

Alabama Retired Education Employees' Health Care Trust

*Schedule of Employer Allocations*

&

*Other Postemployment Benefit Amounts by Employer*

*As of and for the Fiscal Year Ended September 30, 2017*

---

David G. Bronner, Ph.D., J.D., Chief Executive Officer

201 South Union Street • P. O. Box 302150 • Montgomery, Alabama 36130-2150  
(334) 517-7000 or 1-877-517-0020 • <http://www.rsa-al.gov>

**Alabama Retired Education Employees' Health Care Trust**  
**Table of Contents**

Independent Auditors' Report.....	1
Schedule of Employer Allocations.....	3
Schedule of Other Postemployment Benefit Amounts by Employer.....	7
Notes to the Schedule of Employer Allocations and Other Postemployment Benefit Amounts by Employer.....	10
Schedule of Discount Rate Sensitivity, Amortization of Deferred Outflows/(Inflows), and Employer Contributions as of and for the Fiscal Year Ended September 30, 2017.....	18

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Control  
Alabama Retired Education Employees' Health Care Trust

We have audited the accompanying schedule of employer allocations of the Alabama Retired Education Employees' Health Care Trust as of and for the year ended September 30, 2017, and the related notes. We have also audited the total for all entities of the columns titled 2017 net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense (specified column totals) included in the accompanying schedule of other postemployment benefit amounts by employer of the Alabama Retired Education Employees' Health Care Trust for the year ended September 30, 2017, and the related notes.

### **Management's Responsibility for the Financial Information**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the schedule of employer allocations and the specified column totals included in the schedule of other postemployment benefit 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 other postemployment benefit 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 other postemployment benefit 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 other postemployment benefit amounts by employer, whether due to fraud or error. In making those risk assessments, the auditors consider 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 other postemployment benefit 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 other postemployment benefit amounts by employer.

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

### **Opinion**

In our opinion, the schedule and specified column totals referred to above present fairly, in all material respects, the employer allocations as of and for the year ended September 30, 2017 and the 2017 net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for the Alabama Retired Education Employees' Health Care Trust as of and for the year ended September 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

### **Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the schedule of employer allocations and specified column totals included in the accompanying schedule of other postemployment benefit amounts by employer of the Alabama Retired Education Employees' Health Care Trust. The schedule of discount rate sensitivity, amortization of deferred outflows/(inflows), and employer contributions as of and for the fiscal year ended September 30, 2017, the supplemental schedule, is the responsibility of management and is presented for purposes of additional analysis and is not a required part of the schedule of employer allocations and specified column totals included in the accompanying schedule of other postemployment benefit amounts by employer. The supplemental schedule has not been subjected to the auditing procedures applied in the audit of the schedule of employer allocations and specified column totals included in the accompanying schedule of other postemployment benefit amounts by employer and, accordingly, we do not express an opinion or provide any assurance on the schedule.

### **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Alabama Retired Education Employees' Health Care Trust as of and for the year ended September 30, 2017, and our report thereon, dated March 5, 2018, expressed an unmodified opinion on those financial statements.

### **Restriction on Use**

Our report is intended solely for the information and use of Alabama Retired Education Employees' Health Care Trust management, members of the Board of Control, Alabama Retired Education Employees' Health Care Trust plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*Carly Riggs & Ingram, L.L.C.*

September 10, 2018  
Montgomery, Alabama

**Alabama Retired Education Employees' Health Care Trust**  
**Schedule of Employer Allocations**  
**For the Fiscal Years Ended September 30, 2016, and September 30, 2017**  
**(Dollar Amounts Not in Thousands)**

<b>Employer</b>	<b>Employer Code</b>	<b>2016 Employer Contributions</b>	<b>2016 Employer Allocation Percentage</b>	<b>2017 Employer Contributions</b>	<b>2017 Employer Allocation Percentage</b>
ACCEL Academy	TACL	\$ -	0.000000%	\$ 18,768	0.007731%
Alabama A&M University	TAMI	2,008,986	0.647194%	1,507,058	0.620810%
Alabama Association of School Boards	TAAB	35,061	0.011295%	26,432	0.010888%
Alabama Education Association	TAEA	201,774	0.065001%	143,085	0.058942%
Alabama Fire College	TAFC	96,403	0.031056%	79,459	0.032732%
Alabama High School Athletic Association	TAAA	38,440	0.012383%	29,090	0.011983%
Alabama Industrial Development Training	TIDT	376,613	0.121326%	277,606	0.114356%
Alabama Institute for Deaf and Blind	TAID	2,488,855	0.801784%	1,886,559	0.777140%
Alabama Retired State Employees Association	TREA	20,276	0.006532%	13,607	0.005605%
Alabama School of Fine Arts	THFA	191,988	0.061849%	144,640	0.059582%
Alabama State Employees Association	TASE	25,345	0.008165%	17,517	0.007216%
Alabama State University	TMST	1,550,514	0.499498%	1,447,743	0.596376%
Alabama Technology Network	TATN	145,100	0.046744%	102,098	0.042058%
Alabaster City School System	TALR	1,841,596	0.593270%	1,416,921	0.583680%
Albertville City Board of Education	TALB	1,390,005	0.447790%	1,063,683	0.438168%
Alexander City Board of Education	TALX	838,075	0.269986%	638,504	0.263022%
Andalusia City Board of Education	TADL	469,643	0.151295%	350,311	0.144305%
Anniston Board of Education	TANN	699,606	0.225378%	507,054	0.208873%
Arab City Board of Education	TARB	752,536	0.242429%	540,139	0.222502%
Athens City Board of Education	TATH	1,102,754	0.355252%	850,377	0.350300%
Athens State University	TATC	606,999	0.195545%	458,429	0.188843%
Attalla City Schools	TATT	501,113	0.161433%	362,160	0.149186%
Auburn City Board of Education	TAUB	2,396,863	0.772149%	1,786,047	0.735736%
Auburn University	TAPI	11,142,583	3.589580%	10,691,559	4.404229%
Autauga County Board of Education	TATG	2,746,153	0.884672%	2,029,551	0.836043%
Baldwin County Board of Education	TBLD	9,156,069	2.949625%	6,735,075	2.774414%
Barbour County Schools	TBAR	299,356	0.096437%	218,043	0.089820%
Bessemer Board of Education	TBSM	1,210,140	0.389846%	872,186	0.359284%
Bevill State Community College	TWCT	691,435	0.222746%	550,971	0.226964%
Bibb County Board of Education	TBIB	1,052,708	0.339130%	778,400	0.320650%
Birmingham City Schools	TBMH	6,840,848	2.203777%	5,036,727	2.074805%
Bishop State Community College	TMJC	577,331	0.185987%	399,554	0.164590%
Blount County Board of Education	TBLT	2,325,982	0.749314%	1,722,458	0.709541%
Boaz City Board of Education	TBOZ	674,234	0.217204%	498,165	0.205212%
Brewton City Board of Education	TBWT	318,897	0.102733%	237,235	0.097725%
Bullock County Board of Education	TBLK	480,436	0.154772%	350,033	0.144191%
Butler County Board of Education	TBLR	961,505	0.309749%	712,806	0.293630%
Calhoun Community College	TDEC	888,124	0.286109%	681,892	0.280895%
Calhoun County Board of Education	TCAL	3,044,900	0.980914%	2,215,217	0.912526%
CAPNA, Inc.	TNCA	1,183,811	0.381364%	782,174	0.322205%
Central Alabama Community College	TACC	322,938	0.104034%	236,465	0.097408%
Chambers County Board of Education	TCHB	1,187,871	0.382672%	876,129	0.360908%
Chattahoochee Valley Community College	TCVS	235,793	0.075961%	167,197	0.068874%
Cherokee County Board of Education	TCHK	1,244,609	0.400950%	920,458	0.379169%
Chickasaw City School System	TCKW	300,071	0.096668%	232,601	0.095817%
Chilton County Board of Education	TCHT	2,120,659	0.683170%	1,627,087	0.670254%
Choctaw County Board of Education	TCHW	508,280	0.163742%	361,128	0.148761%
Clarke County Board of Education	TCLK	938,142	0.302222%	676,434	0.278647%
Clay County Board of Education	TCLY	630,323	0.203058%	464,262	0.191246%
Cleburne County Board of Education	TCLB	818,021	0.263525%	586,205	0.241478%
Coastal Alabama Community College	TBMC	971,562	0.312988%	715,300	0.294657%
Coffee County Board of Education	TCOF	564,652	0.181902%	424,090	0.174698%
Colbert County Board of Education	TCOL	985,013	0.317322%	741,636	0.305506%
Conecuh County Board of Education	TCON	598,727	0.192880%	448,262	0.184655%
Coosa County Board of Education	TCSA	362,434	0.116758%	262,830	0.108269%

*The accompanying notes are an integral part of the Schedule of Employer Allocations and OPEB Amounts by Employer.*

**Alabama Retired Education Employees' Health Care Trust**  
**Schedule of Employer Allocations**  
**For the Fiscal Years Ended September 30, 2016, and September 30, 2017**  
**(Dollar Amounts Not in Thousands)**

<b>Employer</b>	<b>Employer Code</b>	<b>2016 Employer Contributions</b>	<b>2016 Employer Allocation Percentage</b>	<b>2017 Employer Contributions</b>	<b>2017 Employer Allocation Percentage</b>
Council for Leaders in Alabama Schools	TACA	22,859	0.007364%	15,953	0.006572%
Covington County Board of Education	TCOV	1,010,435	0.325511%	741,305	0.305370%
Crenshaw County Board of Education	TCRW	682,421	0.219842%	523,445	0.215625%
Cullman City Board of Education	TCMN	896,185	0.288706%	657,638	0.270904%
Cullman County Commission on Education	TCUL	2,943,224	0.948159%	2,201,209	0.906755%
Dale County Board of Education	TDAL	885,386	0.285227%	673,291	0.277352%
Daleville City Board of Education	TDLV	331,428	0.106769%	236,840	0.097563%
Dallas County Board of Education	TDLS	1,216,779	0.391985%	894,670	0.368546%
Dauphin Island Sea Lab	TMES	206,118	0.066401%	162,895	0.067102%
Decatur Board of Education	TDTR	2,819,567	0.908323%	2,108,506	0.868568%
DeKalb County Board of Education	TDKB	2,696,174	0.868572%	2,027,525	0.835209%
Demopolis City Schools	TDPL	604,985	0.194896%	447,036	0.184150%
Dothan Board of Education	TDTN	2,976,662	0.958931%	2,172,894	0.895091%
Elba City Board of Education	TELB	223,325	0.071944%	162,479	0.066931%
Elmore County Board of Education	TELM	3,244,309	1.045153%	2,435,638	1.003325%
Enterprise Board of Education	TENP	1,997,377	0.643454%	1,537,541	0.633367%
Enterprise State Community College	TEPC	306,104	0.098611%	241,291	0.099396%
Escambia County Board of Education	TESC	1,616,313	0.520695%	1,195,523	0.492478%
Etowah County Board of Education	TETH	2,601,559	0.838091%	1,913,517	0.788245%
Eufaula City Board of Education	TEFL	840,986	0.270923%	626,559	0.258102%
Fairfield Board of Education	TFRF	530,471	0.170891%	382,225	0.157452%
Fayette County Board of Education	TFAY	750,459	0.241760%	555,446	0.228808%
Florence City Board of Education	TFLO	1,307,132	0.421092%	960,088	0.395494%
Fort Payne City Board of Education	TFTP	871,023	0.280600%	652,696	0.268868%
Franklin County Board of Education	TFRK	1,113,209	0.358620%	868,388	0.357720%
Gadsden City Board of Education	TGDS	1,602,183	0.516143%	1,173,034	0.483214%
Gadsden State Community College	TGDC	952,671	0.306903%	680,241	0.280215%
Gardendale Board of Education	TGBE	10,138	0.003266%	7,507	0.003092%
Geneva City Board of Education	TGCB	381,048	0.122754%	280,887	0.115707%
Geneva County Board of Education	TGEN	846,016	0.272544%	631,805	0.260263%
George Corley Wallace State Community College	TGWS	362,446	0.116762%	267,216	0.110076%
Greene County Board of Education	TGRN	434,054	0.139830%	317,605	0.130833%
Guntersville City Board of Education	TGUN	593,362	0.191151%	425,700	0.175361%
H. Councill Trenholm State Technical College	TMGT	298,015	0.096005%	234,310	0.096521%
Hale County Board of Education	THAL	841,479	0.271082%	604,724	0.249107%
Haleyville City Board of Education	THAV	503,144	0.162088%	374,102	0.154106%
Hartselle City Board of Education	THCS	917,524	0.295580%	670,143	0.276055%
Henry County Board of Education	THNY	777,191	0.250372%	575,539	0.237085%
Homewood City Board of Education	THOM	1,273,939	0.410399%	961,929	0.396252%
Hoover City Board of Education	THOV	4,593,290	1.479727%	3,314,786	1.365477%
Houston County Board of Education	THST	1,829,170	0.589267%	1,368,936	0.563913%
Huntsville City Schools	THTS	6,287,311	2.025455%	4,702,490	1.937121%
J. F. Drake State Technical College	THVS	212,363	0.068413%	145,168	0.059800%
J. F. Ingram State Technical College	TDRT	286,589	0.092325%	217,328	0.089525%
Jackson County Board of Education	TJKS	1,859,169	0.598931%	1,378,960	0.568042%
Jacksonville City Board of Education	TJCS	417,101	0.134369%	306,631	0.126312%
Jacksonville State University	TJST	2,279,664	0.734393%	1,702,548	0.701339%
Jasper City Board of Education	TJSP	855,521	0.275606%	621,121	0.255862%
Jefferson County American Federation of Teachers	TJFT	12,673	0.004083%	9,384	0.003866%
Jefferson County Board of Education	TJEF	10,579,172	3.408077%	7,836,945	3.228313%
Jefferson State Community College	TJJC	849,881	0.273789%	633,343	0.260896%
Lamar County Schools	TLAM	693,143	0.223296%	511,888	0.210865%
Lanett City Schools	TLNT	298,832	0.096269%	211,539	0.087140%
Lauderdale County Board of Education	TLAU	2,493,650	0.803329%	1,842,531	0.759003%
Law Enforcement Academy--Baldwin County	TSWP	5,069	0.001633%	3,754	0.001546%

*The accompanying notes are an integral part of the Schedule of Employer Allocations and OPEB Amounts by Employer.*

**Alabama Retired Education Employees' Health Care Trust**  
**Schedule of Employer Allocations**  
**For the Fiscal Years Ended September 30, 2016, and September 30, 2017**  
**(Dollar Amounts Not in Thousands)**

<b>Employer</b>	<b>Employer Code</b>	<b>2016 Employer Contributions</b>	<b>2016 Employer Allocation Percentage</b>	<b>2017 Employer Contributions</b>	<b>2017 Employer Allocation Percentage</b>
Law Enforcement Academy--Tuscaloosa	TLET	4,647	0.001497%	3,754	0.001546%
Lawrence County Board of Education	TLAW	1,548,995	0.499008%	1,148,605	0.473151%
Lawson State Community College	TLSC	622,931	0.200677%	462,310	0.190442%
Lee County Board of Education	TL EE	3,144,112	1.012875%	2,350,000	0.968048%
Leeds Board of Education, City of	TLDS	518,186	0.166933%	403,856	0.166362%
Limestone County Board of Education	TLST	2,789,802	0.898734%	2,046,242	0.842919%
Linden City Board of Education	TLND	166,798	0.053734%	118,223	0.048700%
Lowndes County Board of Education	TLDN	701,641	0.226033%	505,232	0.208123%
Lurleen B. Wallace Community College	TLUR	312,786	0.100764%	238,604	0.098289%
Macon County Board of Education	TMAC	709,632	0.228608%	522,901	0.215401%
Madison City Board of Education	TMDC	2,781,963	0.896208%	2,117,314	0.872196%
Madison County Board of Education	TMAD	5,849,507	1.884417%	4,322,462	1.780574%
Marengo County Board of Education	TMNG	413,236	0.133124%	304,085	0.125263%
Marion County Board of Education	TMAR	997,724	0.321416%	775,057	0.319273%
Marion Military Institute	TMMI	279,837	0.090149%	205,828	0.084788%
Marshall County Board of Education	TMSH	1,752,040	0.564419%	1,315,552	0.541922%
Midfield City Board of Education	TMID	351,796	0.113331%	253,020	0.104228%
Mobile County Public School System	TMOB	17,949,324	5.782368%	13,394,310	5.517592%
Monroe County Board of Education	TMON	1,137,146	0.366331%	843,193	0.347341%
Montgomery City and County Board of Education	TMTG	9,413,615	3.032593%	6,974,756	2.873147%
Morgan County Board of Education	TMOR	2,451,964	0.789899%	1,816,262	0.748182%
Mountain Brook City Board of Education	TMTB	1,551,118	0.499692%	1,146,702	0.472367%
Muscle Shoals City Schools	TMSC	791,577	0.255006%	598,378	0.246493%
Northeast Alabama Community College	TNEC	320,252	0.103169%	241,149	0.099338%
Northwest Shoals Community College	TNWC	570,974	0.183939%	409,423	0.168656%
Oneonta City Board of Education	TONE	363,912	0.117234%	270,216	0.111311%
Opelika City Board of Education	TOPK	1,472,089	0.474233%	1,101,125	0.453592%
Opp City Board of Education	TOPP	389,067	0.125338%	292,710	0.120578%
Organized Community Action Program, Inc.	TOCA	354,817	0.114304%	255,636	0.105305%
Oxford City Schools	TOXF	1,323,340	0.426314%	986,791	0.406494%
Ozark City Board of Education	TOZK	680,091	0.219091%	477,677	0.196772%
Pelham City Board of Education	TPLS	901,163	0.290309%	658,912	0.271429%
Pell City School System	TPEL	1,164,961	0.375292%	859,269	0.353963%
Perry County Board of Education	TPRY	490,546	0.158029%	351,524	0.144805%
Phenix City Board of Education	TPHC	2,009,402	0.647328%	1,507,591	0.621030%
Pickens County Board of Education	TPKS	865,152	0.278708%	631,241	0.260030%
Piedmont City Schools	TPMT	312,046	0.100526%	228,504	0.094129%
Pike County Board of Education	TPIK	740,821	0.238655%	546,054	0.224939%
Pike Road City Schools	TPRB	201,730	0.064987%	179,349	0.073880%
Randolph County Board of Education	TRAN	752,324	0.242361%	551,996	0.227387%
Reid State Technical College	TEVN	132,850	0.042798%	87,471	0.036032%
Roanoke City Schools	TROK	419,706	0.135208%	308,100	0.126917%
Russell County Board of Education	TRUS	1,122,615	0.361650%	844,527	0.347890%
Russellville City Board of Education	TRSV	755,971	0.243536%	566,297	0.233278%
Saraland Board of Education	TSAR	801,916	0.258337%	525,157	0.216331%
Satsuma City Schools	TSTM	335,878	0.108203%	257,672	0.106144%
School Superintendents of Alabama	TSAL	10,138	0.003266%	7,507	0.003092%
Scottsboro Board of Education	TSCO	836,389	0.269442%	606,307	0.249759%
Selma Public Schools	TSMA	1,139,160	0.366980%	828,570	0.341317%
Sheffield City Board of Education	TSHF	377,901	0.121741%	269,559	0.111041%
Shelby County Board of Education	TSBY	6,563,600	2.114462%	4,914,961	2.024645%
Shelton State Community College	TTVS	735,287	0.236872%	524,749	0.216163%
Snead State Community College	TSJC	257,864	0.083071%	194,043	0.079933%
Southern Union State Community College	TSUC	520,382	0.167641%	393,784	0.162213%
Special Programming for Achievement Network	TBSC	122,719	0.039534%	88,210	0.036337%

*The accompanying notes are an integral part of the Schedule of Employer Allocations and OPEB Amounts by Employer.*

**Alabama Retired Education Employees' Health Care Trust**  
**Schedule of Employer Allocations**  
**For the Fiscal Years Ended September 30, 2016, and September 30, 2017**  
**(Dollar Amounts Not in Thousands)**

<b>Employer</b>	<b>Employer Code</b>	<b>2016 Employer Contributions</b>	<b>2016 Employer Allocation Percentage</b>	<b>2017 Employer Contributions</b>	<b>2017 Employer Allocation Percentage</b>
St. Clair County Board of Education	TSTC	2,445,505	0.787819%	1,857,391	0.765125%
State of Alabama--High School of Math & Science	THMS	147,339	0.047465%	108,859	0.044843%
Sumter County Board of Education	TSUM	610,515	0.196677%	433,662	0.178641%
Sylacauga City Board of Education	TSYL	703,190	0.226532%	515,106	0.212190%
Talladega City Board of Education	TTAL	700,177	0.225562%	507,910	0.209226%
Talladega County Board of Education	TTDG	2,440,260	0.786129%	1,781,776	0.733976%
Tallapoosa County Board of Education	TTPS	853,613	0.274991%	649,621	0.267602%
Tallassee City Board of Education	TTAS	527,359	0.169889%	383,958	0.158166%
Tarrant Board of Education	TTAR	371,512	0.119682%	272,461	0.112236%
Thomasville City Schools	TTOM	396,241	0.127649%	291,659	0.120145%
Troy City Board of Education	TTRY	603,042	0.194270%	436,230	0.179698%
Troy University	TTST	2,731,837	0.880060%	2,787,294	1.148184%
Trussville City Board of Education	TTCB	1,269,415	0.408942%	985,064	0.405782%
Tuscaloosa City Schools	TTUS	3,438,541	1.107725%	2,623,638	1.080769%
Tuscaloosa County Schools	TTLS	5,481,763	1.765948%	4,106,465	1.691597%
Tuscumbia City Board of Education	TTSC	430,562	0.138705%	316,734	0.130474%
University Chancellor's Office	TUCO	209,076	0.067354%	213,408	0.087910%
University of Alabama	TUVA	8,934,945	2.878390%	8,422,071	3.469347%
University of Alabama--Birmingham	TUMC	22,241,769	7.165179%	21,048,641	8.670675%
University of Alabama--Huntsville	TUAH	1,867,204	0.601519%	1,759,866	0.724951%
University of Montevallo	TALC	1,213,729	0.391002%	1,123,181	0.462678%
University of North Alabama	TFST	1,691,361	0.544871%	1,554,343	0.640289%
University of South Alabama	TUSA	9,200,113	2.963813%	8,372,861	3.449076%
University of West Alabama	TLVC	601,264	0.193697%	547,989	0.225736%
Vestavia Hills Board of Education	TVES	2,065,245	0.665318%	1,564,473	0.644461%
Walker County Board of Education	TWLK	2,454,157	0.790606%	1,776,724	0.731895%
Wallace Community College--Dothan	TGWD	683,470	0.220180%	508,813	0.209598%
Wallace State Community College--Hanceville	TCUT	754,336	0.243009%	564,449	0.232516%
Washington County Board of Education	TWSH	901,022	0.290264%	659,578	0.271703%
Wilcox County Board of Education	TWIL	682,746	0.219946%	503,265	0.207313%
Winfield City Board of Education	TWFD	386,547	0.124526%	287,819	0.118563%
Winston County Board of Education	TWIN	888,969	0.286381%	632,510	0.260553%
<b>Total</b>		<b>\$ 310,414,714</b>	<b>100.000000%</b>	<b>\$ 242,756,655</b>	<b>100.000000%</b>

*The accompanying notes are an integral part of the Schedule of Employer Allocations and OPEB Amounts by Employer.*









**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**1) Plan Description**

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In order to comply with the reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the contributions and benefit payments related to retirees that are processed through PEEHIP are segregated from PEEHIP and reported as part of the Trust. In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Comprehensive Annual Financial Report.

PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible to participate in the plan with respect to their active employees if they elect to do so. At this time, only two universities have elected to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Title 16, Chapter 25A, Article 4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of PEEHIP and, consequently, serves as the administrator of the Trust.

The assets of the Trust may not be used for any purpose other than to acquire permitted investments, pay administrative expenses, and provide postemployment healthcare benefits to or for retired employees and their dependents. The Alabama Legislature has no authority or power to appropriate the assets of the Trust. The Board periodically reviews the funds available in PEEHIP and determines if excess funds are available. If excess funds are determined to be available, the Board authorizes a transfer of funds from PEEHIP to the Trust. The Board can also authorize a transfer of funds from the Trust to PEEHIP if there is a funding shortfall for any amount up to 10% of the fair market value of the Trust's assets in the previous fiscal year.

As of September 30, 2017, there were 186 participating employers and 11 participating universities. The following table summarizes the membership of the plan as of the latest actuarial valuation:

	<b>Total</b>	<b>Number Not Eligible for PEEHIP</b>	<b>Number Eligible for PEEHIP</b>
Retired Members Currently			
Receiving Benefits	83,626	-	83,626
Surviving Spouses Currently			
Receiving Benefits	1,842	-	1,842
Inactive Members Entitled to			
But Not Yet Receiving Benefits	5,001	(86)	4,915
Active Members	136,731	(2,605)	134,126
<b>Total</b>	<b>227,200</b>	<b>(2,691)</b>	<b>224,509</b>

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**1) Plan Description, Continued**

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare eligible retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

PEEHIP remains the primary payer for retirees until the retiree is Medicare eligible. If a member or dependent is already Medicare eligible due to age or disability at the time of his or her retirement, Medicare will become the primary payer and PEEHIP will be the secondary payer effective on the date of the member's retirement. A Medicare eligible retiree and/or Medicare eligible dependent must have both Medicare Part A (hospital insurance) and Part B (medical insurance) to have coverage with PEEHIP. Prior to January 1, 2017, all Medicare eligible members and Medicare eligible covered dependents were automatically enrolled in the Medicare GenerationRx Medicare Part D Employer Group Waiver Program (EGWP) offered by PEEHIP unless already enrolled in a separate standard Medicare Part D plan or chose not to participate/opt out.

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United HealthCare (UHC) Group Medicare Advantage plan for PEEHIP retirees. The MAPDP plan is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**2) Contributions**

In accordance with the *Code of Alabama 1975, Title 16, Chapter 25A, Articles 8 & 8.1*, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retiree benefits for the following fiscal year. The Legislature then sets the employer premium rate in the annual appropriation bill.

Each year, the State Legislature specifies the monthly employer rate that participating employers must contribute for each active employee. The monthly employer rate for fiscal year 2017 was \$800 per active participant. Approximately, 19.07% of the employer contributions were used to assist in funding retiree benefit payments in fiscal year 2017. Act 2003-473 requires universities that do not participate in the PEEHIP to pay the required monthly rate for each university retiree who participates in the plan. The required monthly employer rate for fiscal year 2017 was \$373 per university retiree. In addition to the employer payments each month, retirees are required to pay certain premium amounts. The required monthly retiree premiums for fiscal year 2017 are as follows:

*Retiree Premiums*

- Individual Coverage: Non-Medicare Eligible Retiree – \$166
- Family Coverage: Non-Medicare Eligible Retiree with more than 1 non-spousal Medicare Eligible Dependent(s) or only 1 non-spousal Non-Medicare Eligible Dependent – \$421
- Family Coverage: Non-Medicare Eligible Retiree with Medicare Eligible Spouse & Dependent(s) – \$451
- Family Coverage: Non-Medicare Eligible Retiree with Non-Medicare Eligible Spouse & Dependent(s) – \$521
- Family Coverage: Non-Medicare Eligible Retiree with only 1 non-spousal Medicare Eligible Dependent – \$280
- Family Coverage: Non-Medicare Eligible Retiree with Medicare Eligible Spouse – \$310
- Individual Coverage: Medicare Eligible Retiree – \$25
- Family Coverage: Medicare Eligible Retiree with more than 1 non-spousal Medicare Eligible Dependent(s) or only 1 non-spousal Non-Medicare Eligible Dependent – \$280
- Family Coverage: Medicare Eligible Retiree with Medicare Eligible Spouse & more than 1 Medicare Eligible Dependent(s) or only 1 Non-Medicare Eligible Dependent – \$310
- Family Coverage: Medicare Eligible Retiree with Non-Medicare Eligible Spouse & Dependent(s) – \$380
- Family Coverage: Medicare Eligible Retiree with only 1 non-spousal Medicare Eligible Dependent – \$139
- Family Coverage: Medicare Eligible Retiree with Medicare Eligible Spouse – \$169
- Tobacco Surcharge - \$50 per month
- Wellness Premium - \$50 per month
- PEEHIP Supplemental Plan - \$0
- Optional Plans (Hospital Indemnity, Cancer, Dental, Vision) – up to two optional plans can be taken by retirees at no cost if the retiree is not also taking one of the hospital medical plans. Otherwise, retirees can purchase the optional plans at the normal monthly rate of \$38 or \$50 for family dental.
- For employees who retired after September 30, 2005, but before January 1, 2012, the retiree premium increased by 2% of the employer contribution for each year under 25 years of service and was reduced by 2% for each year over 25 years of service.
- Effective January 1, 2012, the retiree premiums paid by employees who retire with less than 25 years of service are increased by 4% of the employer contribution for each year under 25 years of service and are reduced by 2% for each year over 25 years of service. Additionally, non-Medicare eligible employees who retire are required to pay 1% more for each year less than age 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). When the retiree becomes Medicare eligible, the age and subsidy premiums no longer apply. However, the years of service premium (if applicable to the retiree) will continue to be applied throughout retirement. These changes were phased in over a five-year period ending October 1, 2016.

**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**2) Contributions, Continued**

*Surviving Spouse Premiums*

- Non-Medicare Eligible Surviving Spouse – \$816
- Non-Medicare Eligible Surviving Spouse & Non-Medicare Eligible Dependent(s) – \$1,028
- Non-Medicare Eligible Surviving Spouse & Medicare Eligible Dependent(s) – \$1,067
- Medicare Eligible Surviving Spouse – \$430
- Medicare Eligible Surviving Spouse & Non-Medicare Eligible Dependent(s) – \$720
- Medicare Eligible Surviving Spouse & Medicare Eligible Dependent(s) – \$759

The rates above do not reflect any discounts, waivers, or retiree sliding scale adjustments.

**3) Net Other Postemployment Benefit (OPEB) Liability**

The components of the net OPEB liability for benefits determined in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as of September 30, 2017, were as follows:

Total OPEB Liability	\$ 8,775,992
Less: Fiduciary Net Position	1,348,563
<b>Net OPEB Liability</b>	<b><u>\$ 7,427,429</u></b>

<b>Fiduciary Net Position as a</b>	
<b>Percentage of the Total OPEB Liability</b>	<b>15.37%</b>

The total OPEB liability (TOL) is based on the actuarial valuation as of September 30, 2016. The result is rolled forward using standard actuarial techniques to the measurement date. The roll forward calculation adds the normal cost (also called the service cost) for the period October 1, 2016, through September 30, 2017, subtracts the actual benefit payments for the same period, and then applies the SEIR for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the TOL as of the measurement date. The following table shows the procedure used to determine the TOL as of September 30, 2017:

TOL as of September 30, 2016* (a)	\$9,272,437
Actual Benefit Payments and Refunds for October 1, 2016 - September 30, 2017 (b)	\$ (271,746)
Interest on TOL ( c ) [(a) x (Prior SEIR)] + [(b) x (Prior SEIR *0.5)]	\$ 366,376
Service Cost for October 1, 2016, through September 30, 2017 at the End of the Period (d)	\$ 327,569
Change Due to Change in SEIR ( e )	\$ (918,644)
TOL as of September 30, 2017 (f) (f) = (a) + (b) + (c) + (d) + (e)	\$8,775,992

\*The TOL as of September 30, 2016, was calculated using the discount rate as of the prior measurement date.

**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**4) Actuarial Assumptions**

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

Inflation	2.75%
Projected Salary Increases <sup>1</sup>	3.25% - 5.00%
Long-Term Investment Rate of Return <sup>2</sup>	7.25%
Municipal Bond Index Rate at the Measurement Date	3.57%
Municipal Bond Index Rate at the Prior Measurement Date	2.93%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2042
Singe Equivalent Interest Rate the Measurement Date	4.63%
Singe Equivalent Interest Rate the Prior Measurement Date	4.01%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate Trend Rate	2022

<sup>1</sup>Includes 3.00% wage inflation.

<sup>2</sup>Compounded annually, net of investment expense, and includes inflation.

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the TRS Board on September 13, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the actuarial valuation as of September 30, 2016, were based on a review of recent plan experience which was done concurrently with the valuation as of September 30, 2016.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama (TRS). Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.



**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**4) Actuarial Assumptions, Continued**

The long-term expected rate of return on the OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns. The target asset allocation and best estimates of expected geometric real rates of return for each major asset class are to be summarized in a manner suggested by the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
<b>Total</b>	<b>100.00%</b>	

\* Geometric mean, includes 2.5% inflation.

The discount rate (also known as the Single Equivalent Interest Rate or SEIR, as described by GASB Statement No. 74) used to measure the total OPEB liability was 4.63%. Premiums paid to PEEHIP for active employees include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 27.08% of the employer contributions were used to assist in funding retiree benefit payments in 2016 and it is assumed that the amount will increase by 3.00% per year and continue into the future. The discount rate determination will use a municipal bond rate to the extent the Trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2115. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers' General Obligation 20-year Municipal Bond Index Rate.

The following table presents the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

1% Decrease (6.75%) decreasing to 4% for pre- Medicare, 4% for Medicare Eligible, and 1% for Optional Plans)	Current Healthcare Trend Rate (7.75%) decreasing to 5% for pre- Medicare, 5% for Medicare Eligible, and 2% for Optional Plans)	1% Increase (8.75%) decreasing to 6% for pre- Medicare, 6% for Medicare Eligible, and 3% for Optional Plans)
\$ 5,996,768	\$ 7,427,429	\$ 9,273,374

**Alabama Retired Education Employees' Health Care Trust**  
**Notes to the Schedules of Employer Allocations and Other Postemployment Benefit Amounts by Employer**  
**As of and for the Fiscal Year Ended September 30, 2017**  
**(Dollar Amounts in Thousands)**

**4) Actuarial Assumptions, Continued**

The following table presents the net OPEB liability of the Trust calculated using the discount rate of 4.63%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

<b>1% Decrease (3.63%)</b>	<b>Current Discount Rate (4.63%)</b>	<b>1% Increase (5.63%)</b>
<u>\$8,978,216</u>	<u>\$ 7,427,429</u>	<u>\$6,191,258</u>

**5) Measurement Focus and Basis of Accounting**

The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). As prescribed by GASB, they are reported using the economic resources measurement focus and the accrual basis of accounting.

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 Trust and additions to/deductions from the fiduciary net position of the Trust have been determined on the same basis as they are reported. For this purpose, benefit payments (including refunds of employer and employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure in the financial statements. Actual results may differ from these estimates.

**6) Additional Financial and Actuarial Information**

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer (including the disclosure of the net OPEB liability and the unqualified audit opinion on the financial statements) is located in the Trust's financial statements for the fiscal year ended September 30, 2017. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2017. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

## Supplementary Schedules





