THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Education and Early Development

Division of School Finance & Facilities

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To: **All Business Managers**

From: EWB Elwin Blackwell, Internal Auditor

Date: November 9, 2012

Subject: **FY2014 Budget Template Submittals**

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This letter provides information to the districts highlighting updates in the FY2014 District Operating Fund budget form, TRS/PERS on-behalf rates, and changes to the district budget submittal process.

PERS/TRS on-behalf payments will need to be included again this year as revenue and allocated by function as expenditures. The TRS/PERS on-behalf will need to be allocated using the format outlined for the FY2008 audit and FY2009 budget. Please refer to the final page of the budget template for instructions on allocating TRS/PERS on-behalf.

The FY2014 rates for the TRS and PERS plans are listed below and are shown in the attached two resolutions from the Alaska Retirement Management Board: Resolution 2012-13 and Resolution 2012-10.

	Emp. Rate		On-behalf		Actuarial Rate
TRS	12.56%	+	41.06%	=	53.62%
PERS	22.00%	+	13.68%	=	35.68%

The department is requesting that all districts submit their FY2014 District Operating Fund Budget to the department in electronic Excel format via email. Please email the budget in Excel format to Elwin.Blackwell@alaska.gov by the July 15, 2013 deadline. The signature page and the page 2 summary will need to be submitted by fax, pdf, or mail.

The updated FY2014 District Operating Fund Budget template can be downloaded at **http://education.alaska.gov/forms/home.cfm,** then search by form number **05-93-038**. If you have any questions or experience any difficulty in downloading the form, please contact me at (907) 465-8665 or **Elwin.Blackwell@alaska.gov** and I can email the form to you.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2014 Employer Contribution Rate
For the Teachers' Retirement System

Resolution 2012-13

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for each of the funds entrusted to it; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability; and

WHEREAS, AS 14.25.070 establishes a statutory employer contribution rate of 12.56 percent and AS 14.25.085 requires additional state contribution to make up the difference between 12.56 percent and the actuarially determined contribution rate;

WHEREAS, the June 30, 2011 TRS actuarial valuation report determines that the actuarially determined contribution rate for pension benefits is 31.40 percent composed of the normal cost rate of 2.72 percent and past service rate of 28.68 percent;

WHEREAS, the June 30, 2011 TRS actuarial valuation report determines that the actuarially determined contribution rate for postemployment healthcare benefits is 18.70 percent composed of the normal cost rate of 3.87 percent and past service rate of 14.83 percent;

WHEREAS, in April 2012 Buck Consultants presented the employer rate incorporating the normal cost of the Defined Contribution Retirement Plan of 3.52 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2014 actuarially determined contribution rate attributable for employers participating in the Teachers' Retirement System is set at 53.62 percent, composed of the contribution rate for defined benefit pension of 31.40 percent, the contribution rate for postemployment healthcare of 18.70 percent, and the contribution rate for defined contribution pension of 3.52 percent.

DATED at Anchorage, Alaska this 21st day of June, 2012.

Chair

ATTEST:

Gayle Harbo
Secretary

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2014 Employer Contribution Rate
For the Public Employees' Retirement System

Resolution 2012-10

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for each of the funds entrusted to it; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability; and

WHEREAS, AS 39.35.255 establishes a statutory employer contribution rate of 22.00 percent and AS 39.35.280 requires additional state contribution to make up the difference between 22.00 percent and the actuarially determined contribution rate;

WHEREAS, the June 30, 2011 PERS actuarial valuation report determines that the actuarially determined contribution rate for pension benefits is 16.47 percent composed of the normal cost rate of 2.79 percent and past service rate of 13.68 percent;

WHEREAS, the June 30, 2011 PERS actuarial valuation report determines that the actuarially determined contribution rate for postemployment healthcare benefits is 15.84 percent composed of the normal cost rate of 5.33 percent and past service rate of 10.51 percent;

WHEREAS, in April 2012 Buck Consultants presented the employer rate incorporating the normal cost of the Defined Contribution Retirement Plan of 3.37 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2014 actuarially determined contribution rate attributable to employers participating in the Public Employees' Retirement System is set at 35.68 percent, composed of the contribution rate for defined benefit pension of 16.47 percent, the contribution rate for postemployment healthcare of 15.84 percent, and the contribution rate for defined contribution pension of 3.37 percent.

DATED at Anchorage, Alaska this 21st day of June, 2012.

Chair

ATTEST:

Gayle Harbo

Secretary