Illustration - Note Disclosures and Required Supplementary Information for a cost sharing employer in OPEB without any non-employer contributing entity (no special funding situation)

[Note: This illustration includes only note disclosures and required supplementary information required by GASB Statement 75. The circumstances of this example employer do not include all circumstances for which note disclosures and required supplementary information should be presented.]

State Employer Agency
Notes to the Financial Statements
For the Year Ended June 30, 2018
(Dollar amounts in thousands)

Note X - Summary of Significant Accounting Policies

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia State Employees Postemployment Benefit Fund (State OPEB Fund) and additions to/deductions from State OPEB Fund fiduciary net position have been determined on the same basis as they are reported by State OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note X – OPEB
[This illustration provides an example of note disclosures of an employer participating only in State OPEB Fund. If employees were provided with benefits through more than one defined benefit OPEB fund, the employer should disclose information required by paragraph 89 of Statement 75 and should apply the requirements of paragraph 90 of Statement 75.]

General Information about the State OPEB Fund

Plan description: – Employees of State organizations as defined in §45-18-25 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided OPEB through the State OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 45 of the *O.C.G.A.* assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits provided: The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions: As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the Employer Agency were $XX,XXX for the year ended June 30, 2018. Active employees are not required to contribute to the State OPEB Fund.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Employer Agency reported a liability of $XX,XXX for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 was determined using standard roll-forward techniques. The Employer Agency's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the Employer Agency's proportion was X.XXXXXX%, which was an increase (decrease) of X.XX% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Employer Agency recognized OPEB expense of $X,XXX. At June 30, 2018, the Employer Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ X,XXX	$ X,XXX
Changes of assumptions	X,XXX	X,XXX
Net difference between projected and actual earnings on OPEB plan investments	X,XXX	X,XXX
Changes in proportion and differences between Employer Agency contributions and proportionate share of contributions	X,XXX	X,XXX
Employer Agency contributions subsequent to the measurement date	X,XXX	-
Total	$ X,XXX	$ X,XXX

Employer Agency contributions subsequent to the measurement date of $X,XXX are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	$	X,XXX
2020		X,XXX
2021		X,XXX
2022		X,XXX
2023		X,XXX
Thereafter		X,XXX

Actuarial assumptions: The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.75%
Salary increases	
ERS	3.25 – 7.00%, including inflation
JRS	4.50%, including inflation
LRS	None
TRS	3.25 – 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For ERS, JRS and LRS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years or both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement.
- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014.

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

Additionally, there was a change that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the State OPEB Fund is based on their current or last employer payroll location. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are allocated to the State OPEB Fund irrespective of retirement system affiliation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Local Government Investment Pool	100%	3.88%

Discount rate: The discount rate has changed since the prior measurement date from 3.09% to 3.60%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 3.60% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.56% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2115. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2029. Therefore, the calculated discount rate of 3.60% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the Employer Agency's proportionate share of the net OPEB liability calculated using the discount rate of 3.60%, as well as what the Employer Agency's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.60%) or 1percentage-point higher (4.60%) than the current discount rate:

	1% Decrease (2.60%)	**Current Discount Rate (3.60%)**	**1% Increase (4.60%)**
Net OPEB liability (asset)	$ XXX,XXX	$ XXX,XXX	$ XXX,XXX

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the Employer Agency's proportionate share of the net OPEB liability, as well as what the Employer 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 Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)	$ XXX,XXX	$ XXX,XXX	$ XXX,XXX

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report (CAFR) which is publicly available at https://sao.georgia.gov/comprehensive-annual-financial-reports.

State Employer Agency
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability
State OPEB Fund
For the Year Ended June 30
(Dollar amounts in thousands)

	2018
Employer Agency's proportion of the net OPEB liability	X.XXX%
Employer Agency's proportionate share of the net OPEB liability (assets)	XX,XXX
Employer Agency's covered payroll (CP)*	XX,XXX
Employer Agency's proportionate share of the net OPEB liability as a percentage of its covered payroll	X.XX%
Plan fiduciary net position as a percentage of the total OPEB liability	X.XX%

**CEP - the payroll of employees that are provided OPEB through the OPEB plan*

Note: Schedule is intended to show information for 10 fiscal years. Additional years will be displayed as they become available.

State Employer Agency
Required Supplementary Information
Schedule of Contributions

State OPEB Fund
For the Year Ended June 30
(Dollar amounts in thousands)

	2018
Contractually required contribution (CRC)*	$ XX,XXX
Contributions in relation to the contractually required contribution*	XX,XXX
Contribution deficiency (excess)	$ XX,XXX
Employer Agency's covered payroll (CP)**	$ XX,XXX
Contributions as a percentage of covered payroll (CP)**	X.XX%

*The "Contractually Required Contribution (CRC)" and "Contributions in relation to the contractually required contribution" are the same amount and can be found in the organization's customized employer packet identified as "Contributions made during the measurement period" on page 1.
**CP is the payroll of employees that are provided OPEB through the OPEB plan.

Note: Schedule is intended to show information for 10 fiscal years. Additional years will be displayed as they become available

State Employer Agency
Notes to Required Supplementary Information
For the Year Ended June 30, 2018
(Dollar amounts in thousands)

***Changes of benefit terms*:** In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.