BASIC FINANCIAL STATEMENTS

Special Education Service Agency

Statement of Net Position

June 30, 2022

		Governmental Activities
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	$	2,768,939
Accounts receivable		338,923
Prepaids		50,737
Total current assets		3,158,599
Non-current:		
Capital assets		67,036
Accumulated depreciation		(61,648)
Net pension and OPEB assets		1,245,764
Total non-current assets		1,251,152
Deferred outflows of resources -		
Pension and OPEB deferrals		220,510
Total assets and deferred outflows of resources	$	4,630,261
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable		9,140
Unearned revenue		77,402
Total current liabilities		86,542
Non-current liabilities -		
Net pension and OPEB liability		929,240
Deferred inflows of resources -		
Pension and OPEB deferrals		1,388,482
Total liabilities and deferred inflows of resources		2,404,264
Net Position		
Net investment in capital assets		5,388
Unrestricted		2,220,609
Total net position		2,225,997
Total liabilities, deferred inflows of resources and net position	$	4,630,261

The notes to the financial statements are an integral part of this statement.

Exhibit B-1

SPECIAL EDUCATION SERVICE AGENCY

Statement of Activities

Year Ended June 30, 2022

Functions/Programs		Expenses	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:				
Operations and support	$	1,350,210	322,822	(1,027,388)
Technical assistance:				
Low incidence disabilities		1,284,132	409,638	(874,494)
Deaf and blind		145,169	145,169	-
Alaska autism resource center		185,591	(61,291)	(246,882)
Early intervention		56,767	56,757	(10)
Total governmental activities	$	3,021,869	873,095	(2,148,774)

General revenues:		
E-rate		10,080
Earnings on investments		8,116
State grants not restricted to specific programs		2,937,864
Other		10,843
Total general revenues		2,966,903
Change in net position		818,129
Net position, beginning of year		1,407,868
Net position, end of year	$	2,225,997

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

SPECIAL EDUCATION SERVICE AGENCY

Balance Sheet - Governmental Funds

June 30, 2022

		Special Revenue Funds				
	General Fund	Alaska Autism Resource Center	Census Surveys (Indicators)	Alaska Deaf-Blind	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 2,768,939	-	-	-	-	2,768,939
Accounts receivable	-	149,069	78,946	76,109	34,799	338,923
Due from other funds	265,578	-	-	-	16,854	282,432
Prepaids	44,011	6,726	-	-	-	50,737
Total assets	$ 3,078,528	155,795	78,946	76,109	51,653	3,441,031
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	7,761	1,379	-	-	-	9,140
Due to other funds	16,854	75,724	78,946	76,109	34,799	282,432
Unearned revenue	38	77,364	-	-	-	77,402
Total liabilities	24,653	154,467	78,946	76,109	34,799	368,974
Fund Balances:						
Nonspendable -						
Prepaids	44,011	6,726	-	-	-	50,737
Committed -						
Operating reserve	713,349	-	-	-	-	713,349
Assigned -						
Autism walk	-	-	-	-	16,854	16,854
Unassigned	2,296,515	(5,398)	-	-	-	2,291,117
Total fund balances	3,053,875	1,328	-	-	16,854	3,072,057
Total liabilities and fund balances	$ 3,078,528	155,795	78,946	76,109	51,653	3,441,031

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

SPECIAL EDUCATION SERVICE AGENCY

Reconciliation of Net Position Between the
Government-wide Financial Statements and the Fund Financial Statements

June 30, 2022

Amounts reported as fund balances on the governmental funds balance sheet		$	3,072,057
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			5,388
Proportionate share of the collective net pension and OPEB asset:			
PERS	204,167		
TRS	1,041,597		1,245,764
Proportionate share of the collective net pension and OPEB liability:			
PERS	(283,458)		
TRS	(645,782)		(929,240)
Deferred inflows and outflows of resources are the results of timing differences in the actuarial report.			
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources:			
PERS	53,175		
TRS	167,335		220,510
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS	(226,627)		
TRS	(1,161,855)		(1,388,482)
Net position of governmental activities		$	2,225,997

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

SPECIAL EDUCATION SERVICE AGENCY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2022

		Special Revenue Funds					
	General Fund	Alaska Autism Resource Center	Discretionary Personnel	Census Surveys (Indicators)	Alaska Deaf-Blind	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources:							
E-rate	$ 10,080	-	-	-	-	-	10,080
Earnings on investments	8,116	-	-	-	-	-	8,116
Other	10,344	491	-	-	-	-	10,835
Intergovernmental:							
State of Alaska	3,191,454	237,778	-	-	-	2,321	3,431,553
Federal sources	-	115,799	360,000	169,015	177,256	109,267	931,337
Total revenues	3,219,994	354,068	360,000	169,015	177,256	111,588	4,391,921
Expenditures:							
Current:							
Operations and support	1,243,072	171,582	-	112,258	32,087	65,675	1,624,674
Technical assistance:							
Low incidence disabilities	1,484,045	-	360,000	-	-	49,637	1,893,682
Deaf and blind	-	-	-	-	145,169	-	145,169
Alaska Autism Resource Center	-	181,996	-	-	-	3,595	185,591
Early intervention	-	-	-	56,757	-	-	56,757
Total technical assistance	1,484,045	181,996	360,000	56,757	145,169	53,232	2,281,199
Total expenditures	2,727,117	353,578	360,000	169,015	177,256	118,907	3,905,873
Excess (deficiency) of revenues over expenditures	492,877	490	-	-	-	(7,319)	486,048
Fund balances, beginning of year	2,560,998	838	-	-	-	24,173	2,586,009
Fund balances, end of year	$ 3,053,875	1,328	-	-	-	16,854	3,072,057

The notes to the financial statements are an integral part of this statement.

SPECIAL EDUCATION SERVICE AGENCY

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Net change in fund balances - total government funds		$ 486,048
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in the unfunded net pension and OPEB liability and assets:		
PERS	358,715	
TRS	1,328,955	1,687,670
Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report.		
Contributions to the pension plan in the current fiscal year are included in the fund financial statements and are presented as changes in deferred outflows of resources in the government-wide statements.		
PERS	(228,885)	
TRS	(1,124,481)	(1,353,366)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.		
This is the amount by which depreciation expense exceeded capital outlay in the current period:		
Capital outlay	-	
Depreciation expense	(2,223)	(2,223)
Change in net position of governmental activities		$ 818,129

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements include all the activities of the Special Education Service Agency (Agency).

The Special Education Service Agency was established as a public service organization by the Alaska State Legislature to assist school agencies and rural education and to provide special education services to exceptional children. The Agency is governed by the Governor's Council on Disabilities and Special Education. The Board of Directors is composed of not fewer than eight and not more than ten members. Not more than seven or less than five members are to be from the Governor's Council on Disabilities and Special Education. One member is to be appointed by the Alaska Association of School Administrators, one by the Alaska Association of Administrators of Special Education, and one by the National Education Association of Alaska. No employee or family member of an employee may serve on the Board of Directors.

The Agency does not exercise oversight responsibility over any other entity. No other entity engages in activities, which benefits the Agency, nor do any special financial relationships exist between the Agency and any other entity. Therefore, the Agency does not have any component units.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements include the financial information about the Special Education Service Agency as a whole. These statements include all financial activities of the Agency. The Agency does not have any activities that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Agency at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Agency. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

The fund financial statements include activities relating to certain functions or activities segregated in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at a more detailed level. The focus of governmental fund financial statements is on major funds. The major funds are presented in separate columns. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements – The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Agency are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The Agency uses funds to maintain its financial records. A fund is a separate accounting entity, in which the operation of each fund is accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. There are three categories of funds: governmental, proprietary and fiduciary. The Agency only maintains governmental funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Agency's major governmental funds:

The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Alaska Autism Resource Center Special Revenue Fund* accounts for all revenue received and expenditures made for the purposes of providing early intervention and education for children with autism. Revenue is derived from both federal and state grants.

Discretionary Personnel Special Revenue Fund – funds used to supplement FY22 Quarter One Low Incidence Disabilities (LID) Program's personnel salaries and some benefits. Personnel provided consultations and trainings for special education teams with students that have low-incidence disabilities in 54 Alaskan school districts. Revenue is derived from federal funds.

The *Census Survey Special Revenue Fund* accounts for all revenues received and expenditures made for the purpose of reporting on the health of Alaska's special education system to the Federal Office of Special Education Program (OSEP). Funds to oversee the completion of the Indicator 8 and 14 statewide projects Revenue is derived from federal grants.

The *Alaska Deaf-Blind Services Special Revenue Fund* accounts for all revenues received and expenditures made for the purpose of providing special education technical assistance and dissemination to improve services and results for children with disabilities. Revenue is derived from federal grants.

The other governmental funds of the Agency are considered non-major Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Intergovernmental Revenue

State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred. On-behalf payments from the State of Alaska and E-rate revenues are recognized in the year to which they relate.

Local Revenue

Interest earned is recorded in the General Fund unless otherwise specified by the funding source. Interest income is susceptible to accrual.

D. Assets, Liabilities and Net Position/Fund Balance

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statements of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the Agency’s investments. The carrying amount of the Agency’s investments are determined based on quoted market prices.

The carrying amount of notes receivable and notes payable approximates fair value for those financial instruments with interest at variable rates, as those rates approximate current market rates for notes with similar maturities and credit quality.

3. Short-term Inter-Fund Receivables and Payables

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

4. Prepaids

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid items do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as non-spendable in the fund financial statements.

5. Capital Assets

Capital assets are reported in the governmental activities column of the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Agency maintains a capitalization rate of $5,000. The Agency does not own any land, buildings, or infrastructure.

All reported capital assets are depreciated. Depreciation is computed on the straight line method over the estimated useful life of the assets, generally 3 to 7 years for equipment and vehicles. Maintenance and repairs of a routine nature that do not add to the value of the asset are charged as expenditures as incurred and are not capitalized.

6. Unearned Revenue

Revenue that is received in advance of the period for which it is intended for use and does not meet the requirements for revenue recognition is recognized as unearned revenue.

7. Compensated Absences

Classified employees accrue annual leave. All employees accrue sick leave. Sick leave pay is recorded as an expenditure during the period it is used. There is no provision for payment or use of sick leave upon separation from employment. No liability is reported for unpaid accumulated sick leave.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of the net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

9. Pensions/Other Post-Employment Benefits (OPEB)

For purposes of measuring the pension/OPEB liability and asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/from PERS and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

10 Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the Agency's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

11. Fund Balance

In the fund financial statements fund balance components include five classifications as follows:

Non-spendable fund balance – amounts that cannot be spent because they are in a non-spendable form (such as inventory and prepaid expenses) or legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance – amounts constrained by external parties, or legislation (such as grantors or higher levels of government).

Committed fund balance – amounts constrained to specific purposes by the Agency itself, using its highest level of decision-making authority through resolutions; to be reported as committed, amounts cannot be used for any other purpose unless the Agency takes the same highest-level action through resolutions to remove or change the constraint. The highest level of authority is the Board of Directors.

Assigned fund balance – amounts that are intended for a particular purpose. Intent can be expressed by the Board of Directors or by the Executive Director.

Unassigned fund balances – amounts available for any purpose; these amounts are reported only in the General Fund.

The five categories of fund balance place varying strengths of spending constraints on available resources in a descending order as listed. Non-spendable fund balance is the most restrictive classification and unassigned fund balance is the least restrictive.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available, should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used.

Compliance with the provisions of the fund balance classification policy are reviewed as part of the annual budget adoption process. The Board takes appropriate action to commit or assign, or otherwise, allocate prior year fund balances as a part of the budget planning process.

Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects.

12. Income Taxes

Special Education Service Agency is a nonprofit organization exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

Although the organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Agency classifies all interest and penalties related to tax contingencies as income tax expense. As of June 30, 2022 there were no uncertain tax positions or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. The Agency files tax returns in the U.S. Federal Jurisdiction and the State of Alaska. As of 2022, the tax years that remain subject to examination begins with 2019.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets for operations are adopted for all operating revenues, expenditures and transfers. Budgets are prepared and presented on the modified accrual basis of accounting for all budgets.

The Agency authorizes formal budget revisions as needed to adjust the revenues and expenditures to available resources and program needs. Both the original and the final revised and approved budget are presented in the budgetary comparison schedule. The final approved budget is presented in the supplementary information. Expenditure authority for the General Fund is limited to the total approved budget, and there are no specific line item or category limitations. Annual appropriations for the General Fund may be carried forward at fiscal year-end.

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' funding and are reviewed and approved by the Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds. Expenditures are reimbursed by the various entities on a cost basis.

Excess of expenditures over appropriations in the General Fund are funded through available fund balance.

Excess of expenditures over appropriation in Special Revenue Funds are funded through available fund balance and operating transfers from General Fund.

III. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

The Agency maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported in the balance sheet or Statement of Net Position as "cash and cash equivalents" or amounts "due to/from other funds."

The Agency's bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of $250,000 per financial institution. Any amount in excess of $250,000 is collateralized with securities held by the Agency's agent in the Agency's name. The Agency held no investments at June 30, 2022.

All deposits are carried at fair market value plus accrued interest. Custodial Credit Risk is the risk that in the event of a bank failure, the Agency's deposits will not be returned to the Agency. The Agency limits its custodial credit risk in its deposit and investment policy by requiring all deposits to be fully insured or collateralized.

B. Receivables

Receivable as of year-end for the Agency's individual major special revenue funds and other governmental funds are as follows:

		Alaska Autism Resource Center	Census Surveys (Indicators)	Alaska Deaf-Blind	Other Governmental Funds	Total
Receivables:						
Grants	$	149,069	78,946	76,109	34,799	338,923

Management has determined that all receivables are collectable; therefore, no allowance for doubtful accounts has been established.

IV. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables are shown as due to (from) other funds in each of the individual funds. The balances at June 30, 2022 are as follows:

Receivable Fund	Payable Fund		Amount
Other Governmental Funds	General Fund	$	16,854
General Fund	Alaska Autism Resource Center		75,724
General Fund	Census Surveys (Indicators)		78,946
General Fund	Alaska Deaf-Blind		76,109
General Fund	Other Governmental Funds		34,799
		$	282,432

V. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

		Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities:					
Capital assets, being depreciated:					
Equipment	$	118,681	-	51,645	67,036
Less accumulated depreciation:					
Equipment		(111,070)	(2,223)	(51,645)	(61,648)
Net governmental capital assets	$	7,611	(2,223)	-	5,388

Depreciation expense was charged to functions of the Agency as follows:

Operations and support	$	2,223

VI. OTHER INFORMATION

A. Risk Management

The Agency faces a considerable number of risks of loss, including: (a) damage to and loss to property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensations; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for general liability, errors and omissions, automobile, and employee medical costs. Worker's compensation is also purchased as required by statute. The Agency has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years.

B. Employee Retirement Systems and Plans

The Agency follows *Governmental Accounting Standards Board (GASB) Codification P20*, Accounting for Pensions by State and Local Governmental Employees and *GASB Codification P50*, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the Agency participate in either the State of Alaska Public Employees' Retirement System (PERS) or the State of Alaska Teachers' Retirement System (TRS). In addition to the pension plan both systems also administer other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS and TRS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Agency's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

PERS and TRS act as the common investment and administrative agencies for the following multiple-employer plans:

Plan Name	Type of Plan
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Defined Benefit OPEB
Retiree Medical Plan	Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2022 the employer contribution rate 0.31% for PERS and 0.08% for TRS.

Membership in the plan consisted of the following at June 30, 2022 (latest available report):

Membership	PERS	TRS
Active plan members	24,481	6,009
Participating employers	151	57

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2022 (latest available information) employer contributions were 7.44% for PERS and 4.53% for TRS of annual payroll. Membership in the plan consisted of the following at June 30, 2022 (latest report available):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	36,704	13,225
Inactive plan members entitled to but not yet receiving benefits	5,112	741
Inactive plan members not entitled to benefits	10,366	1,678
Active plan members	10,066	3,492
Total plan membership	62,248	19,136

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2022 employer contributions were 1.07% for PERS and .093% for TRS. Membership in the plan consists of the following at June 30, 2022 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	67	20
Inactive plan members entitled to but not yet receiving benefits	2,082	832
Inactive plan members not entitled to benefits	16,249	2,848
Active plan members	24,481	6,009
Total plan membership	42,879	9,709

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the PERS and TRS plans. Membership in the plan consists of the following at June 30, 2022 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	113	29
Inactive plan members entitled to but not yet receiving benefits	2,082	832
Inactive plan members not entitled to benefits	16,249	2,848
Active plan members	24,481	6,009
Total plan membership	42,925	9,718

Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2022 (latest available report) for the DB Pension Plan for PERS and TRS is 29.77% and 29.80%, for the ARHCT plan is 30.00% and 29.95%, for the ODD Plan is 29.55% and 29.46%, and for the RMP is 29.54% and 29.41%, respectively.

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx.

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans:

Asset Class	Long-Term Expected Real Rate of Return
Broad Domestic Equity	6.63%
Global Equity (non-U.S.)	5.41%
Aggregate bonds	0.76%
Opportunistic	4.39%
Real Assets	3.16%
Private Equity	9.29%
Cash Equivalents	0.13%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.00% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.18% as of June 30, 2022.

Employer and Other Contribution Rates. There are several contribution rates associated with the pension and healthcare contributions and related liabilities and assets. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% for PERS and 12.56% for TRS of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS or TRS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.38% discount rate.

Employer Contribution rates for PERS and TRS for the year ended June 30, 2022 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.54%	21.27%	8.11%
OPEB	6.46%	8.84%	0%
Total PERS contribution rates	22.00%	30.11%	8.11%
TRS:			
Pension	6.06%	15.36%	19.29%
OPEB	6.50%	16.49%	0%
Total TRS contribution rates	12.56%	31.85%	19.29%

Termination Costs: If the Agency decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular Agency function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The Agency must pay to have a termination study completed. The purpose of the study is to calculate the Agency's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The Agency must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS or TRS Administrator. For fiscal year 2022 the past service rate for PERS is 18.31%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2022 (latest available) were determined by an actuarial valuation as of June 30, 2019 which was rolled forward to the measurement date June 30, 2022. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017:

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 2.5% per year Productivity – 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.
PERS Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.

TRS Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, RP-2014 white-collar employee table with MP-2017 generational improvement.
PERS Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.
TRS Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table with MP-2017 generational improvement.
Total turnover	Based upon the 2013-2017 actual withdrawal experience.
PERS Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.
TRS Disability	Incidence rates based on 2013-2017 actual experience. Disabilities are assumed to be occupational 15% of the time. Post-disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
PERS Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
TRS Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. 85% of male members and 75% of female members are assumed to be married at termination from active service.

Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 8.0% grading down to 4.5% EGWP: 7.5% grading down to 4.5%.

As a result of the latest experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes related to the ARHCT plan have been made since the prior valuation:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect the repeal of the Cadillac Tax.

The changes of assumptions from the latest experience study created substantial deferred outflows of resources attributable to the Agency, as well as an OPEB benefit recognized by the Agency for the State's proportionate share of OPEB plan expense attributable to the Agency. In some instances, the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the Agency creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The Agency participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: http://doa.alaska.gov/drb/pers.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 150 employers participating in PERS defined benefit plan and 151 participating in PERS defined contribution and OPEB plans.

The DB Plan's membership consisted of the following at June 30, 2022 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,704
Inactive plan members entitled to but not receiving benefits	5,112
Inactive members not entitled to benefits	10,366
Active plan members	10,066
Total DB plan membership	62,248

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for peace officers/firefighters members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of $25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

(a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or

(b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. The Agency PERS active members are required to contribute 6.75% and if elected to be calculated under TRS, Agency employees are required to contribute 9.60% of their annual covered salary.

Employer contributions for the year ended June 30, 2022, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
$ 38,980	10,995	49,975

Public Employees Retirement Plans

For the year ended June 30, 2022 the State of Alaska contributed $22,036 (100% pension cost) on-behalf of the Agency, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2022 to a total of $8,715, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2022, the Agency reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the Agency. The amount recognized by the Agency as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the Agency were as follows:

Defined Benefit:		Pension
Agency's proportionate share of the net pension liability	$	283,458
State's proportionate share of the net pension liability		39,847
Total	$	323,305
		OPEB
Agency's proportionate share of the ARHCT OPEB liability (asset)	$	(198,037)
State's proportionate share of the ARHCT OPEB liability (asset)		(25,281)
Total	$	(223,318)
Agency's proportionate share of the ODD OPEB liability (asset)	$	(3,570)
Agency's proportionate share of the RMP OPEB liability (asset)	$	(2,560)
Total Agency's share of net pension and OPEB liabilities and assets	$	79,291

The net pension and OPEB liabilities and assets were measured as of June 30, 2022, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The Agency's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2023 through FY2039, as determined by projections based on the June 30, 2022 valuation.

The Agency's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2020 Measurement	June 30, 2021 Measurement	Change
Pension	0.00816%	0.0077%	(-0.0003%)
OPEB:			
ARHCT	0.0080%	0.0077%	(-0.0003%)
ODD	0.00948%	0.0081%	(-0.0013%)
RMP	0.0117%	0.0095%	(-0.0022%)

Based on the measurement date of June 30, 2021, the Agency recognized pension and OPEB expense of $(14,534) and $(74,015), respectively, for the year ended June 30, 2022. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
Defined Benefit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(1,256)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(111,781)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	(4,841)
Agency contributions subsequent to the measurement date	38,980	-
Total	$ 38,980	(117,878)

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(2,080)
Changes of assumptions	-	(7,484)
Net difference between projected and actual earnings on OPEB plan investments	-	(92,670)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	926	-
Agency contributions subsequent to the measurement date	8,302	-
Total	$ 9,228	(102,234)

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(975)
Changes of assumptions	-	(28)
Net difference between projected and actual earnings on OPEB plan investments	-	(572)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	1,288	(22)
Agency contributions subsequent to the measurement date	605	-
Total	$ 1,893	(1,597)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 190	(122)
Changes of assumptions	796	(1,521)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,291)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	(984)
Agency contributions subsequent to the measurement date	2,088	-
Total	$ 3,074	(4,918)

$38,980 and $10,995 are reported as deferred outflows of resources related to pension and OPEB resulting from Agency contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities or an increase of the net pension and OPEB assets in the year ended June 30, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2022	$ (32,073)	(30,347)	(84)	(794)
2023	(25,605)	(21,342)	(83)	(796)
2024	(27,697)	(22,917)	(89)	(819)
2025	(32,503)	(26,702)	(108)	(892)
2026	-	-	61	(249)
Thereafter	-	-	(6)	(382)
Total	$ (117,878)	(101,308)	(309)	(3,932)

For the year ended June 30, 2022, the Agency recognized $(14,997) and $2,679 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities (assets) of the plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities (assets) would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

		1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	$	419,841	283,458	168,879
Net OPEB ARHCT liability (asset)	$	(129,513)	(198,037)	(254,940)
Net OPEB ODD liability (asset)	$	(3,419)	(3,570)	(3,691)
Net OPEB RMP liability (asset)	$	1,671	(2,560)	(5,756)

Sensitivity of the Agency's proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates. The following present the Agency's proportionate share of the net OPEB liability, as well as what the Agency's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	$	(261,602)	(198,037)	(121,330)
Net OPEB ODD liability (asset)		N/A	(3,570)	N/A
Net OPEB RMP liability (asset)		(6,214)	(2,560)	2,418

Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Agency's and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.07% for the retiree medical plan (DB), 0.31% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

2 years of service – 25%
3 years of service – 50%
4 years of service – 75%
5 years of service – 100%

The Agency contributed $19,677 for the year ended June 30, 2022, which included forfeitures of $0 which have been applied against contributions.

Teachers Retirement System (TRS) – Defined Benefit Plan (DB)

Plan Description. The Agency participates in the Teacher's Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 57 employers participating in TRS, including 53 Agency's. TRS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The system is governed by the Alaska Retirement Board. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at http://doa.alaska.gov/drb/trs.

The DB Plan's membership consisted of the following at June 30, 2022 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	13,225
Inactive plan members entitled to but not receiving benefits	741
Inactive plan members not entitled to benefits	1,678
Active plan members	3,492
Total DB plan membership	19,136

Pension Benefits. Employees hired prior to July 1, 1990, are entitled to annual pension benefits beginning at normal retirement age 55, or early retirement age 50. For employees hired after June 30, 1990 but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees may also retire at any age and receive a normal benefit when they accumulate the required credited service. The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2% of their highest three-year average annual compensation for each year of service. The benefit for each year over 20 years of service subsequent to June 30, 1990, is equal to 2.5% of their highest three-year average annual compensation for each year of service. Employees may elect to receive their pension benefits in the form of a joint or survivor annuity. Effective January 1, 1987, a married member who retires must receive his or her benefit in the form of a joint and survivor annuity unless the member's spouse consents to another form of benefit.

Minimum benefits for employees eligible for retirement are $25 per month for each year of credited service.

Post Retirement Pension Adjustments. Effective in fiscal year 1991, automatic post retirement pension adjustment (PRPA) was granted to all current and future retirees. The PRPA amount may not exceed the lesser of (a) the actual cost of living increase (percentage) from the date of retirement until the effective date of the PRPA; or (b) 4.00% of the base benefits for each full year that the member has been retired and a prorated percentage for each partial year. However, the PRPA percentage is offset by the percentage of all prior PRPAs that have been granted. TRS members receiving a retirement, disability or survivor benefit, who remain in Alaska, are eligible for an additional allowance equal to 10.00% of the base benefit.

Employee Contribution Rate. The Agency's active TRS members are required to contribute 8.65% of their annual covered salary.

Employer contributions for the year ended June 30, 2022, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
$	42,782	30,199	72,981

Teachers Retirement Plans

For the year ended June 30, 2022 the State of Alaska contributed $231,554 (100% pension cost) on-behalf of the Agency, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date to a total of $(289,627), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2022, the Agency reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the Agency. The amount recognized by the Agency as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that was associated with the Agency were as follows:

		Pension
Defined Benefit:		
Agency's proportionate share of the net pension liability	$	645,782
State's proportionate share of the net pension liability		548,567
Total	$	1,194,349
		OPEB
Agency's proportionate share of the ARHCT OPEB liability (asset)	$	(986,530)
State's proportionate share of the ARHCT OPEB liability (asset)		(757,284)
Total		(1,743,814)
Agency's proportionate share of the ODD OPEB liability (asset)	$	(12,844)
Agency's proportionate share of the RMP OPEB liability (asset)	$	(42,223)
Total Agency's share of net pension and OPEB liabilities and assets		(395,815)

The net pension and OPEB liabilities and assets were measured as of June 30, 2022, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The Agency's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2022 through FY2039, as determined by projections based on the June 30, 2022 valuation.

The Agency's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2020 Measurement	June 30, 2021 Measurement	Change
Pension	0.05738%	0.08113%	0.02375%
OPEB:			
ARHCT	0.05714%	0.08485%	0.02771%
ODD	0.20495%	0.21072%	0.00577%
RMP	0.20552%	0.21027%	0.00475%

Based on the measurement date of June 30, 2022, the Agency recognized pension expense of $139,584 and OPEB expense of $(560,649), respectively, for the year ended June 30, 2022. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pensions	
Defined Benefit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(6,208)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(666,703)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	81,948	-
Agency contribution subsequent to the measurement date	42,782	-
Total	$ 124,730	(672,911)

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(6,925)
Changes of assumptions	-	(28,481)
Net difference between projected and actual earnings on pension plan investments	-	(385,726)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	(27,698)
Agency contribution subsequent to the measurement date	21,063	-
Total	$ 21,063	(448,830)

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(1,507)
Changes of assumptions	-	(7)
Net difference between projected and actual earnings on pension plan investments	-	(1,645)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	728	(1,504)
Agency contribution subsequent to the measurement date	803	-
Total	$ 1,531	(4,663)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,103	(1,367)
Changes of assumptions	2,867	(15,619)
Net difference between projected and actual earnings on pension plan investments	-	(16,604)
Changes in proportion and differences between Agency contributions and proportionate share of contributions	708	(1,861)
Agency contribution subsequent to the measurement date	8,333	-
Total	$ 20,011	(35,451)

$42,782 and ($30,199) are reported as deferred outflows of resources related to pensions and OPEB resulting from Agency contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liability and as an increase to the net pension and OPEB assets in the year ended June 30, 2022 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2022	$ (78,881)	(153,417)	(742)	(5,041)
2023	(152,046)	(88,861)	(740)	(5,049)
2024	(165,264)	(95,417)	(760)	(5,243)
2025	(194,772)	(111,135)	(819)	(5,818)
2026	-	-	(354)	(1,137)
Thereafter	-	-	(520)	(1,485)
Total	$ (590,963)	(448,830)	(3,935)	(23,773)

For the year ended June 30, 2022, the Agency recognized $292,503 and ($55,303) of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities (assets) of the Plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

		1% Decrease (6.38%)	**Current Rate (7.38%)**	**1% Increase (8.38%)**
Net pension liability	$	1,305,598	645,782	90,062
Net OPEB ARHCT liability (asset)	$	(710,825)	(986,530)	(1,214,638)
Net OPEB ODD liability (asset)	$	(12,875)	(12,844)	(12,829)
Net OPEB RMP liability (asset)	$	(15,592)	(42,223)	(62,142)

Sensitivity of the Agency's proportionate share of the net OPEB liability and asset to changes in the healthcare cost trend rates. The following present the Agency's proportionate share of the net OPEB liability and asset, as well as what the Agency's proportionate share of the net OPEB liability and asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	**Current Rate**	**1% Increase**
Net OPEB ARHCT liability (asset)	$	(1,240,279)	(986,530)	(679,055)
Net OPEB ODD liability (asset)	$	N/A	(12,844)	N/A
Net OPEB RMP liability (asset)	$	(64,827)	(42,223)	(11,159)

Teachers Retirement System (TRS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. The Agency's and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.83% for the retiree medical plan, 0.08% for occupational death and disability, and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

2 years of service – 25%
3 years of service – 50%
4 years of service – 75%
5 years of service – 100%

The Agency contributed $93,949 for the year ended June 30, 2022, which included forfeitures of $23,154 which has been applied against contributions.

VII. CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund. Management does not believe the amount of adjustments, if any, would be material and, accordingly, no provision for liability from such adjustments, if any, is included in the accompanying financial statements.

The Agency receives a substantial portion of its revenue from state and federal grants. Significant changes in these revenue sources could have a material effect (positive or negative) on the operations of the Agency.

The Agency, from time to time, may be a participant in legal proceedings related to the conduct of its business. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the Agency.

VIII. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements.* Effective for fiscal years beginning after June 15, 2022.
- GASB 96 *Subscription-Based Information Technology Arrangements.* Effective for fiscal years beginning after June 15, 2022.
- GASB 99 *Omnibus 2022.* Multiple effective dates.
- GASB 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.* Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences.* Effective for fiscal years beginning after December 15, 2023.

Statements 94 and 99 are not expected to have any significant impact on the financial statements of the District.

GASB Statement No. 96 will improve financial reporting by establishing a definition for Subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.