



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2020

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

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## **Independent Auditors' Report**

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

We have audited the accompanying schedule of employer allocations of the State of Alaska Teachers' Retirement System Retiree Medical Plan (the Plan) as of and for the year ended June 30, 2020, and the related notes. We have also audited the total for all employers of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the Plan as of and for the year ended June 30, 2020, and the related notes.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of OPEB amounts by employer based on our audit. We conducted our audit 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement.

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

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



**Opinions**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense for the total of all employers for the Plan as of and for the year ended June 30, 2020, in accordance with U.S. generally accepted accounting principles.

**Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Teachers' Retirement System, which includes the Retiree Medical Plan, as of and for the year ended June 30, 2020, and our report thereon, dated October 28, 2020, expressed an unmodified opinion on those financial statements.

**Restriction on Use**

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

*KPMG LLP*

Anchorage, Alaska  
December 22, 2020

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2020

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
Anchorage School District	701	\$ 1,409,646	31.59703 %
Cordova City School District	704	8,922	0.19999
Craig City School District	705	11,306	0.25342
Fairbanks North Star Borough School District	706	403,145	9.03644
Haines Borough School District	707	13,014	0.29171
Hoonah City School District	708	8,405	0.18839
Hydaburg City School District	709	8,718	0.19542
Juneau Borough School District	710	146,200	3.27706
Take City School District	712	7,019	0.15733
Ketchikan Gateway Borough School District	714	85,029	1.90592
Klawock City School District	717	4,166	0.09338
Kodiak Island Borough School District	718	96,042	2.15278
Nenana City School District	719	11,966	0.26822
Nome City School District	720	30,486	0.68335
Matanuska-Susitna Borough School District	722	505,669	11.33451
Pelican City School District	723	1,113	0.02494
Petersburg City School District	724	13,975	0.31325
Sitka Borough School District	727	45,261	1.01451
Skagway City School District	728	7,472	0.16748
Unalaska City School District	729	17,874	0.40063
Valdez City School District	730	21,209	0.47539
Wrangell Public School District	731	11,745	0.26327
Yakutat School District	732	3,500	0.07846
University of Alaska	733	102,560	2.29887
Galena City School District	735	40,302	0.90337
North Slope Borough School District	736	136,698	3.06406
State of Alaska	737	20,353	0.45625
Bristol Bay Borough School District	742	5,731	0.12845
Southeast Regional Resource Center	743	4,865	0.10904
Dillingham City School District	744	30,786	0.69007
Kenai Peninsula Borough School District	746	278,435	6.24109
Saint Mary's School District	748	10,146	0.22743
Northwest Arctic Borough School District	751	141,746	3.17721
Bering Strait School District	752	147,963	3.31657
Lower Yukon School District	753	85,565	1.91793
Lower Kuskokwim School District	754	197,979	4.43767
Kuspuk School District	755	22,166	0.49685
Southwest Region School District	756	51,145	1.14640
Lake And Peninsula Borough School District	757	29,049	0.65112
Aleutian Region School District	758	3,422	0.07670
Pribilof School District	759	3,944	0.08841
Iditarod Area School District	761	12,315	0.27604
Yukon / Koyukuk School District	762	42,897	0.96153
Yukon Flats School District	763	18,753	0.42034
Denali Borough School District	764	14,035	0.31460
Delta/Greely School District	765	20,627	0.46236
Alaska Gateway School District	766	23,057	0.51682
Copper River School District	767	16,029	0.35929
Chatham School District	768	10,804	0.24217
Southeast Island School District	769	16,209	0.36331
Annette Island School District	770	23,340	0.52316
Chugach School District	771	6,791	0.15221
Tanana School District	775	3,099	0.06947
Kashunamiut School District	777	9,971	0.22350
Yupit School District	778	32,549	0.72957
Special Education Service Agency	779	9,169	0.20552
Aleutians East Borough School District	780	16,942	0.37974
<b>Total contributions</b>		<b>\$ 4,461,324</b>	<b>100.00000 %</b>

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

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**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2020

Deferred outflows of resources								
Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources	
Anchorage School District	701	\$ 3,117,047	662,555	487,115	359,321	5,086	1,514,077	
Cordova City School District	704	19,729	4,193	3,083	2,274	1,718	11,268	
Craig City School District	705	25,000	5,314	3,907	2,882	1,300	13,403	
Fairbanks North Star Borough School District	706	891,445	189,484	139,310	102,762	—	431,556	
Haines Borough School District	707	28,778	6,117	4,497	3,317	2,539	16,470	
Hoonah City School District	708	18,585	3,950	2,904	2,142	411	9,407	
Hydaburg City School District	709	19,278	4,098	3,013	2,222	1,321	10,654	
Juneau Borough School District	710	323,282	68,716	50,521	37,267	4,451	160,955	
Kenai City School District	712	15,520	3,299	2,425	1,789	1,435	8,948	
Ketchikan Gateway Borough School District	714	188,019	39,965	29,383	21,674	901	91,923	
Klawock City School District	717	9,212	1,958	1,440	1,062	1,602	6,062	
Kodiak Island Borough School District	718	212,371	45,141	33,188	24,481	16,361	119,171	
Nenana City School District	719	26,460	5,624	4,135	3,050	1,939	14,748	
Nome City School District	720	67,412	14,329	10,535	7,771	2,527	35,162	
Matanuska-Susitna Borough School District	722	1,118,149	237,672	174,738	128,896	1,701	543,007	
Pelican City School District	723	2,461	523	385	284	29	1,221	
Petersburg City School District	724	30,902	6,569	4,829	3,562	1,626	16,586	
Sitka Borough School District	727	100,082	21,273	15,640	11,537	2,201	50,651	
Skagway City School District	728	16,522	3,512	2,582	1,905	550	8,549	
Unalaska City School District	729	39,522	8,401	6,176	4,556	1,668	20,801	
Valdez City School District	730	46,897	9,968	7,329	5,406	2,547	25,250	
Wrangell Public School District	731	25,971	5,520	4,059	2,994	802	13,375	
Yakutat School District	732	7,740	1,645	1,210	892	369	4,116	
University of Alaska	733	226,783	48,205	35,440	26,143	5,572	115,360	
Galena City School District	735	89,117	18,943	13,927	10,273	—	43,143	
North Slope Borough School District	736	302,270	64,250	47,237	34,845	10,949	157,281	
State of Alaska	737	45,009	9,569	7,034	5,190	517	22,310	
Bristol Bay Borough School District	742	12,671	2,693	1,980	1,461	2,028	8,162	
Southeast Regional Resource Center	743	10,757	2,286	1,681	1,240	1,453	6,660	
Dillingham City School District	744	68,075	14,470	10,638	7,847	2,230	35,185	
Kenai Peninsula Borough School District	746	615,683	130,869	96,216	70,974	11,343	309,402	
Saint Mary's School District	748	22,436	4,769	3,506	2,586	1,364	12,225	
Northwest Arctic Borough School District	751	313,432	66,623	48,981	36,131	8,771	160,506	
Bering Strait School District	752	327,180	69,545	51,130	37,716	11,673	170,064	
Lower Yukon School District	753	189,204	40,217	29,568	21,811	24,534	116,130	
Lower Kuskokwim School District	754	437,776	93,053	68,413	50,465	17,068	228,999	
Kuspuk School District	755	49,014	10,418	7,660	5,650	2,447	26,175	
Southwest Region School District	756	113,092	24,039	17,673	13,037	479	55,228	
Lake And Peninsula Borough School District	757	64,233	13,653	10,038	7,405	10,339	41,435	
Aleutian Region School District	758	7,566	1,608	1,182	872	911	4,573	
Pribilof School District	759	8,721	1,854	1,363	1,005	1,438	5,660	
Iditarod Area School District	761	27,232	5,788	4,256	3,139	4,069	17,252	
Yukon / Koyukuk School District	762	94,855	20,162	14,823	10,935	2,956	48,876	
Yukon Flats School District	763	41,467	8,814	6,480	4,780	2,692	22,766	
Denali Borough School District	764	31,035	6,597	4,850	3,578	926	15,951	
Delta/Greely School District	765	45,612	9,695	7,128	5,258	1,814	23,895	
Alaska Gateway School District	766	50,985	10,837	7,968	5,877	1,376	26,058	
Copper River School District	767	35,443	7,534	5,539	4,086	198	17,357	
Chatham School District	768	23,890	5,078	3,733	2,754	710	12,275	
Southeast Island School District	769	35,841	7,618	5,601	4,132	1,495	18,846	
Annette Island School District	770	51,610	10,970	8,065	5,949	214	25,198	
Chugach School District	771	15,016	3,192	2,347	1,731	73	7,343	
Tanana School District	775	6,853	1,457	1,071	790	664	3,982	
Kashunamiut School District	777	22,048	4,686	3,446	2,542	6,742	17,416	
Yupit School District	778	71,973	15,298	11,247	8,297	6,165	41,007	
Special Education Service Agency	779	20,275	4,310	3,168	2,337	807	10,622	
Aleutians East Borough School District	780	37,462	7,963	5,854	4,318	1,946	20,081	
<b>Total for all employees</b>		<b>\$ 9,865,000</b>	<b>2,096,889</b>	<b>1,541,647</b>	<b>1,137,200</b>	<b>199,047</b>	<b>4,974,783</b>	

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

Deferred inflows of resources				OPEB expense		
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
					Total employer OPEB expense	Total employer OPEB expense
235,936	2,702,420	23,300	2,961,656	836,768	(2,145)	834,623
1,493	17,104	1,482	20,079	5,296	9	5,305
1,892	21,674	190	23,756	6,711	162	6,873
67,475	772,865	16,913	857,253	239,307	(2,300)	237,007
2,178	24,950	993	28,121	7,725	236	7,961
1,407	16,112	1,887	19,406	4,989	(224)	4,765
1,459	16,714	4,098	22,271	5,175	(308)	4,867
24,470	280,279	8,471	313,220	86,785	(444)	86,341
1,175	13,456	230	14,861	4,166	155	4,321
14,232	163,009	9,764	187,005	50,474	(1,193)	49,281
697	7,986	480	9,163	2,473	153	2,626
16,075	184,122	2,996	203,193	57,011	1,785	58,796
2,003	22,941	1,892	26,836	7,103	(17)	7,086
5,103	58,445	1,959	65,507	18,097	84	18,181
84,635	969,414	18,936	1,072,985	300,166	(2,494)	297,672
186	2,133	271	2,590	661	(30)	631
2,339	26,792	2,914	32,045	8,296	(169)	8,127
7,575	86,769	776	95,120	26,867	164	27,031
1,251	14,324	1,518	17,093	4,435	(139)	4,296
2,992	34,265	2,106	39,363	10,610	(58)	10,552
3,550	40,659	6,122	50,331	12,589	(558)	12,031
1,966	22,517	1,046	25,529	6,972	(24)	6,948
586	6,710	1,244	8,540	2,078	(121)	1,957
17,166	196,617	6,175	219,958	60,880	(191)	60,689
6,745	77,263	8,560	92,568	23,923	(1,114)	22,809
22,879	262,062	8,372	293,313	81,144	247	81,391
3,407	39,020	3,086	45,513	12,079	(352)	11,727
959	10,986	1,535	13,480	3,402	65	3,467
814	9,326	644	10,784	2,888	119	3,007
5,153	59,020	3,124	67,297	18,275	(82)	18,193
46,602	533,786	1,627	582,015	165,279	1,287	166,566
1,698	19,451	3,208	24,357	6,023	(237)	5,786
23,724	271,739	8,786	304,249	84,140	(125)	84,015
24,765	283,659	—	308,424	87,831	1,665	89,496
14,321	164,036	—	178,357	50,792	3,364	54,156
33,136	379,544	1,837	414,517	117,521	2,047	119,568
3,710	42,495	172	46,377	13,158	296	13,454
8,560	98,049	2,736	109,345	30,359	(337)	30,022
4,862	55,689	4,916	65,467	17,243	861	18,104
573	6,560	507	7,640	2,031	68	2,099
660	7,561	—	8,221	2,341	204	2,545
2,061	23,609	2,893	28,563	7,310	102	7,412
7,180	82,237	6,252	95,669	25,464	(487)	24,977
3,139	35,951	1,190	40,280	11,132	219	11,351
2,349	26,907	964	30,220	8,331	(16)	8,315
3,452	39,544	158	43,154	12,244	213	12,457
3,859	44,203	4,893	52,955	13,687	(535)	13,152
2,683	30,729	3,830	37,242	9,515	(491)	9,024
1,808	20,713	955	23,476	6,413	(47)	6,366
2,713	31,073	1,600	35,386	9,621	14	9,635
3,906	44,745	1,433	50,084	13,855	(182)	13,673
1,137	13,018	1,580	15,735	4,031	(204)	3,827
519	5,942	844	7,305	1,840	(17)	1,823
1,669	19,115	1,051	21,835	5,919	731	6,650
5,448	62,399	3,978	71,825	19,321	383	19,704
1,535	17,578	1,905	21,018	5,443	(171)	5,272
2,836	32,479	648	35,963	10,057	179	10,236
746,703	8,552,765	199,047	9,498,515	2,648,246	—	2,648,246



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

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

June 30, 2020

**(1) Plan Description**

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

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions and may be amended only by the State of Alaska (State) legislature. The self-insured Plan provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement (DCR) Plan. Members are not eligible to use this Plan until they have at least 10 years of service, and are Medicare age eligible.

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical insurance coverage takes effect on the first day of the month following the date of the Plan administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement until the balance becomes insufficient to pay the premiums, at which point the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical insurance coverage for an eligible member or surviving spouse who is:

- (1) not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:
  - (a) 30 percent if the member had 10 or more, but less than 15, years of service;
  - (b) 25 percent if the member had 15 or more, but less than 20, years of service;
  - (c) 20 percent if the member had 20 or more, but less than 25, years of service;
  - (d) 15 percent if the member had 25 or more, but less than 30, years of service; and
  - (e) 10 percent if the member had 30 or more years of service.

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

June 30, 2020

**(2) Basis of Presentation**

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

**(3) Allocation Methodology**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective employer OPEB expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2020. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

**(4) Contributions**

Employer contribution rates are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2020 employer effective contribution rate is 1.09% of annual payroll.

**(5) Collective Net OPEB Asset**

**(a) Components of the Collective Net OPEB Asset**

The components of the collective net OPEB asset of the Plan as of June 30, 2020 are as follows:

Total OPEB liability	\$ 38,548,000
Plan fiduciary net position	<u>(48,413,000)</u>
Net OPEB asset	<u><u>\$ (9,865,000)</u></u>

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June 30, 2020

The total OPEB asset for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial valuations used the following actuarial assumptions as of June 30, 2020 measurement dates:

Inflation rate	2.50% per year
Salary increases	Graded by service, from 6.75% to 2.75%
Investment rate of return	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 8.0% grading down to 4.5% Employer Group Waiver Plan (EGWP): 8.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.  Deaths are assumed to be occupational 15% of the time. Disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.

Participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in

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

June 30, 2020

participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as June 30, 2020:

<b>Decrement due to disability</b>		<b>Decrement due to retirement</b>		
<b>Age</b>	<b>Percent participation</b>	<b>Age</b>	<b>Percent participation</b>	
<56	75.0 %	55	50.0 %	
56	77.5	56	55.0	
57	80.0	57	60.0	
58	82.5	58	65.0	
59	85.0	59	70.0	
60	87.5	60	75.0	
61	90.0	61	80.0	
62	92.5	62	85.0	
63	95.0	63	90.0	
64	97.5	64	95.0	
65+	100.0	65+		
			<b>Years of service</b>	
			<15	75.0 %
			15–19	80.0
			20–24	85.0
			25–29	90.0
			30+	95.0

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions.
2. The Further Consolidated Appropriations Act, 2020 that was signed into law in December 2019 made several changes, including the repeal of the Cadillac Tax.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

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**(b) Long-Term Expected Rate of Return**

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 by adding expected inflation. Best estimates of arithmetic real rates of return, excluding the inflation component of 2.50%, for each major asset class included in the Plan's target asset allocation are summarized in the following table:

<b>Asset class</b>	<b>Long-term expected real rate of return</b>
Domestic equity	6.24 %
Global equity (non-U.S.)	6.67
Aggregate bonds	(0.16)
Opportunistic	3.01
Real assets	3.82
Private equity	10.00
Cash equivalents	(1.09)

**(c) Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2020 was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the collective net OPEB asset of the Plan as of June 30, 2020, calculated using the discount rate of 7.38%, as well as what the Plan's collective net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1% decrease (6.38%)</b>	<b>Current discount rate (7.38%)</b>	<b>1% increase (8.38%)</b>
\$	532,000	(9,865,000)	(17,640,000)

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

The following presents the collective net OPEB asset of the Plan as of June 30, 2020 calculated using the current healthcare cost trend rates, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

<u>1% decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% increase</u>
\$ (18,714,000)	(9,865,000)	2,311,000

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2020:

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred outflows of resources:						
Difference between expected and actual experience	2019	9 years	\$ 2,396,444	—	299,555	2,096,889
Change in assumptions	2018	10.2 years	1,755,764	—	214,117	1,541,647
Difference between projected and actual earnings on OPEB plan investments	2017	5 years	(478,400)	—	(239,200)	(239,200)
	2018	5 years	10,200	—	3,400	6,800
	2019	5 years	368,000	—	92,000	276,000
	2020	5 years	—	1,367,000	273,400	1,093,600
			<u>(100,200)</u>	<u>1,367,000</u>	<u>129,600</u>	<u>1,137,200</u>
Total deferred outflows of resources			\$ <u>4,052,008</u>	<u>1,367,000</u>	<u>643,272</u>	<u>4,775,736</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2017	10.6 years	\$ 1,433	—	189	1,244
	2018	10.2 years	312,726	—	38,137	274,589
	2020	9.1 years	—	529,002	58,132	470,870
			<u>314,159</u>	<u>529,002</u>	<u>96,458</u>	<u>746,703</u>
Change in assumptions	2019	9 years	4,045,333	—	505,667	3,539,666
	2020	9.1 years	—	5,632,000	618,901	5,013,099
			<u>4,045,333</u>	<u>5,632,000</u>	<u>1,124,568</u>	<u>8,552,765</u>
Total deferred inflows of resources			\$ <u>4,359,492</u>	<u>6,161,002</u>	<u>1,221,026</u>	<u>9,299,468</u>

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

Year ending June 30:		
2021	\$	(577,752)
2022		(338,552)
2023		(341,952)
2024		(433,952)
2025		(707,352)
Thereafter		<u>(2,124,172)</u>
Total	\$	<u><u>(4,523,732)</u></u>

**(7) Collective OPEB Expense**

The components of the collective OPEB expense (excluding employer specific amounts) for the year ending June 30, 2020 are as follows:

Service cost	\$	3,410,000
Interest on total OPEB liability		3,073,000
Administrative expense		9,000
Expected investment return net of investment expenses		(3,266,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between expected and actual experience		203,097
Change in assumptions		(910,451)
Difference between projected and actual investment earnings on OPEB plan investments		<u>129,600</u>
Total OPEB expense	\$	<u><u>2,518,646</u></u>