NOTE H – DEFINED BENEFIT PENSION PLAN (Continued):

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	$-	($144,937)
Difference in assumptions	131,017	-
Excess (deficit) investment returns	-	(136,236)
Subtotal	131,017	(281,173)
Contributions subsequent to the measurement date*	-	-
Total	$131,017	$(281,173)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended:	Amount
2018	$90,449
2019	(33,552)
2020	(145,537)
2021	(61,516)
2022	-
Thereafter	-
Total	($150,156)

Payable to the Pension Plan

At December 31, 2017, there was a reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

NOTE I – DEFERRED COMPENSATION PLAN:

The Alger County Road Commission offers all its employees a deferred compensation plan created accordance with the Internal Revenue Code (IRC), Section 457. The assets of the plans are held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer (Alger County Road Commission) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Alger County Road Commission's financial statements.

NOTE J – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION:

In addition to the pension benefits, the Alger County Road Commission agrees to provide 100% of BC/BS and prescription drug coverage benefits to eligible retires and/or their spouses. Alger County Road Commission will pay premiums of a retiree and/or their spouse beginning at a minimum of age 60 and extending to age 65. The maximum benefit coverage shall not exceed

NOTE J – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued):

five years. Upon attainment of Medicare eligibility the retiree's spouse will be responsible for 100% of the cost of any medical coverage if they elect to stay in the group.

For eligible retirees, the Alger County Road Commission agrees to pay 100% of the premium for BC/BS and prescription drug coverage benefits but only until attainment of Medicare eligibility, at which time, 100% of premium shall be paid for by the retiree and or spouse if they elect to remain in the group.

Plan Description – The Road Commission administers a single-employer healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees through the Road Commission's group health insurance plan, which covers both active and retired members as well as administrative employees. Benefit provisions are established through negotiations between the road Commission and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements also are negotiated between the Road Commission and employees. The Road Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For current fiscal year, the Road Commission contributed $34,017 to the plan. Total member contributions were $0.

Annual OPEB Cost and Net OPEB Obligation – The Road Commission's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is project to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Road Commission's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	$168,018
Amounts Contributed:	
Payments of Current Premiums	(34,017)
Increase (Decrease) in Net OPEB Obligation	134,001
OPEB Obligation – Beginning of Year	455,799
OPEB Obligation – End of Year	$589,800

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending December 31 are as follows:

Three-year Trend Information

Schedule of Employer Contributions

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$125,916	32.12%	$307,087
2016	194,014	23.35%	455,799
2017	168,018	20.25%	589,800

NOTE J – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued):

Schedule of Funding Progress

Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	$-	$3,001,552	$3,001,552	0%	$1,439,396	208.53%
2016	-	4,799,188	4,799,188	0%	1,431,861	335.17%
2017	-	4,212,810	4,212,810	0%	1,563,940	269.37%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Funded Status and Funding Progress – As of December 31, 2017, the actuarial liability for benefits was $4,212,810, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,563,940, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 269.37%.

Actuarial variations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following this note, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3% initially, reduced by decrements to an ultimate rate of 3% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.