8,257	—	—	—	—	8,257
Foreign government bonds	—	—	—	900,154	—	—	—	900,154
Mortgage-backed	182,212	—	7,113,037	—	—	—	—	7,295,249
Other asset-backed	1,309,254	8,137	811,003	—	—	3,787	—	2,132,181
Corporate bonds	678,849	11,384	2,283,538	560,858	—	1,222,087	—	4,756,716
Convertible bonds	—	—	—	—	—	24,002	—	24,002
Yankees:								
Government	—	—	71,093	—	—	—	—	71,093
Corporate	143,192	—	253,944	—	—	182,089	—	579,225
Fixed income pools:								
Equity	—	—	—	—	—	13,392	—	13,392
Domestic equity pool:								
Limited partnership	—	—	—	—	—	—	2,928,934	2,928,934
Equity	—	—	—	—	—	—	32,201,562	32,201,562
International equity pool:								
Equity	—	—	—	—	—	—	17,128,692	17,128,692
Emerging markets equity pool	—	—	—	—	—	—	2,278,594	2,278,594
Absolute return pool:								
Limited partnerships	—	—	—	—	—	—	3,675,562	3,675,562
Real estate pool:								
Real Estate	—	—	—	—	—	—	3,677,206	3,677,206
Commingled funds	—	—	—	—	—	—	2,125,701	2,125,701
Limited partnerships	—	—	—	—	—	—	4,994,529	4,994,529
Real Estate Investment Trusts	—	—	—	—	—	—	599,919	599,919
Net other assets (liabilities)	(11,653)	(3,449)	(2,717,669)	23,947	—	23,659	68,974	(2,616,191)
Ownership by other pools	(2,466,357)	(16,072)	1,957,604	—	—	—	524,825	—
Total $	194,177	—	12,660,109	1,496,516	4,144,804	1,595,292	81,430,527	101,521,425

(Continued)

(3) Investments (Cont.)

At June 30, 2006, the Plan's investments included the following:

	Fair value					
	Fixed income pools					
	Short-term	Domestic	International	High yield	Other	Total
Deposits	$ —	—	—	—	36,875	36,875
Overnight sweep account	2,077	15,327	—	106,655		124,059
Money market fund	—	—	—	—	8,007,877	8,007,877
Short-term investment fund	51,140	—	8,878	—	230,463	290,481
Commercial paper	102,568	141,909	—	—	—	244,477
U. S. treasury notes	—	1,289,965	—	—	—	1,289,965
U. S. treasury bonds	—	1,140,784	—	—	—	1,140,784
U. S. treasury strips	—	239,743	—	—	—	239,743
U.S. government agency discount notes	—	1,959,491	—	—	—	1,959,491
U.S. government agency	—	966,430	—	—	—	966,430
Municipal bonds	—	29,538	—	—	—	29,538
Foreign government bonds	—	—	835,337	—	—	835,337
Mortgage-backed	88,295	7,745,228	—	—	—	7,833,523
Other asset-backed	613,970	1,730,994	—	2,140	—	2,347,104
Corporate bonds	317,324	2,978,909	569,983	1,072,656	—	4,938,872
Convertible bonds	—	—	—	23,340	—	23,340
Yankees:						
Government	—	171,507	—	—	—	171,507
Corporate	13,037	28,389	—	39,999	—	81,425
Domestic equity pool:						
Limited partnership	—	—	—	—	1,805,824	1,805,824
Equity	—	—	—	—	30,231,059	30,231,059
International equity pool:						
Equity	—	—	—	—	15,123,117	15,123,117
Absolute return pool:						
Limited partnerships	—	—	—	—	2,093,308	2,093,308
Real estate pool:						
Real estate	—	—	—	—	5,150,850	5,150,850
Commingled funds	—	—	—	—	1,843,409	1,843,409
Limited partnerships	—	—	—	—	1,421,027	1,421,027
Real estate investment trusts	—	—	—	—	659,707	659,707
Net other assets (liabilities)	—	(1,714,953)	53,437	10,438	45,504	(1,605,574)
Ownership by other pools	(1,137,668)	840,165	—	—	297,503	—
Total	$ 50,743	17,563,426	1,467,635	1,255,228	66,946,523	87,283,555

(3) Investments (Cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Short-Term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months in maturity or fourteen months expected average life. Floating rate securities are limited to three years in maturity or three years expected average life. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2007, the expected average life of individual fixed rate securities ranged from four days to seven months and the expected average life of floating rate securities ranged from less than one year to three years.

Other Fixed Income Pools

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the domestic fixed income portfolio to ± 20% of the Lehman Brothers Aggregate Bond Index. The effective duration for the Lehman Brothers Aggregate Bond Index at June 30, 2007, was 4.70 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the international fixed income portfolio to ± 25% of the Citigroup Non-U.S. World Government Bond Index. The effective duration for the Citigroup Non-U.S. World Government Bond Index at June 30, 2007, was 6.00 years.

The Board does not have a policy to limit interest rate risk for TIPS pool investments. The weighted average maturity of the TIPS pool at June 30, 2007, was 7.80 years.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, options and other variable cash flows for purposes of the effective duration calculation.

(3) Investments (Cont.)

At June 30, 2007, the effective duration of the fixed income pools, by investment type, was as follows (in years):

		Effective duration		
	Enhanced Cash	**Domestic**	**International**	**High yield**
U.S. treasury notes	—	4.07	—	—
U.S. government agency	—	4.52	—	—
Municipal bonds	—	12.33	—	—
Mortgage-backed	—	4.26	—	—
Other asset-backed	1.84	4.82	—	4.39
Corporate bonds	0.22	5.36	3.80	4.21
Convertible bonds	—	—	—	2.20
Yankees:				
Government	—	6.46	—	—
Corporate	—	11.03	8.86	3.88
Portfolio effective duration	0.08	3.99	4.81	3.82

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Treasury's investment policy has the following limitations with regard to credit risk:

> With the exception of the sweep account, short-term fixed income pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least A1 or equivalent. For securities with long-term credit ratings, they may be purchased if the median rating of Standard & Poor's Corporation, Moody's and Fitch is A3 or equivalent. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of the rating agencies mentioned above if they are rated AAA. Unexpected daily cash surpluses that arise in this pool are invested overnight in the custodian's repurchase agreement sweep account. Treasury does not have a policy to limit credit risk associated with the sweep account.

The Plan is subject to limited credit risk associated with securities lending transactions since the ARMB is indemnified by State Street Corporation (the Bank) against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnifies the ARMB against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications are subject to limitations relating to war, civil unrest or revolution, or beyond the reasonable control of the Bank.

(Continued)

(3) Investments (Cont.)

The ARMB's investment policy has the following limitations with regard to credit risk:

Domestic fixed income:
Commercial paper must carry a rating of at least A1 or equivalent;
Corporate debt securities must be investment grade;
Corporate, asset backed and nonagency mortgage securities must be investment grade.
Investment grade is defined as the median rating of Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

International fixed income:
Corporate and asset-backed obligations must be investment grade.

Domestic and international equity:
Corporate debt obligations must carry a rating of at least A or equivalent.

(Continued)

(3) Investments (Cont.)

At June 30, 2007, the Plan consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor's Corporation rating scale):

		Internally managed fixed income pools				
	Rating[1]	Short-term	Enhanced Cash	Domestic	International	High yield
Overnight sweep account	Not rated	0.61 %	- %	- %	- %	6.10 %
Short-term investment account	Not rated	3.96	-	-	0.36	-
Commercial paper	AA	1.88	-	-	-	-
Commercial paper	A	3.09	-	-	-	1.77
Commercial paper	Not Rated	3.86	-	0.14	-	-
U. S. government agency discount notes	Not rated	-	-	8.07	-	-
U. S. government agency	Not rated	-	-	0.05	-	-
Mortgage-backed	AAA	6.50	-	51.10	-	-
Mortgage-backed	A	0.32	-	-	-	-
Mortgage-backed (agency)	Not rated	-	-	15.36	-	-
Other asset-backed	AAA	40.98	2.65	5.14	-	-
Other asset-backed	AA	0.91	-	0.27	-	-
Other asset-backed	A	6.34	-	0.09	-	-
Other asset-backed	BBB	-	1.00	0.74	-	-
Other asset-backed	Not rated	0.78	-	1.34	-	0.24
Municipal Bonds	AA	-	-	0.08	-	-
Corporate bonds	AAA	1.97	-	1.89	25.92	-
Corporate bonds	AA	15.13	0.60	4.28	11.43	-
Corporate bonds	A	8.31	3.46	6.98	-	-
Corporate bonds	BBB	-	1.04	7.15	-	1.56
Corporate bonds	BB	-	-	-	-	21.55
Corporate bonds	B	-	-	-	-	41.49
Corporate bonds	CCC	-	-	-	-	11.57
Corporate bonds	D	-	-	-	-	0.48
Corporate bonds	Not Rated	-	-	1.03	0.28	3.59
Convertible bonds	BBB	-	-	-	-	0.20
Convertible bonds	BB	-	-	-	-	0.06
Convertible bonds	B	-	-	-	-	1.19
Convertible bonds	D	-	-	-	-	0.05
Yankees:						
Government	AAA-BBB	-	-	0.66	56.57	-
Government	Not Rated	-	-	-	3.83	-
Corporate	AA	3.09	-	-	-	-
Corporate	A	1.75	-	1.47	-	-
Corporate	BBB	-	-	0.61	-	0.35
Corporate	BB	-	-	-	-	1.06
Corporate	B	-	-	-	-	5.88
Corporate	CCC	-	-	-	-	0.21
Corporate	Not Rated	0.52	-	0.30	-	0.32
No credit exposure		-	91.25	(6.75)	1.61	2.33
		100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

[1]Rating modifiers are not disclosed.

(Continued)

(3) Investments (Cont.)

Securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2007, the Plan had the following uncollateralized and uninsured deposits:

	Amount
International equity pool	$ 35,074

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

The ARMB's policy with regard to foreign currency risk in the international fixed income pool is to restrict obligations to those issued in the currencies of countries represented in the Citibank Non-U.S. World Government Bond Index. In addition, the ARMB's asset allocation policy permits the Plan to hold up to five percent of total investments in international fixed income.

The ARMB's policy with regard to foreign currency risk in the international equity pool is to permit the Plan to hold up to twenty-one percent of total investments in international equity.

(3) Investments (Cont.)

At June 30, 2007, the Plan had exposure to foreign currency risk with the following international pool deposits:

Currency		Amount: International fixed income pool	Amount: International equity pool
Australian Dollar	$	—	3,368,296
Canadian Dollar		—	21,310
Euro Currency		—	(9,221,571)
Hong Kong Dollar		—	4,301,874
Japanese Yen		1,910,007	22,941,589
Mexican Peso		4,334,141	—
New Taiwan Dollar		—	290
New Zealand Dollar		—	68,610
Norwegian Krone		—	1,109,381
Pound Sterling		—	11,823,663
Singapore Dollar		—	7,402
South Korean Won		—	849
Swedish Krona		—	639,680
Swiss Franc		—	13,100
	$	6,244,148	35,074,473

(3) Investments (Cont.)

At June 30, 2007, the Plan had exposure to foreign currency risk with the following investments in its international pools:

	Amount		
	Fixed income		
	International fixed income pool		International equity pool
Currency	Foreign Government	Corporate	Equity
Australian Dollar	$ 30,276	14,315	383,430
Canadian Dollar	—	—	343,849
Danish Krone	—	—	19,561
Euro Currency	708,709	—	6,411,837
Hong Kong Dollar	—	—	245,594
Japanese Yen	132,254	546,543	3,465,907
Mexican Peso	28,915	—	—
New Taiwan Dollar	—	—	61,830
New Zealand Dollar	—	—	69,703
Norwegian Krone	—	—	133,237
Pound Sterling	—	—	3,186,209
Singapore Dollar	—	—	171,336
South African Rand	—	—	13,194
South Korean Won	—	—	258,104
Swedish Krona	—	—	298,885
Swiss Franc	—	—	1,075,514
	$ 900,154	560,858	16,138,190

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Treasury's policy with regard to concentration of credit risk for the short-term fixed income pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group.

The ARMB's policy with regard to concentration of credit risk for the domestic fixed income and international fixed income pools is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group.

At June 30, 2007, the Plan did not have exposure to any one issuer greater than 5% of total invested assets.

(3) Investments (Cont.)

The Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value as follows for the years ending June 30:

		2007	2006
Domestic equity pool	$	5,534,748	2,347,334
Domestic fixed income pool		102,719	(827,062)
International equity pool		3,609,981	3,308,726
Emerging markets equity pool		405,765	—
Treasury inflation protection pool		144,804	—
Real estate pool		1,556,139	1,003,907
International fixed income pool		(24,909)	(92,702)
High yield pool		18,772	(9,161)
Absolute return pool		341,206	186,441
	$	11,689,225	5,917,483

(4) Foreign Exchange, Foreign Exchange Contracts, and Off-Balance Sheet Risk

The international fixed income and international equity pool's investment income includes the following at June 30:

		2007	2006
Net realized gain (loss) on foreign currency	$	417,847	(401,353)
Net unrealized gain on foreign currency		339	20
Net realized gain on foreign exchange contracts		2,311	2,229

The international equity pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The maturity periods for these contracts range from eight to one hundred and twenty-four days. The Plan had net unrealized gains with respect to such contracts, calculated using forward rates at June 30, as follows:

		2007	2006
Contract sales	$	77,245	(140,832)
Less fair value		76,785	(141,213)
Net unrealized gains on contracts	$	460	381

The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

(Continued)

(5) Securities Lending

Alaska Statute 37.10.071 authorizes the ARMB to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The ARMB has entered into an agreement with the Bank to lend equity and domestic fixed income securities. The Bank, acting as the ARMB's agent under the agreement, transfers securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

At June 30, 2007 and 2006, the fair value of securities on loan allocable to the Plan totaled $11,064,035 and $7,892,613, respectively. There is no limit to the amount that can be loaned and the ARMB is able to sell securities on loan. International equity security loans are collateralized at not less than 105% of their fair value. All other security loans are collateralized at not less than 102% of their fair value. Loaned securities and collateral is marked to market daily and collateral is received or delivered the following day to maintain collateral levels.

Cash collateral in the amount of $10,728,980 was invested in a registered 2(a)-7 money market fund. Maturities of investments in the money market fund generally did not match the maturities of the loaned securities because the lending agreements are terminable at will. Securities collateral in the amount $674,650 may be pledged or sold upon borrower default. Since the ARMB does not have the ability to pledge or sell securities collateral unless the borrower defaults, they are not recorded on the financial statements. Securities under loan, cash collateral and cash collateral payable are recorded on the financial statements at fair value. The Bank, the Plan and the borrower receive a fee from earnings on invested collateral. The bank and the Plan share a fee paid by the borrower for loans not collateralized with cash.

For the years ended June 30, 2007 and 2006, there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions or failures by any borrowers to return loaned securities.

(6) Transfer to Retirement Systems

During fiscal year 2006, a review was conducted of all medical reserve amounts of the Retiree Health Fund. An analysis was conducted which considered: (1) the medical portion of net assets held in trust for benefits and other purposes, (2) prior and current year amounts incurred but not paid, (3) the amount necessary for the contingency reserve, and (4) the amount necessary for a premium stabilization reserve. The result was excess reserve balances over those deemed necessary for the continued operation of the Retiree Health Fund. The excess amount was allocated to plans participating in the Retiree Health Fund. Such an analysis is conducted periodically to determine that reserves are adequate, but not excessive. Based on this review, the plan received $125,000 in fiscal year 2006 from the Retiree Health Fund.

(7) Funded Status and Funding Progress – Defined Benefit Retirement Post employment Healthcare Benefit Plan

The funded status of the defined benefit retirement post employment healthcare benefit plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
June 30, 2006	$ 2,399,387	17,794,213	15,394,826	13.5%	$ 7,130,592	215.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by employers in comparison to the actuarially required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB 43. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 years
Asset valuation method	5 year smoothed market

(7) Funded Status and Funding Progress – Defined Benefit Retirement Post employment Healthcare Benefit Plan (Cont.)

Actuarial Assumptions

Investment rate of return 8.25%

Health cost trend –

	Medical	Prescription Drugs
FY07	9.0%	13.0%
FY08	8.5%	12.0%
FY09	8.0%	11.0%
FY10	7.5%	10.0%
FY11	7.0%	9.0%
FY12	6.5%	8.0%
FY13	6.0%	7.0%
FY14	5.5%	6.0%
FY15 and later	5.0%	5.0%

GASB 43 requires that the discount rate used in the actuarial valuation be the estimated long-term yield on investments that are expected to finance post employment benefits. Depending on the method by which a plan is financed, the relevant investments could be plan assets, employer assets, or a combination of plan and employer assets. The investment return should reflect the nature and the mix of both current and expected investments and the basis used to determine the actuarial value of assets.

The Plan's retiree health care benefits are fully funded. Therefore, the 8.25% discount rate used for GASB 25 reporting is also applied herein for GASB 43 disclosure purposes.

The retiree drug subsidy the State of Alaska receives under Medicare Part D has not been recognized for GASB 43 disclosure purposes.

(8) Commitments and Contingencies

Commitments

The ARMB entered into an agreement through an external investment manager to provide capital funding for a domestic equity limited partnership. At June 30, 2007, the Plan's participant share of the unfunded commitment totaled $80,125. This commitment can be withdrawn annually in December with ninety days notice.

The ARMB entered into agreements through external investment managers to provide capital funding for real estate investments as it continues to build the real estate portfolio. At June 30, 2007, the Plan's participant share of these unfunded commitments totaled $3,060,415 to be paid through the year 2011.

(8) Commitments and Contingencies (Cont.)

Contingencies

The Department of Administration determined that statutory changes were needed to ensure that the Defined Benefit Retiree Health Program is funded in compliance with the Internal Revenue Code. Consequently, during the fiscal year 2007 legislative session, a law was enacted that created the Alaska Retiree Health Care Trusts (ARHCT), two separate irrevocable trusts. Senate Bill 123 (SB 123), effective June 7, 2007, directs all separately calculated employer contributions for the retiree health benefits, and appropriations, earning and reserves for payment of retiree medical obligations, to be credited to the ARHCT. Pursuant to SB 123, Treasury and the Department of Administration established and implemented the ARHCT effective as of July 1, 2007. The ARHCT will be funded through contributions from employers and premiums paid by retirees.

The Department of Administration intends to seek a tax determination letter from the Internal Revenue Service during the filing cycle beginning on February 1, 2008, and ending on January 31, 2009, concerning the status of the pension plans it administers as qualified governmental plans under Internal Revenue Code Sections 401(a) and 414(d). The Department of Administration also intends to seek private letter rulings regarding the status of the ARHCT. Finally, The Department of Administration intends to seek rulings and/or guidance from the Internal Revenue Service with respect to the prior structure of the Defined Benefit Retiree Health Program. As a result, invested assets may need to be reallocated between net assets available for pension benefits and net assets available for retiree health benefits, which could require a transfer of assets included in the accompanying schedule of invested assets into the ARHCT. At this time, The Department of Administration is unable to predict the exact timing of the making of its intended filing with the Internal Revenue Service, the timing of any guidance that may be obtained from the Internal Revenue Service, the results or impact of such guidance on the statements of invested assets and changes therein, or the amount of a transfer, if any to the ARHCT.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Funding Progress
Pension Benefits

June 30, 2007

Actuarial valuation date as of June 30	Actuarial value of plan assets	Actuarial accrued liabilities (AAL)	Unfunded actuarial accrued liabilities (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2002	$ 56,704,841	63,970,331	7,265,490	88.6%	$ 5,941,860	122.3%
2004	53,600,707	69,505,123	15,904,416	77.1	6,529,608	243.6
2006	77,310,716	111,819,972	34,509,256	69.1	7,130,592	484.0

See accompanying notes to required supplementary information and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Funding Progress
Postemployment Healthcare Benefits

June 30, 2007

Actuarial valuation date as of June 30	Actuarial value of plan assets	Actuarial accrued liabilities (AAL)	Unfunded actuarial accrued liabilities (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2002	$ 6,979,068	7,873,284	894,216	88.6%	$ 5,941,860	15.0%
2004	16,854,927	21,856,126	5,001,199	77.1	6,529,608	76.6
2006	2,399,387	17,794,213	15,394,826	13.5	7,130,592	215.9

See accompanying notes to required supplementary information and independent auditors’ report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions
Pension and Postemployment Healthcare Benefits

June 30, 2007

Year ended June 30	Actuarial valuation date as of June 30 (1)	Pension annual required contribution	Postemployment healthcare annual required contribution	Total annual required contribution	Pension percentage contributed	Postemployment healthcare percentage contributed	Total percentage contributed
2002	1998	$ 945,590	60,378	1,005,968	100.0%	100.0%	100.0%
2003	2000	1,637,032	109,219	1,746,251	100.0	100.0	100.0
2004	2000	1,675,077	111,758	1,786,835	100.0	100.0	100.0
2005	2002	1,911,799	235,299	2,147,098	100.0	100.0	100.0
2006	2002	2,133,876	262,631	2,396,507	115.6	115.6	115.6
2007	2004	3,168,943	486,800	3,655,743	100.0	100.0	100.0

(1) Actuarial valuation related to annual required contribution for fiscal year.

See accompanying notes to required supplementary information and independent auditors' report.

(1) Description of Schedule of Funding Progress

Each time a new benefit is added which applies to service already rendered, an "unfunded actuarial accrued liability" is created. Laws governing the Plan require that these additional liabilities be financed systematically over a period of future years. Also, if actual financial experiences are less favorable than assumed financial experiences, the difference is added to the unfunded actuarial accrued liability.

In an inflationary economy, the value of the dollar is decreasing. This environment results in employee pay increasing in dollar amounts resulting in unfunded actuarial accrued liabilities increasing in dollar amounts, all at a time when the actual value of these items, in real terms, may be decreasing.

(2) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck Consultants. The significant actuarial assumptions used in the valuation as of June 30, 2006, are as follows:

a. Actuarial cost method – entry age, unfunded actuarial accrued liability or funding excess amortized over a fixed 25-year period as a level percentage of expected payroll.

b. Valuation of assets – recognizes 20% of the investment gain or loss in each of the current and preceding four years and phased in over the next five years. All assets are valued at fair value. Valuation assets are constrained to a range of 80% to 120% of the market value of assets.

c. Valuation of medical and prescription drug benefits – medical and prescription drug benefits for retirees are calculated using state-specific claims experience. A pre-age 65 cost and lower post-age 65 cost (due to Medicare) are assumed such that the total rate for all retirees equals the present premium rate assumption. These medical premiums are then increased with the health cost inflation assumption. The actuarial cost method, Entry Age Normal, used for funding retirement benefits is also used to value health benefits.

d. Accounting impact of Medicare Part D – the State's prescription drug program is actuarially equivalent to the federal Medicare Part D program and that the State qualifies for the Medicare Part D subsidy.

e. Investment return – 8.25% per year, compounded annually, net of expenses for all funding calculation and pension disclosure; 8.25% for healthcare liabilities under GASB 43.

f. Pre-retirement mortality – 55% of the male rates and 60% of the females rates in the 1994 Group Annuity Mortality Table for males and females, 1994 Base Year.

g. Post-retirement mortality – 1994 Group Annuity Mortality Table setback one year for females and three years for males, 1994 Base Year.

h. Salary scale – 4% per year, compounded annually.

i. Total payroll growth – 4% per year.

(2) Actuarial Assumptions and Methods (Cont.)

j. Total inflation – total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.5% annually.

k. Per capita claims cost – sample claims cost rates for FY07 medical and prescription are shown below:

	Medical			Prescription Drugs	
	Total	Medicare Part A&B	Medicare Part B Only	Total	Medicare Part D Reimbursement
Age 65	$9,304	$8,356	$7,408	$2,409	$515

l. Health cost trend –

	Medical	Prescription Drugs
FY07	9.0%	13.0%
FY08	8.5%	12.0%
FY09	8.0%	11.0%
FY10	7.5%	10.0%
FY11	7.0%	9.0%
FY12	6.5%	8.0%
FY13	6.0%	7.0%
FY14	5.5%	6.0%
FY15 and later	5.0%	5.0%

m. Aging Factors -

Age	Medical	Prescription Drugs
0-44	2.0%	4.5%
45-54	2.5%	3.5%
55-64	3.5%	3.0%
65-74	4.0%	1.5%
75-84	1.5%	0.5%
85-94	0.5%	0.0%
95+	0.0%	0.0%

n. Medical Participation – because medical benefits are provided at no cost to the retiree, we have assumed 100% participation in the medical plans.

o. Turnover and early retirement – annual turnover and early retirement at each age and service is the greatest of the following amounts:
1. 0%.
2. 3% if service is greater than 15 years.
3. 6% if vested and immediately eligible for full benefits based on retirement provision.
4. 10% if vested and age is greater than 64.

(2) Actuarial Assumptions and Methods (Cont.)

p. Disability - based upon actual historical occurrence rates of the Plan. Post-disability mortality in accordance with rates published by the Pension Benefit Guaranty Corporation to reflect mortality of those receiving disability benefits under Social Security.

q. Maximum retirement age – 70 years old.

r. Marital status – married inactive members are assumed to choose the 50% Joint and Survivor benefit option. 90% of active and inactive members are assumed to be married. Husbands are assumed to be 4 years older than their wives.

The assumptions and methods, when applied in combination, fairly represent past and anticipated future experience of the Plan. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated benefits.

Effective June 30, 2006, there was a change in the actuarial cost methods. The cost method was changed from Projected Unit Credit to Entry Age Normal. The assumption changes made include a change in mortality assumption, the percentage of population assumed to be married, healthcare assumptions and the payroll growth assumption. The actuarial value of assets was changed from market value to 5-year smoothing method.

Changes in Assumptions from the Last Valuation – June 30, 2004 to June 30, 2006

a. Pre-retirement mortality - 55% of the male rates and 60% of the females rates the 1994 Group Annuity Mortality Table for males and females, 1994 Base Year.

b. Post-retirement Mortality - 1994 Group Annuity Mortality Table setback 1 year for females and 3 years for males, 1994 Base Year.

c. Payroll Growth – 4.00% per year

d. Marital Status – 90% of active and inactive member.

e. Healthcare - Actual claims experience used to set claims costs. Adjusted for age – based morbidity. Distinct medical claims costs for Medicare A & B vs. Medicare B only. Distinct prescription drug claims costs for pre-Medicare vs. Medicare Part D. Distinct trend rates for medical and prescription drugs. Valued liabilities based on a composite individual basis with actual dependent elections. This is a weighted average of the prior years (FY06) claims cost used for the June 30, 2005 valuations for PERS and TRS, rolled forward with expected trend to FY07. There is a description of this methodology in the June 30, 2005 PERS and TRS reports.

(3) Revaluation of June 30, 2004 actuarial valuation

The Plan's current actuarial consultant, Buck Consultants, prepared a full replication of the June 30, 2004, actuarial valuation of the Plan's prior actuary. The replication of the June 30, 2004, actuarial valuation discovered that the prior consulting actuary valued the health insurance premium as a family unit. The Plan's current consulting actuary valued the healthcare liabilities using a health insurance premium per individual. The replication and subsequent revaluation of the liabilities had an effect of increasing the Plan's employer contribution rate by 13.45%.

(4) Approved Future Contribution Rates

Due to changes in valuing the post employment healthcare benefits and increases in active judges' salaries as a result of SB 237 and HB 98, the June 30, 2006 actuarial valuation report for the Plan reported a funding ratio of 62.41%. As a result, the Fiscal Year 2008 and 2009 employer matching contribution rate will be 57.70%, or a 54.40% increase over the Fiscal Year 2006 and 2007 employer matching contribution rate of 37.37%.

Schedule 1

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedule of Administrative and Investment Deductions

Year ended June 30, 2007
with summarized financial information for 2006

	Administrative	Investment	Totals 2007	Totals 2006
Personal services:				
Wages	$ 6,011	9,407	15,418	23,278
Benefits	4,392	4,388	8,780	11,135
Total personal services	10,403	13,795	24,198	34,413
Contractual services:				
Management and consulting	57,404	160,305	217,709	186,261
Accounting and auditing	5,437	7,698	13,135	12,725
Securities lending	—	442,078	442,078	300,429
Other services	2,270	337	2,607	4,006
Total contractual services	65,111	610,418	675,529	503,421
Other:				
Supplies	261	—	261	176
Equipment	103	—	103	51
Other	—	—	—	38
Total other	364	—	364	265
Total administrative and investment deductions	$ 75,878	624,213	700,091	538,099

See accompanying independent auditors' report.

Schedule 2

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedule of Payments to Consultants
Other than Investment Advisors

Years ended June 30, 2007 and 2006

Firm	Services		2007	2006
State Street Corporation	Custodian Banking Services	$	7,585	11,289
Mercer Human Resource Consulting	Actuarial Services		1,870	10,427
Buck Consultants, Inc.	Actuarial Services		13,546	4,791
KPMG LLP	Auditing Services		5,172	5,200
		$	28,173	31,707

See accompanying independent auditors' report.