



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of OPEB Amounts by Employer

June 30, 2018

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

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

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 total for all entities of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the State of Alaska Teachers' Retirement System Occupational Death and Disability Plan (the Plan) as of and for the year ended June 30, 2018, and the related notes.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule 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 schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on 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 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 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 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 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 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 schedule referred to above presents fairly, in all material respects, the net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for the Plan as of and for the year ended June 30, 2018, 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 Occupational Death and Disability Plan, as of and for the year ended June 30, 2018, and our report thereon, dated November 21, 2018, 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 Occupational Death and Disability 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
April 26, 2019

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2018

| | | | | | | <u>Deferred outflows of resources</u> | |
|--|-----------------|----------------|-----------------------|--------------------------------------|--------------------------------------|---|--|
| | | | | | | Changes in proportion and differences between employer contributions and proportionate share of contributions | |
| Employer | Employer number | Net OPEB asset | Change of assumptions | Total deferred outflows of resources | Total deferred outflows of resources | Total deferred outflows of resources | |
| Employer: | | | | | | | |
| Anchorage School District | 701 | \$ 1,084,954 | — | 6,363 | 6,363 | 6,363 | |
| Cordova City School District | 704 | 7,011 | — | 967 | 967 | 967 | |
| Craig City School District | 705 | 9,657 | — | 468 | 468 | 468 | |
| Fairbanks North Star Borough School District | 706 | 303,706 | — | — | — | — | |
| Haines Borough School District | 707 | 9,124 | — | 3,110 | 3,110 | 3,110 | |
| Hoonah City School District | 708 | 6,127 | — | — | — | — | |
| Hydaburg City School District | 709 | 2,473 | — | 1,749 | 1,749 | 1,749 | |
| Juneau Borough School District | 710 | 112,331 | — | 1,345 | 1,345 | 1,345 | |
| Kenai City School District | 711 | 6,836 | — | 388 | 388 | 388 | |
| Ketchikan Gateway Borough School District | 714 | 58,998 | — | 1,396 | 1,396 | 1,396 | |
| Klawock City School District | 717 | 4,509 | — | 505 | 505 | 505 | |
| Kodiak Island Borough School District | 718 | 83,621 | — | 9,507 | 9,507 | 9,507 | |
| Nenana City School District | 719 | 8,742 | — | 1,262 | 1,262 | 1,262 | |
| Nome City School District | 720 | 25,621 | — | 1,591 | 1,591 | 1,591 | |
| Matanuska-Susitna Borough School District | 722 | 384,312 | — | 1,807 | 1,807 | 1,807 | |
| Pelican City School District | 723 | 622 | — | 6 | 6 | 6 | |
| Petersburg City School District | 724 | 12,026 | — | 1,053 | 1,053 | 1,053 | |
| Sitka Borough School District | 727 | 37,097 | — | 423 | 423 | 423 | |
| Skagway City School District | 728 | 6,267 | — | — | — | — | |
| Unalaska City School District | 729 | 14,573 | — | 1,609 | 1,609 | 1,609 | |
| Valdez City School District | 730 | 13,638 | — | 1,403 | 1,403 | 1,403 | |
| Wrangell Public School District | 731 | 8,663 | — | 543 | 543 | 543 | |
| Yakutat School District | 732 | 2,737 | — | — | — | — | |
| University of Alaska | 733 | 79,952 | — | 453 | 453 | 453 | |
| Galena City School District | 735 | 23,661 | — | — | — | — | |
| North Slope Borough School District | 736 | 117,383 | — | 3,135 | 3,135 | 3,135 | |
| State of Alaska | 737 | 14,021 | — | 1,398 | 1,398 | 1,398 | |
| Bristol Bay Borough School District | 742 | 5,908 | — | 1,192 | 1,192 | 1,192 | |
| Southeast Regional Resource Center | 743 | 3,107 | — | 1,557 | 1,557 | 1,557 | |
| Dillingham City School District | 744 | 22,496 | — | 3,477 | 3,477 | 3,477 | |
| Kenai Peninsula Borough School District | 746 | 231,332 | — | — | — | — | |
| Saint Mary's School District | 748 | 4,428 | — | 1,623 | 1,623 | 1,623 | |
| Northwest Arctic Borough School District | 751 | 116,435 | — | 1,431 | 1,431 | 1,431 | |
| Bering Strait School District | 752 | 124,703 | — | 5,395 | 5,395 | 5,395 | |
| Lower Yukon School District | 753 | 83,336 | — | 12,561 | 12,561 | 12,561 | |
| Lower Kuskokwim School District | 754 | 167,629 | — | 6,513 | 6,513 | 6,513 | |
| Kuspuk School District | 755 | 19,116 | — | 974 | 974 | 974 | |
| Southwest Region School District | 756 | 38,731 | — | 348 | 348 | 348 | |
| Lake And Peninsula Borough School District | 757 | 28,612 | — | 2,302 | 2,302 | 2,302 | |
| Aleutian Region School District | 758 | 2,962 | — | 207 | 207 | 207 | |
| Pribilof School District | 759 | 3,706 | — | 1,067 | 1,067 | 1,067 | |
| Iditarod Area School District | 761 | 11,104 | — | 2,145 | 2,145 | 2,145 | |
| Yukon / Koyukuk School District | 762 | 29,795 | — | 2,042 | 2,042 | 2,042 | |
| Yukon Flats School District | 763 | 13,420 | — | 3,019 | 3,019 | 3,019 | |
| Denali Borough School District | 764 | 11,570 | — | 459 | 459 | 459 | |
| Delta/Greely School District | 765 | 17,799 | — | 585 | 585 | 585 | |
| Alaska Gateway School District | 766 | 16,031 | — | — | — | — | |
| Copper River School District | 767 | 11,610 | — | 308 | 308 | 308 | |
| Chatham School District | 768 | 8,289 | — | 384 | 384 | 384 | |
| Southeast Island School District | 769 | 11,807 | — | 790 | 790 | 790 | |
| Annette Island School District | 770 | 17,886 | — | — | — | — | |
| Chugach School District | 771 | 3,681 | — | 113 | 113 | 113 | |
| Tanana School District | 775 | 2,170 | — | 1,036 | 1,036 | 1,036 | |
| Kashunamiut School District | 777 | 14,174 | — | 1,636 | 1,636 | 1,636 | |
| Yupit School District | 778 | 25,321 | — | 2,605 | 2,605 | 2,605 | |
| Special Education Service Agency | 779 | 6,510 | — | — | — | — | |
| Aleutians East Borough School District | 780 | 13,670 | — | 1,539 | 1,539 | 1,539 | |
| Total attributable to employer contributions | | \$ 3,506,000 | — | 95,789 | 95,789 | 95,789 | |

See accompanying notes to schedule of OPEB amounts by employer.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2018

| Deferred inflows of resources | | | | | OPEB expense | | |
|---|--|-----------------------|---|-------------------------------------|---|--------------------------------------|------------------------------|
| Difference between expected and actual experience | Net difference between projected and actual investment earnings on OPEB plan investments | Change of assumptions | Changes in proportion and differences between employer contributions and proportionate share of contributions | Total deferred inflows of resources | Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | | |
| | | | | | Proportionate share of allocable plan OPEB benefit | Proportionate share of contributions | Total OPEB expense (benefit) |
| 72,988 | 30,760 | — | 2,141 | 105,889 | (12,480) | 506 | (11,974) |
| 472 | 199 | — | 1,037 | 1,708 | (80) | (16) | (96) |
| 650 | 274 | — | — | 924 | (111) | 52 | (59) |
| 20,431 | 8,610 | — | 7,061 | 36,102 | (3,493) | (806) | (4,299) |
| 614 | 259 | — | — | 873 | (105) | 348 | 243 |
| 412 | 174 | — | 1,453 | 2,039 | (70) | (166) | (236) |
| 166 | 70 | — | — | 236 | (28) | 203 | 175 |
| 7,557 | 3,185 | — | 2,821 | 13,563 | (1,292) | (150) | (1,442) |
| 460 | 194 | — | 244 | 898 | (79) | 19 | (60) |
| 3,969 | 1,672 | — | 2,839 | 8,480 | (679) | (146) | (825) |
| 303 | 128 | — | 750 | 1,181 | (52) | (32) | (84) |
| 5,625 | 2,371 | — | 4,692 | 12,688 | (962) | 488 | (474) |
| 588 | 248 | — | 828 | 1,664 | (101) | 41 | (60) |
| 1,724 | 726 | — | 2,072 | 4,522 | (295) | (40) | (335) |
| 25,853 | 10,896 | — | 11,103 | 47,852 | (4,421) | (1,095) | (5,516) |
| 42 | 18 | — | 34 | 94 | (7) | (3) | (10) |
| 809 | 341 | — | 3,082 | 4,232 | (138) | (213) | (351) |
| 2,496 | 1,052 | — | 534 | 4,082 | (427) | (16) | (443) |
| 422 | 178 | — | 1,780 | 2,380 | (72) | (202) | (274) |
| 980 | 413 | — | 2,053 | 3,446 | (168) | (36) | (204) |
| 917 | 387 | — | 3,308 | 4,612 | (157) | (232) | (389) |
| 583 | 246 | — | 400 | 1,229 | (100) | 13 | (87) |
| 184 | 78 | — | 1,188 | 1,450 | (31) | (136) | (167) |
| 5,379 | 2,267 | — | 564 | 8,210 | (920) | (16) | (936) |
| 1,592 | 671 | — | 1,774 | 4,037 | (272) | (201) | (473) |
| 7,897 | 3,328 | — | 8,853 | 20,078 | (1,350) | (598) | (1,948) |
| 943 | 397 | — | 1,173 | 2,513 | (161) | 35 | (126) |
| 397 | 167 | — | 1,623 | 2,187 | (68) | (38) | (106) |
| 209 | 88 | — | — | 297 | (36) | 170 | 134 |
| 1,513 | 638 | — | 1,688 | 3,839 | (259) | 221 | (38) |
| 15,562 | 6,558 | — | 2,180 | 24,300 | (2,661) | (247) | (2,908) |
| 298 | 125 | — | — | 423 | (51) | 181 | 130 |
| 7,833 | 3,301 | — | 5,718 | 16,852 | (1,339) | (455) | (1,794) |
| 8,389 | 3,535 | — | — | 11,924 | (1,434) | 614 | (820) |
| 5,606 | 2,362 | — | — | 7,968 | (959) | 1,412 | 453 |
| 11,277 | 4,752 | — | 2,897 | 18,926 | (1,928) | 371 | (1,557) |
| 1,286 | 542 | — | 273 | 2,101 | (220) | 74 | (146) |
| 2,605 | 1,098 | — | 1,960 | 5,663 | (446) | (190) | (636) |
| 1,925 | 811 | — | 1,475 | 4,211 | (329) | 107 | (222) |
| 199 | 84 | — | — | 283 | (34) | 24 | (10) |
| 249 | 105 | — | — | 354 | (43) | 119 | 76 |
| 747 | 315 | — | 3,304 | 4,366 | (128) | (151) | (279) |
| 2,004 | 845 | — | 1,065 | 3,914 | (343) | 122 | (221) |
| 903 | 380 | — | — | 1,283 | (154) | 332 | 178 |
| 778 | 328 | — | 1,507 | 2,613 | (133) | (126) | (259) |
| 1,197 | 504 | — | 153 | 1,854 | (205) | 51 | (154) |
| 1,078 | 455 | — | 2,186 | 3,719 | (184) | (250) | (434) |
| 781 | 329 | — | 3,115 | 4,225 | (134) | (303) | (437) |
| 558 | 235 | — | 655 | 1,448 | (95) | (34) | (129) |
| 794 | 335 | — | — | 1,129 | (136) | 87 | (49) |
| 1,203 | 507 | — | 1,118 | 2,828 | (206) | (128) | (334) |
| 248 | 104 | — | 85 | 437 | (42) | 4 | (38) |
| 146 | 62 | — | 638 | 846 | (25) | 51 | 26 |
| 954 | 402 | — | 1,111 | 2,467 | (163) | 70 | (93) |
| 1,703 | 718 | — | — | 2,421 | (291) | 286 | (5) |
| 438 | 185 | — | 493 | 1,116 | (75) | (54) | (129) |
| 920 | 388 | — | 761 | 2,069 | (157) | 79 | (78) |
| 235,856 | 99,400 | — | 95,789 | 431,045 | (40,329) | — | (40,329) |

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedule of OPEB Amounts by Employer

June 30, 2018

(1) Plan Description

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

The Plan is established under Alaska Statute 14.35 which defines benefit and contribution provisions and may be amended only by the State of Alaska (State) legislature. The Plan provides death benefits for beneficiaries of Plan participants and long-term disability benefits to all active members within the System.

Death Benefits

If (1) the death of an employee occurs before the employee's retirement and before the employee's normal retirement date, (2) the proximate cause of death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties, and (3) the injury or hazard is not the proximate result of willful negligence of the employee, then a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

The monthly survivor's pension section for survivors of Plan employees is 40% of the employee's monthly compensation in the month in which the employee dies. While the monthly survivor's pension is being paid, the employer shall make contributions on behalf of the employee's beneficiaries based on the deceased employee's gross monthly compensation at the time of occupational death.

Disability Benefits

A Plan member is eligible for an occupational disability before the employee's normal retirement date. The occupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment.

(2) Basis of Presentation

The schedule of OPEB amounts by employer (the Schedule) presents 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, its participating employers, or the State. The amounts presented in the Schedule 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.

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedule of OPEB Amounts by Employer

June 30, 2018

(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 OPEB expense. During the year ended June 30, 2018, there were no employer contributions to the Plan. For purposes of GASB Statement No. 75, management determined that since the contribution base of the Plan was comparable to that of the System's Retiree Medical Plan, the allocation percentages computed in the Retiree Medical Plan would be used for this Plan. Allocation percentages are presented in a separate audit report titled *State of Alaska Teachers' Retirement System Retiree Medical Plan Schedule of Employer Allocations*.

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). There were no employer contributions for the year ended June 30, 2018.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

The components of the collective net OPEB asset of the Plan are as follows as of June 30, 2018:

| | | |
|-----------------------------|----|---------------------------|
| Total OPEB liability | \$ | 291,000 |
| Plan fiduciary net position | | <u>3,797,000</u> |
| Net OPEB asset | \$ | <u><u>(3,506,000)</u></u> |

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. These actuarial valuations used the following actuarial assumptions as of June 30, 2018:

| | |
|---------------------------|---|
| Inflation | 3.12% |
| Salary increases | Graded by service, from 8.11% to 3.87% |
| Investment rate of return | 8.00%, net of occupational death and disability plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%. |

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedule of OPEB Amounts by Employer

June 30, 2018

Mortality

Posttermination mortality rates were based on 94% of the male rates and 97% of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pretermination mortality were 68% of the male rates and 60% of the female rates of the posttermination mortality rates (deaths were assumed to result from occupational causes 15% of the time). Disability mortality is in accordance with the RP-2000 Disabled Retiree Mortality Table, 2000 Base Year, projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation.

(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 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 for each major asset class included in the Plan's target asset allocations as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

| <u>Asset class</u> | <u>Long-term expected real rate of return</u> |
|-----------------------|---|
| Domestic equity | 8.90 % |
| Global ex-U.S. equity | 7.85 |
| Fixed income | 1.25 |
| Opportunistic | 4.76 |
| Real assets | 6.20 |
| Absolute return | 4.76 |
| Private equity | 12.08 |
| Cash equivalents | 0.66 |

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedule of OPEB Amounts by Employer

June 30, 2018

(c) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018 was 8.0%. 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, 2018, calculated using the discount rate of 8.0%, as well as what the Plan's collective net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| 1% Decrease (7%) | Current discount rate (8%) | 1% Increase (9%) |
|------------------------|----------------------------------|------------------------|
| \$ (3,524,000) | (3,506,000) | (3,496,000) |

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

Deferred outflows of resources relate entirely to employer specific amounts.

The following presents a summary of changes in the collective deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2018:

| | Year of deferral | Amortization period | Beginning of year balance | Additions | Deductions | End of year balance |
|---|---------------------|------------------------|------------------------------|-----------|------------|------------------------|
| Deferred inflows of resources: | | | | | | |
| Difference between expected and actual experience | 2017 | 10.6 years | \$ 13,585 | — | 1,415 | 12,170 |
| | 2018 | 10.2 years | — | 248,000 | 24,314 | 223,686 |
| | | | 13,585 | 248,000 | 25,729 | 235,856 |
| Difference between projected and actual earnings on OPEB plan investments | 2017 | 5 years | 124,000 | — | 31,000 | 93,000 |
| | 2018 | 5 years | — | 8,000 | 1,600 | 6,400 |
| | | | 124,000 | 8,000 | 32,600 | 99,400 |
| Total deferred inflows of resources | | | \$ 137,585 | 256,000 | 58,329 | 335,256 |

**THE STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
OCCUPATIONAL DEATH AND DISABILITY PLAN**

Notes to Schedule of OPEB Amounts by Employer

June 30, 2018

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

| | | |
|----------------------|----|-------------------------|
| Year ending June 30: | | |
| 2019 | \$ | (58,329) |
| 2020 | | (58,329) |
| 2021 | | (58,329) |
| 2022 | | (27,329) |
| 2023 | | (25,729) |
| Thereafter | | <u>(107,211)</u> |
| Total | \$ | <u><u>(335,256)</u></u> |

(7) Collective OPEB Expense

The components of the collective OPEB benefit (excluding employer specific amounts) for the year ending June 30, 2018 are as follows:

| | | |
|--|----|------------------------|
| Service cost | \$ | 259,000 |
| Interest on total OPEB liability | | 41,000 |
| Expected investment return net of investment expenses | | (282,000) |
| Recognition (amortization) of deferred outflows/inflows of resources: | | |
| Difference between projected and actual investment earnings on OPEB plan investments | | (32,600) |
| Difference between expected and actual experience | | <u>(25,729)</u> |
| Total OPEB benefit | \$ | <u><u>(40,329)</u></u> |