

Moraga-Orinda Fire District

**GASB 75 OPEB Valuation Report Measured as of June 30, 2021
for Disclosures for the Fiscal Year Ending June 30, 2021**

September 15, 2021



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September 15, 2021

Gloriann Sasser
Administrative Services Director
Moraga-Orinda Fire District
1280 Moraga Way
Moraga, California 94556

Re: Moraga-Orinda Fire District Retiree Health Benefits Plan GASB 75 OPEB Valuation Report Measured as of June 30, 2021

Dear Ms. Sasser:

At your request, we completed an actuarial valuation of the retiree health and welfare benefits valued as of June 30, 2021, and measured as of June 30, 2021, for the Moraga-Orinda Fire District. This is a full valuation. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2021. This valuation is based on input from the District and from CalPERS, as well as our understanding of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75).

We greatly appreciate your business. If you have any questions, please feel free to call us at (415) 801-5987.

Best Regards,

A handwritten signature in blue ink that reads "Roger T. Burton".

Roger T. Burton, FSA, MAAA, FCA



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Purpose of the Report

Precision Actuarial prepared this report to meet employer financial accounting requirements under GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” (GASB 75), issued in June 2015, as amended by GASB Statement No. 85. This report includes information with respect to the obligation to provide future retiree health and welfare benefits for the fiscal year ending June 30, 2021.

Valuation Date: June 30, 2021

Measurement Date: June 30, 2021

Report Date: June 30, 2021

Application to Financials

This report provides assets, liabilities, and expenses for use in the District's 2021 financial reports.

The District should use the liabilities, assets, and expense measured as of June 30, 2021, for its financial statements for the year ending June 30, 2021.

The report also provides the actuarially determined contributions (ADCs) for funding purposes for reporting for the fiscal years ending June 30 for 2021, 2022, and 2023. The ADC for the fiscal year ending June 30, 2023 is an estimate and we recommend that the District have a roll-forward report produced for the fiscal year ending June 30, 2022, that updates this estimate.

Changes Since the Prior Valuation

This valuation is a full valuation. We updated:

- Census
- Premiums
- Healthcare trends
- Discount rate from 6.25% to 6.14%
- Benefit payments
- Contributions
- Assets

Actuarial Certification

Our determinations reflect the provisions and methods prescribed by GASB 75. In preparing this report, we relied on assets, employee census, plan design, premium rates, and administrative fees provided directly or indirectly by the plan sponsor, and demographic assumptions provided by CalPERS. CalPERS' actuaries set the premium rates using community rating. We did not attempt to verify that the community-rated premium rates represent the true cost of claims and administrative fees.

We based the results in this report on this information, along with the actuarial assumptions and methods used herein. In our opinion, the assumptions used represent reasonable expectations of anticipated plan experience. We reviewed the census information for reasonableness, but we did not audit it.

Actuarial computations under GASB 75 fulfill employer accounting and financial reporting requirements. The calculations are consistent with our understanding of GASB 75. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results in our report. Accordingly, additional determinations may be necessary for other purposes, such as judging benefit security at termination.

No third-party recipient of Precision Actuarial's work product should rely solely on Precision Actuarial's work product. Any third-party recipient should engage qualified professionals for advice appropriate to their own needs.

There is no relationship between Precision Actuarial, its owners, subcontractors, or staff; GovInvest; or the Moraga-Orinda Fire District beyond the contractual services that we perform for the Moraga-Orinda Fire District.


On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and that we prepared it in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable "Actuarial Standards of Practice" and "Actuarial Compliance Guidelines" as promulgated by the American Academy of Actuaries.

The undersigneds are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Roger T. Burton, FSA, MAAA, FCA

Chief Actuary



Christian M. Boughner, ASA, MAAA

Senior Consulting Actuary

Executive Summary

Accounting Summary

A summary of the key valuation results follows.

	<i>Prior Report</i>	<i>Current Report</i>
Valuation Date:	June 30, 2019	June 30, 2021
Measurement Date:	June 30, 2020	June 30, 2021
Report Date:	June 30, 2020	June 30, 2021
Present Value of Future Benefits		
Active Employees	\$ 7,556,557	\$ 7,112,714
Retirees	+ 11,516,710	10,235,274
Total Present Value of Future Benefits	= 19,073,267	17,347,988
Total Present Value of Future Normal Costs	- 2,839,095	2,861,590
Total OPEB Liability (TOL)	= \$ 16,234,172	\$ 14,486,398
OPEB Liability		
Active Employees	\$ 4,717,462	\$ 4,251,124
Retirees	+ 11,516,710	10,235,274
Total OPEB Liability (TOL)	= 16,234,172	14,486,398
Fiduciary Net Position (FNP)	- 1,999,673	2,948,603
Net OPEB Liability (NOL)	= \$ 14,234,499	\$ 11,537,795
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.32%	20.35%
Covered-Employee Payroll	\$ 9,212,842	\$ 10,381,499
Net OPEB Liability as a Percentage of Covered-Employee Payroll	154.51%	111.14%
Measurement Period:	2019-2020	2020-2021
Reporting Period:	2019-2020	2020-2021
Expense	\$ 1,232,457	\$ 645,166
Actuarially Determined Contribution (ADC)*	1,586,650	1,579,380

Net Position Chart (NOL not shown if zero or negative)



*The Actuarially Determined Contribution includes the implicit subsidy. It is not the amount that the District contributes directly to the fund. See page 16 for the District's direct contribution.

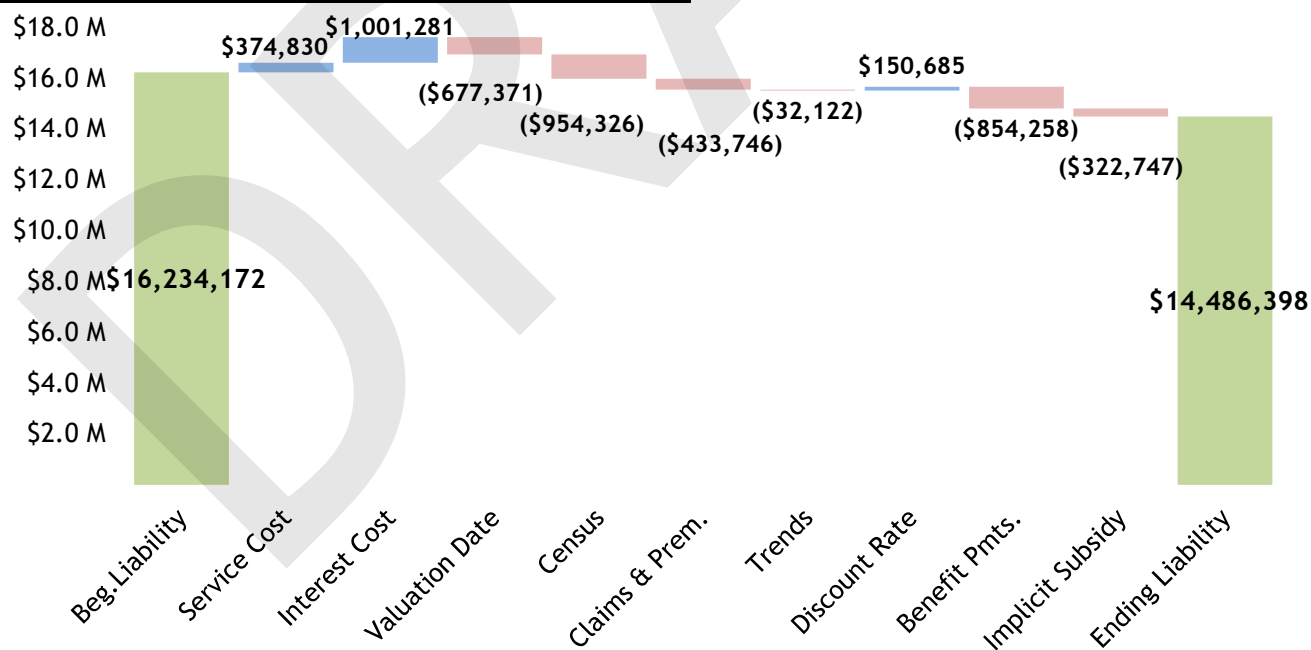
Executive Summary

Reconciliation of the Change in the Total OPEB Liability

A reconciliation of the changes to the Total OPEB Liability since the prior valuation report follow.

Total OPEB Liability as of Measurement Date June 30, 2020 / Report Date June 30, 2020	\$ 16,234,172
Service Cost	374,830
Interest Cost	1,001,281
Differences Between Expected and Actual Experience	
<i>Change in Valuation Date</i>	(677,371)
<i>Change in Census</i>	(954,326)
<i>Change in Claims and Premiums</i>	(433,746)
Total Differences Between Expected and Actual Experience	(2,065,443)
Changes of Assumptions	
<i>Change in Healthcare Trends</i>	(32,122)
<i>Change in Discount Rate from 6.25% to 6.14%</i>	150,685
Total Changes of Assumptions	118,563
Benefit Payments	(854,258)
Implicit Subsidy Credit	(322,747)
Total OPEB Liability as of Measurement Date June 30, 2021 / Report Date June 30, 2021	\$ 14,486,398

Reconciliation of the Change in the Total OPEB Liability



Accounting Information

Statement of Fiduciary Net Position

Measurement Date: June 30, 2021

Report Date: June 30, 2021

Assets

Cash and Deposits	\$	-
Securities Lending Cash Collateral		-
Total Cash		-
Receivables:		
Contributions		-
Due from Broker for Investments Sold		-
Investment Income (Interest on Investments)		-
Other		-
Total Receivables		-
Investments:		
Domestic Fixed Income Securities		-
Domestic Equities		-
Investment Funds		2,948,603
International Equities		-
Real Estate		-
Total Investments		<u>2,948,603</u>
Total Assets	\$	<u>2,948,603</u>

Liabilities

Payables:		
Investment Management Fees	\$	-
Due to Broker for Investments Purchased		-
Collateral Payable for Securities Lending		-
Other		-
Total Liabilities	\$	-

Net Position Restricted for Postemployment Benefits Other than Pensions \$ 2,948,603

Accounting Information

Statement of Changes to the Fiduciary Net Position

	<i>Prior Report</i>	<i>Current Report</i>
Measurement Date:	June 30, 2020	June 30, 2021
Report Date:	June 30, 2020	June 30, 2021
Additions		
Investment Income:		
Net Appreciation in the Fair Value of Investments	\$ 91,213	\$ 630,935
Interest and Dividends	-	-
Less Investment Expense, Other than from Securities Lending	-	-
Net Income from Investing, Other than from Securities Lending	91,213	630,935
Securities Lending Income	-	-
Less Securities Lending Expense	-	-
Net Income from Securities Lending	-	-
Other Income/(Expense)	-	-
Net Investment Income (a)	91,213	630,935
Contributions:		
Employer – District's Contribution	1,433,424	1,185,891
Employer – Implicit Subsidy	298,745	322,747
Total Contributions (b)	1,732,169	1,508,638
Total Additions (c) = (a) + (b)	1,823,382	2,139,573
Deductions		
Benefit Payments	874,316	854,258
Implicit Subsidy Credit	298,745	322,747
Administrative Expense	8,986	13,638
Total Deductions (d)	1,182,047	1,190,643
Net Increase in Net Position = (c) – (d)	641,335	948,930
Net Position Restricted for Postemployment Benefits Other than Pensions		
Beginning of Year	1,358,338	1,999,673
Net Increase in Net Position	641,335	948,930
End of Year	\$ 1,999,673	\$ 2,948,603

Accounting Information

Changes in the Net OPEB Liability

The funded status of the Plan as of the fiscal year-end, as well as other required disclosure information, follows.

	<i>Increase / (Decrease)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) – (b)
Balance as of:			
Measurement Date June 30, 2020 /			
Report Date June 30, 2020	<u>\$ 16,234,172</u>	<u>\$ 1,999,673</u>	<u>\$ 14,234,499</u>
Changes for the year:			
Service Cost	374,830		374,830
Interest	1,001,281		1,001,281
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(1,388,072)		(1,388,072)
Changes of Assumptions	(558,808)		(558,808)
Net Investment Income		630,935	(630,935)
Contributions			
Employer – District's Contribution		1,185,891	(1,185,891)
Employer – Implicit Subsidy		322,747	(322,747)
Benefit Payments	(854,258)	(854,258)	-
Implicit Subsidy Credit	(322,747)	(322,747)	-
Administrative Expense		(13,638)	13,638
Other Changes	-	-	-
Net Changes	<u>(1,747,774)</u>	<u>948,930</u>	<u>(2,696,704)</u>
Balance as of:			
Measurement Date June 30, 2021 /			
Report Date June 30, 2021	<u>\$ 14,486,398</u>	<u>\$ 2,948,603</u>	<u>\$ 11,537,795</u>

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2021 / Report Date June 30, 2021

Deferred Outflows and Inflows of Resources Arising from Differences Between Expected and Actual Experience

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2021 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018	238,065	-	223,536	14,529	-
2019	-	(274,383)	(197,874)	-	(76,509)
2020	14,954	-	7,122	7,832	-
2021	-	(1,388,072)	(315,471)	-	(1,072,601)
Total				\$ 22,361	\$ (1,149,110)

Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date – June 30:	Increase in Total Liability (a)	Decrease in Total Liability (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2021 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018	-	-	-	-	-
2019	-	(23,351)	(16,680)	-	(6,671)
2020	-	(188,887)	(89,948)	-	(98,939)
2021	-	(558,808)	(127,002)	-	(431,806)
Total				\$ -	\$ (537,416)

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2021 / Report Date June 30, 2021

Deferred Outflows and Inflows of Resources Arising from Differences Between Projected and Actual Earnings on Investments

Measurement Date – June 30:	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2021 (c)	Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)	Net (f) = (d) + (e)
2017	\$ -	\$ (17,334)	\$ (17,334)	\$ -	\$ -	
2018	34,101	-	27,284	6,817	-	
2019	24,423	-	14,655	9,768	-	
2020	10,874	-	4,350	6,524	-	
2021	-	(469,322)	(93,865)	-	(375,457)	
Total				\$ 23,109	\$ (375,457)	\$ (352,348)

Accounting Information

Expense and Deferred Outflows and Inflows

	Measurement Period:	2020-2021
	Reporting Period:	<u>2020-2021</u>
Expense		
Service Cost	\$	374,830
Interest on Total OPEB Liability		1,001,281
Changes of Benefit Terms		-
Recognized Differences Between Expected and Actual Experience		(321,984)
Recognized Changes of Assumptions		(177,536)
Projected Earnings on OPEB Plan Investments		(161,613)
Recognized Differences Between Projected and Actual Earnings		(83,450)
Administrative Expense		13,638
Other Miscellaneous (Income)/Expense		-
Total Expense	\$	<u>645,166</u>

Deferred Outflows and Inflows of Resources

	<u>Report Year Ending June 30, 2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 22,361	\$ (1,149,110)
Changes of Assumptions	-	(537,416)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(352,348)
Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 22,361</u>	<u>\$ (2,038,874)</u>

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

	<u>Report Year Ending June 30:</u>	<u>Amount</u>
	2022	\$ (620,863)
	2023	(582,355)
	2024	(542,445)
	2025	(270,850)
	2026	-
	Remaining	-

Accounting Information

Impact on the Statement of Net Position

Impact on the Statement of Net Position

	Measurement Date: Report Date:	June 30, 2020 June 30, 2020	June 30, 2021 June 30, 2021	Change During Period
Total OPEB Liability		\$ 16,234,172	\$ 14,486,398	\$ (1,747,774)
Fiduciary Net Position		1,999,673	2,948,603	948,930
Net OPEB Liability / (Asset)		<u>14,234,499</u>	<u>11,537,795</u>	<u>\$ (2,696,704)</u>
Deferred (Outflows) / Inflows Due To:				
Differences between Expected and Actual Experience		60,661	1,126,749	1,066,088
Changes of Assumptions		156,144	537,416	381,272
Differences between Projected and Actual Investment Earnings (Contributions Subsequent to the Measurement Date)		(33,524)	352,348	385,872
Net Deferred (Outflows) / Inflows		<u>183,281</u>	<u>2,016,513</u>	<u>1,833,232</u>
Impact on the Statement of Net Position		<u>14,417,780</u>	<u>13,554,308</u>	<u>(863,472)</u>

Change in Net Position During Fiscal Year

	Measurement Date: Report Date:	June 30, 2021 June 30, 2021
Impact on the Statement of Net Position, Fiscal Year Ending June 30, 2020		14,417,780
OPEB Expense / (Income) (Employer Contributions During Fiscal Year)		<u>645,166</u> <u>(1,508,638)</u>
Impact on the Statement of Net Position for the Fiscal Year Ending June 30, 2021		<u>13,554,308</u>

OPEB Expense

	Measurement Date: Report Date:	June 30, 2021 June 30, 2021
Deterioration / (Improvement) in Net Position		(863,472)
Employer Contributions During the Fiscal Year		<u>1,508,638</u>
OPEB Expense / (Income) for the Fiscal Year Ending June 30, 2021		<u>645,166</u>

Accounting Information

Reconciliation of Expense

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net OPEB Liability plus Net Deferrals	Annual Expense
Balance as of: Measurement Date June 30, 2020 / Report Date June 30, 2020	\$ (16,234,172)	\$ 1,999,673	\$ (14,234,499)	\$ (298,611)	\$ 81,806	\$ 33,524	\$ (183,281)	\$ (14,417,780)	
Service Cost	(374,830)		(374,830)						\$ 374,830
Interest on Total OPEB Liability	(1,001,281)		(1,001,281)						1,001,281
Effect of Changes of Benefit Terms	-		-						-
Effect of Liability Gains or Losses	1,388,072		1,388,072	(1,388,072)	-		(1,388,072)		
Effect of Assumption Changes or Inputs	558,808		558,808	(558,808)	-		(558,808)		
Expected Investment Income (Net of Investment Expenses)		161,613	161,613						(161,613)
Investment Gains or Losses on Expected Return		469,322	469,322			(469,322)	(469,322)		
Contributions									
Employer – District's Contribution		1,185,891	1,185,891					1,185,891	
Employer – Implicit Subsidy		322,747	322,747					322,747	
Benefit Payments	854,258	(854,258)	-						
Implicit Subsidy Credit	322,747	(322,747)	-						
Administrative Expenses		(13,638)	(13,638)						13,638
Other Income/(Expense)		-	-						-
Recognition of Liability Gains or Losses				381,429	(59,445)		321,984		(321,984)
Recognition of Assumption Changes or Inputs				177,536	-		177,536		(177,536)
Recognition of Investment Gains or Losses						83,450	83,450		(83,450)
Contributions Subsequent to the Measurement Date									
Annual Expense								(645,166)	\$ 645,166
Balance as of: Measurement Date June 30, 2021 / Report Date June 30, 2021	\$ (14,486,398)	\$ 2,948,603	\$ (11,537,795)	\$ (1,686,526)	\$ 22,361	\$ (352,348)	\$ (2,016,513)	\$ (13,554,308)	

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2021

Beginning Balance	<u>Debit (Outflow)</u>	<u>Credit (Inflow)</u>
Net OPEB Liability/Asset	\$ -	\$ 14,234,499
Differences between Expected and Actual Experience	81,806	142,467
Changes of Assumptions	-	156,144
Differences between Projected and Actual Investment Earnings	33,524	-
Contributions Subsequent to the Measurement Date	-	-
Impact on Statement of Net Position	-	14,417,780
Ending Balance	<u>Debit (Outflow)</u>	<u>Credit (Inflow)</u>
Net OPEB Liability/Asset	\$ -	\$ 11,537,795
Differences between Expected and Actual Experience	22,361	1,149,110
Changes of Assumptions	-	537,416
Differences between Projected and Actual Investment Earnings	-	352,348
Contributions Subsequent to the Measurement Date	-	-
Impact on Statement of Net Position	-	13,554,308
OPEB-Expense Journal Entries	<u>Debit</u>	<u>Credit</u>
Net OPEB Liability/Asset	\$ 2,696,704	\$ -
Differences between Expected and Actual Experience	Deferred Outflows Deferred Inflows	59,445 1,006,643
Changes of Assumptions	Deferred Outflows Deferred Inflows	- 381,272
Differences between Projected and Actual Investment Earnings	Deferred Outflows Deferred Inflows	33,524 352,348
Contributions Subsequent to the Measurement Date	Deferred Outflows	-
Change in Net OPEB Liability/Asset from Contributions	-	-
OPEB Expense/Credit	-	863,472
Total	<u>2,696,704</u>	<u>2,696,704</u>
Change to the Impact on the Statement of Net Position	863,472	-

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2021

Journal Entries – Deferred Outflows

	Debit	Credit
Net OPEB Liability/Asset	\$ -	\$ -
Contributions Subsequent to the Measurement Date: Fiscal Year 2019-2020	-	-
Contributions Subsequent to the Measurement Date: Fiscal Year 2020-2021	-	-
Contributions Expense	-	-

Journal Entries – Benefits Paid Outside of the Trust¹

	Debit	Credit
OPEB Expense	\$ 854,258	\$ -
Employer Contributions for Retiree Benefits During the Fiscal Year	-	854,258

Journal Entries – Implicit Subsidy²

	Debit	Credit
OPEB Expense	\$ 322,747	\$ -
Premium Expense During the Fiscal Year	-	322,747

¹ The entries here assume that when cash is used to pay benefits, that the trust does not reimburse, an account called "Employer Contributions for Retiree Benefits During the Fiscal Year" was debited (increased). These entries reassign the benefit payments to the OPEB Expense. If the OPEB Expense account was originally debited, then these entries are unnecessary.

² These entries assume that when premiums are paid for active employees, an account called "Premium Expense During the Fiscal Year" is debited (increased). This entry reverses the portion of the premium payments that represent implicit subsidies, recorded as a retiree liability, and assigns that value to the OPEB Expense.

Accounting Information

Amortization of the Net OPEB Liability

A summary of the information used to establish the amortization amount for the current year and the following year, with respect to the Net OPEB Liability, follows. We recalculate the amortization each fiscal year. If the Net OPEB Liability is negative, it is an asset and it is not amortized.

The District is amortizing the Net OPEB Liability using a level-percent-of-pay method on a closed basis. Remaining years of amortization as of the report date of June 30, 2021: 15

	Measurement Period: Report Date (June 30):	2021-2022 <u>2021</u>	2022-2023 <u>2022</u>	<i>Estimated</i> 2023-2024 <u>2023</u>
Total OPEB Liability		\$ 14,486,398	\$ 14,648,325	\$ 14,810,488
Fiduciary Net Position	-	<u>2,948,603</u>	<u>3,115,344</u>	<u>4,788,413</u>
Net OPEB Liability	=	<u>\$ 11,537,795</u>	<u>\$ 11,532,981</u>	<u>\$ 10,022,075</u>

All values measured at the beginning of the measurement period.

Amortization Type	Closed	Closed	Closed
Interest Rate Used to Determine Amortization	6.14%	6.14%	6.14%
Assumed Rate of Payroll Growth	3.000%	3.000%	3.000%
Amortization Period	15 years	14 years	13 years
Amount Recognized, Beginning of Year	\$ 941,186	\$ 994,050	\$ 917,334

It is the policy of the District not to allow negative amortizations.

Accounting Information

Actuarially Determined Contribution (ADC)

The calculation of the Actuarially Determined Contribution (ADC) follows. The ADC is based on the District's funding policy. The ADC is calculated as of the middle of the year.

	Measurement Period:	2021-2022	2022-2023	<i>Estimated</i> 2023-2024
	Report Date (June 30):	<u>2022</u>	<u>2023</u>	<u>2024</u>
Service Cost		\$ 341,584	\$ 351,832	\$ 362,387
Amortization of the Net OPEB Liability		941,186	994,050	917,334
Interest to the End of the Year		<u>78,762</u>	<u>82,637</u>	<u>78,575</u>
Service Cost and Amortization (with Interest)		\$ 1,361,532	\$ 1,428,519	\$ 1,358,296
Service Cost and Amortization (with Interest) as a Percentage of Payroll		10.32%	10.51%	9.70%
Discount Rate for ADC Calculation		6.14%	6.14%	6.14%
ADC Components				
District's Contribution to the Trust Fund		\$ 303,906	\$ 350,923	\$ 304,120
Credit for Retiree Benefit Payments Outside of the Trust		774,031	780,642	782,804
Credit for Implicit Subsidy		<u>283,595</u>	<u>296,954</u>	<u>271,372</u>
Total ADC		\$ 1,361,532	\$ 1,428,519	\$ 1,358,296
ADC as a Percentage of Payroll		10.32%	10.51%	9.70%

District's Funding Policy

The District's funding policy is to contribute 100% of the sum of the service cost and amortization (both with interest) each year until the plan is fully funded, and then contribute the greater of the service cost or the total of the benefit payments and the implicit subsidy.

The ADC is the sum of the service cost and the amortization of the net OPEB liability, plus interest to the end of the year. For payment of the ADC, however, it comprises three parts: the benefit payments paid directly by the District and not reimbursed through the Trust Fund, the credit for the implicit subsidy, and the contribution to the Trust Fund. If the total of the service cost and amortization is less than the total of the benefit payments and implicit subsidy, the contribution to the trust fund will be negative and is typically set to zero.

Because actual benefit payments (paid outside of the trust) rarely match the expected benefit payments used to determine the ADC Funding Goal, the District may adjust their contribution at the end of the year such that the total contributed to the Trust Fund, plus the actual benefit payments and the credit for the implicit subsidy, equals the ADC Funding Goal. If not, the difference between expected and actual benefit payments will be recorded as a contribution deficiency or excess.

Accounting Information

Interest on Liability and Earnings and Investment Gain/Loss

For the report year ending June 30, 2021

	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total OPEB Liability (d) = (a) × (b) × (c)
Interest on Total OPEB Liability				
Beginning Total OPEB Liability	\$ 16,234,172	100%	6.25%	\$ 1,014,636
Service Cost	374,830	100%	6.25%	23,427
Benefit Payments	(854,258)	50%	6.25%	(26,696)
Implicit Subsidy	(322,747)	50%	6.25%	(10,086)
Total Interest on Total OPEB Liability				\$ 1,001,281
Projected Earnings on Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (d) = (a) × (b) × (c)
Beginning Plan Fiduciary Net Position Excluding Receivables	\$ 1,999,673	100%	6.25%	\$ 124,980
Employer Contributions	1,185,891	50%	6.25%	37,059
Benefit Payments from Trust	-	50%	6.25%	-
Administrative Expense	(13,638)	50%	6.25%	(426)
Other Miscellaneous Income/ (Expense)	-	100%	6.25%	-
Total Projected Earnings (Investment Expense)				161,613
Net Projected Earnings				\$ 161,613
Investment Gain / Loss				Amount
Net Projected Earnings				\$ 161,613
Actual Net Earnings				- 630,935
Investment (Gain) / Loss				\$ (469,322)

Accounting Information

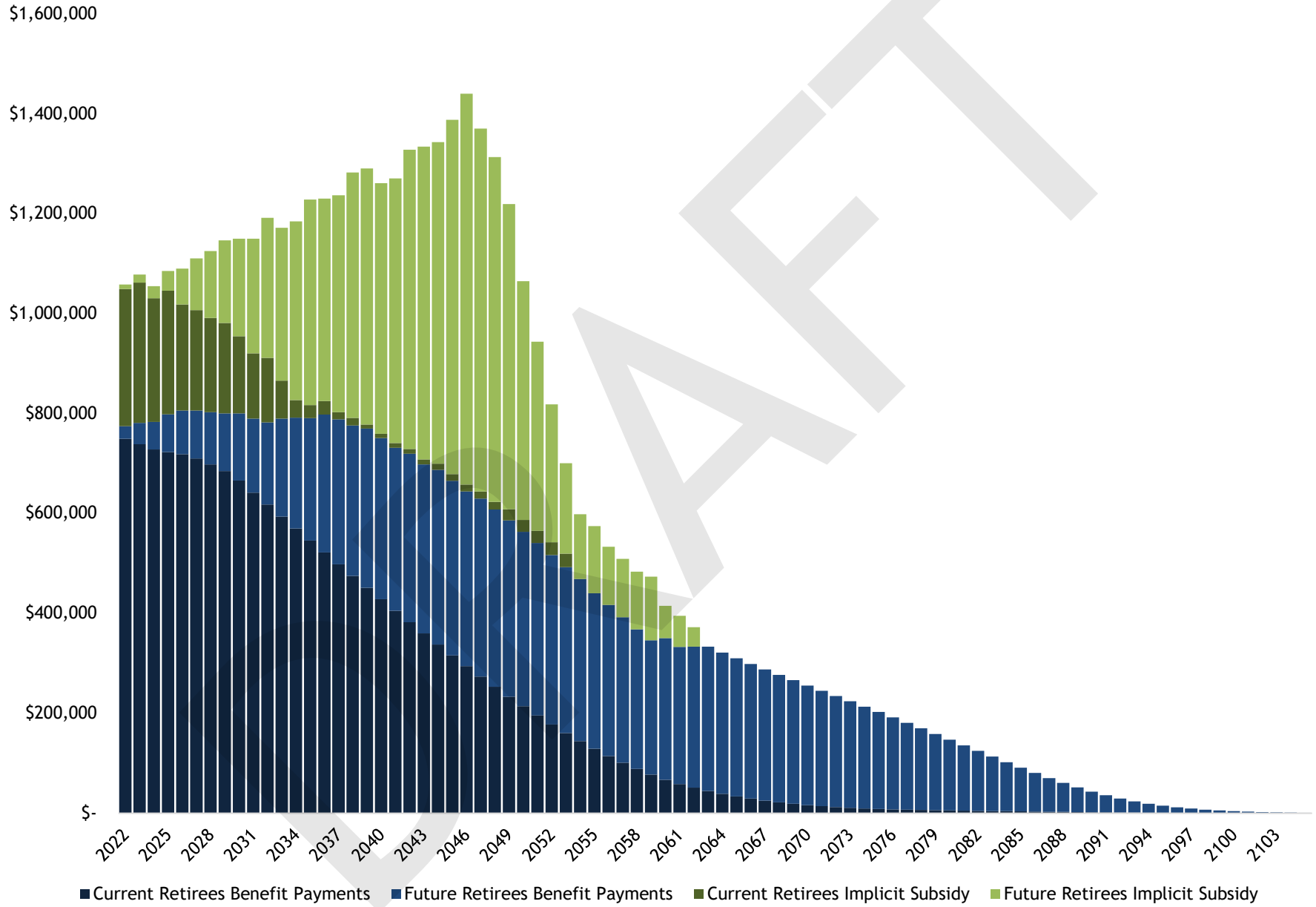
Projection of Benefit Payments

Projected benefit payments for current participants follow. "Future Retirees" are employees currently working, but projected to retire and receive benefits. The projections do not include benefits for employees hired in the future.

Measurement Period Ending	Projected Retiree Benefit Payments			Projected Implicit Subsidy			Grand Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
June 30:							
2022	\$ 748,955	\$ 25,076	\$ 774,031	\$ 274,760	\$ 8,835	\$ 283,595	\$ 1,057,626
2023	738,176	42,466	780,642	280,873	16,081	296,954	1,077,596
2024	727,595	55,209	782,804	247,546	23,826	271,372	1,054,176
2025	722,513	75,427	797,940	247,254	39,615	286,869	1,084,809
2026	718,001	87,395	805,396	212,449	71,772	284,221	1,089,617
2027	709,424	95,919	805,343	201,092	103,425	304,517	1,109,860
2028	697,796	104,595	802,391	188,322	133,757	322,079	1,124,470
2029	684,356	115,255	799,611	181,071	165,338	346,409	1,146,020
2030	665,243	134,781	800,024	154,369	194,812	349,181	1,149,205
2031	641,387	148,109	789,496	130,366	229,704	360,070	1,149,566
2032	617,396	164,559	781,955	129,200	280,171	409,371	1,191,326
2033	593,342	196,161	789,503	75,888	305,779	381,667	1,171,170
2034	569,328	221,816	791,144	35,387	357,348	392,735	1,183,879
2035	545,440	244,932	790,372	26,168	411,046	437,214	1,227,586
2036	521,658	275,660	797,318	27,368	405,166	432,534	1,229,852
2037	497,952	289,871	787,823	14,576	433,880	448,456	1,236,279
2038	474,397	301,113	775,510	15,260	490,955	506,215	1,281,725
2039	450,954	318,403	769,357	8,336	512,158	520,494	1,289,851
2040	427,723	322,635	750,358	8,737	501,473	510,210	1,260,568
2041	404,709	326,422	731,131	9,157	529,900	539,057	1,270,188
2042	381,940	337,253	719,193	9,597	598,581	608,178	1,327,371
2043	359,454	338,281	697,735	10,057	625,711	635,768	1,333,503
2044	337,295	349,333	686,628	12,678	643,145	655,823	1,342,451
2045	315,511	349,372	664,883	13,282	708,979	722,261	1,387,144
2046	294,142	349,283	643,425	13,911	782,268	796,179	1,439,604
2047	273,226	355,902	629,128	14,567	725,938	740,505	1,369,633
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Accounting Information

Projected Benefit Payments for Current Participants



Accounting Information

Projection of Contributions

Measurement Period Ending June 30:	Payroll			Projected Employer Contributions*			
	Current Employees	Future Employees	Total	Current Participants	Related to Payroll of Future Employees	Total at 9.70% for 15 Years, Then at 2.75%	Contribution to Trust Fund
	(a)	(b)	(c)	(d) = (f) - (e)	(e) = (b) x 3.86%**	(f) = (c) x 9.70%***	(g) = (f) - Benefits
2022	\$ 13,196,450	\$ -	\$ 13,196,450	\$ 1,361,532	\$ -	\$ 1,361,532	\$ 303,906
2023	12,783,296	809,048	13,592,344	1,397,290	31,229	1,428,519	350,923
2024	12,530,373	1,469,741	14,000,114	1,301,564	56,732	1,358,296	304,120
2025	12,396,208	2,023,909	14,420,117	1,320,628	78,123	1,398,751	313,942
2026	11,947,530	2,905,191	14,852,721	1,328,574	112,140	1,440,714	351,097
2027	11,498,685	3,799,618	15,298,303	1,337,270	146,665	1,483,935	374,075
2028	11,187,024	4,570,228	15,757,252	1,352,042	176,411	1,528,453	403,983
2029	10,899,158	5,330,812	16,229,970	1,368,538	205,769	1,574,307	428,287
2030	10,474,056	6,242,813	16,716,869	1,380,563	240,973	1,621,536	472,331
2031	10,049,491	7,168,884	17,218,375	1,393,463	276,719	1,670,182	520,616
2032	9,697,431	8,037,495	17,734,926	1,410,041	310,247	1,720,288	528,962
2033	9,147,478	9,119,496	18,266,974	1,419,883	352,013	1,771,896	600,726
2034	8,449,706	10,365,277	18,814,983	1,424,953	400,100	1,825,053	641,174
2035	7,610,355	11,769,077	19,379,432	1,425,519	454,286	1,879,805	652,219
2036	6,676,493	13,284,322	19,960,815	1,423,424	512,775	1,936,199	706,347
2037	5,754,158	14,805,481	20,559,639	664,787	571,492	1,236,279	-
2038	5,030,593	16,145,835	21,176,428	658,496	623,229	1,281,725	-
2039	4,448,236	17,363,485	21,811,721	619,620	670,231	1,289,851	-
2040	3,999,794	18,466,279	22,466,073	547,770	712,798	1,260,568	-
2041	3,616,039	19,524,016	23,140,055	516,561	753,627	1,270,188	-
2042	3,272,785	20,561,472	23,834,257	533,698	793,673	1,327,371	-
2043	2,956,795	21,592,490	24,549,285	500,033	833,470	1,333,503	-
2044	2,715,917	22,569,847	25,285,764	471,255	871,196	1,342,451	-
2045	2,456,264	23,588,073	26,044,337	476,644	910,500	1,387,144	-
2046	2,182,013	24,643,654	26,825,667	488,359	951,245	1,439,604	-
2047	1,894,352	25,736,085	27,630,437	376,220	993,413	1,369,633	-
2048	1,630,544	26,828,806	28,459,350	277,293	1,035,592	1,312,885	-
2049	1,409,635	27,903,496	29,313,131	141,593	1,077,075	1,218,668	-
2050	1,215,986	28,976,539	30,192,525	-	1,064,419	1,064,419	-
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* The contributions for the first three years are calculated separately. Contributions for subsequent years use the percentages shown.

** The service cost percentage was determined in the prior report.

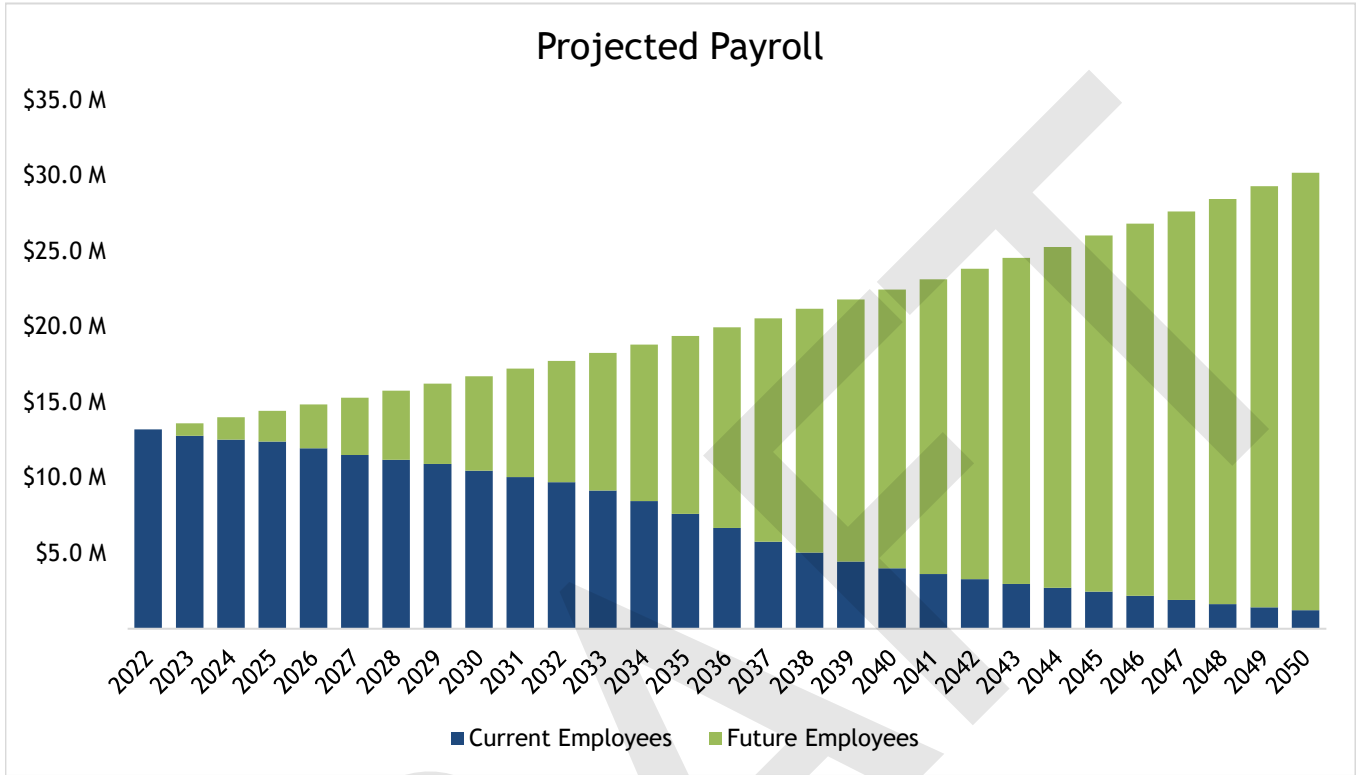
*** If the benefit payments and implicit subsidy is greater, the figure is used instead of the service cost multiplied by the payroll.

**** "BP" = Benefit Payments + Implicit Subsidy Credit

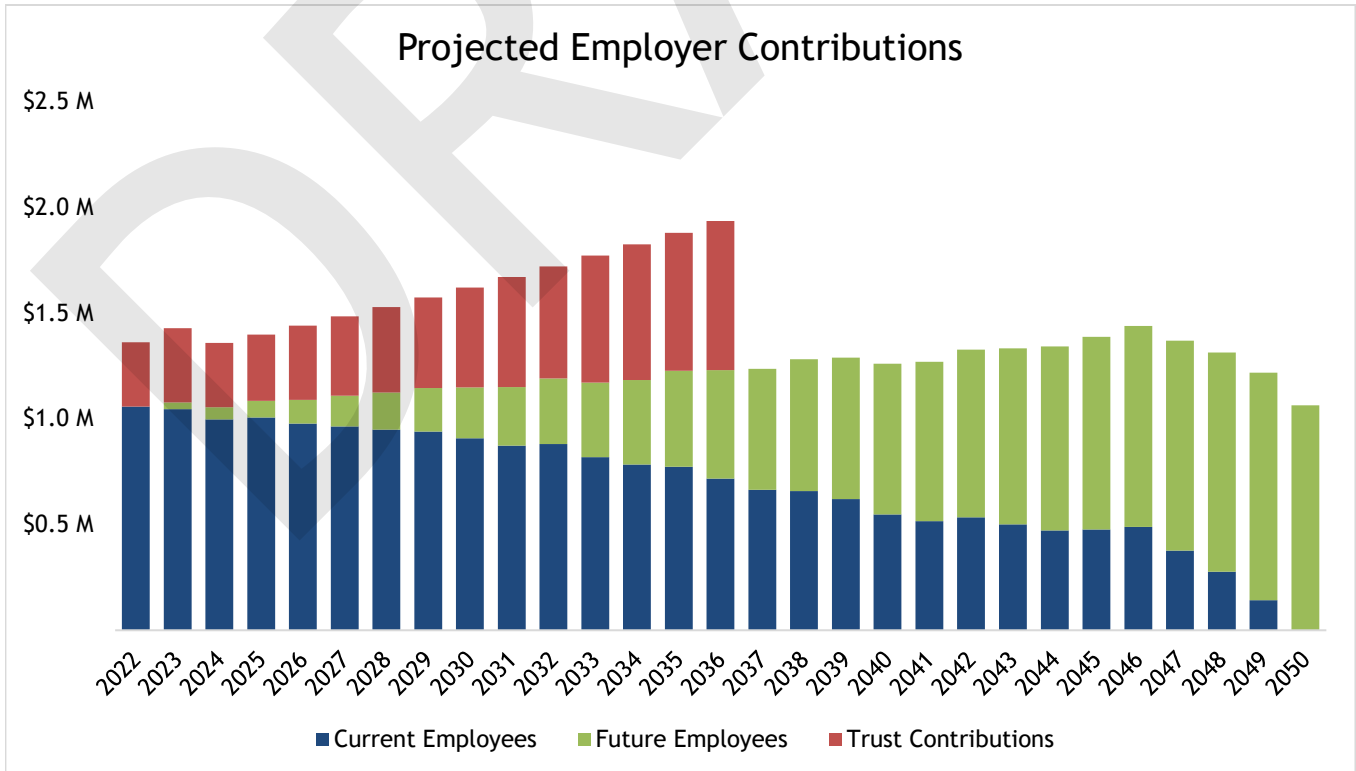
Accounting Information

Projection of Contributions Charts

Projected Payroll for Current and Future Employees



Projected Employer Contributions for Current and Future Plan Participants



Accounting Information

Projection of Fiduciary Net Position

Current Participants Only.

Measurement Period Ending June 30:	Investment Rate of Return (a)	Projected Beginning Fiduciary Net Position (b)	Employer Contributions for Current Participants (c)	Projected Benefit Payments (Including Implicit Subsidy) (d)	Projected Administrative Expense (e)	Projected Investment Earnings (f)	Projected Ending Fiduciary Net Position (g) = Σ [(b) : (f)]
2022	6.14%	\$ 2,948,603	\$ 1,361,532	\$ (1,057,626)	\$ (13,877)	\$ 189,948	\$ 3,428,580
2023	6.14%	3,428,580	1,397,290	(1,077,596)	(14,120)	219,896	3,954,050
2024	6.14%	3,954,050	1,301,564	(1,054,176)	(14,367)	249,932	4,437,003
2025	6.14%	4,437,003	1,320,628	(1,084,809)	(14,618)	279,223	4,937,427
2026	6.14%	4,937,427	1,328,574	(1,089,617)	(14,874)	310,037	5,471,547
2027	6.14%	5,471,547	1,337,270	(1,109,860)	(15,134)	342,470	6,026,293
2028	6.14%	6,026,293	1,352,042	(1,124,470)	(15,399)	376,528	6,614,994
2029	6.14%	6,614,994	1,368,538	(1,146,020)	(15,668)	412,511	7,234,355
2030	6.14%	7,234,355	1,380,563	(1,149,205)	(15,942)	450,803	7,900,574
2031	6.14%	7,900,574	1,393,463	(1,149,566)	(16,221)	492,085	8,620,335
2032	6.14%	8,620,335	1,410,041	(1,191,326)	(16,505)	535,496	9,358,041
2033	6.14%	9,358,041	1,419,883	(1,171,170)	(16,794)	581,704	10,171,664
2034	6.14%	10,171,664	1,424,953	(1,183,879)	(17,088)	631,417	11,027,067
2035	6.14%	11,027,067	1,425,519	(1,227,586)	(17,387)	682,605	11,890,218
2036	6.14%	11,890,218	1,423,424	(1,229,852)	(17,691)	735,459	12,801,558
2037	6.14%	12,801,558	664,787	(1,236,279)	(18,001)	767,918	12,979,983
2038	6.14%	12,979,983	658,496	(1,281,725)	(18,316)	777,276	13,115,714
2039	6.14%	13,115,714	619,620	(1,289,851)	(18,637)	784,157	13,211,003
2040	6.14%	13,211,003	547,770	(1,260,568)	(18,963)	788,691	13,267,933
2041	6.14%	13,267,933	516,561	(1,270,188)	(19,295)	790,922	13,285,933
2042	6.14%	13,285,933	533,698	(1,327,371)	(19,633)	790,788	13,263,415
2043	6.14%	13,263,415	500,033	(1,333,503)	(19,977)	788,173	13,198,141
2044	6.14%	13,198,141	471,255	(1,342,451)	(20,327)	782,996	13,089,614
2045	6.14%	13,089,614	476,644	(1,387,144)	(20,683)	775,115	12,933,546
2046	6.14%	12,933,546	488,359	(1,439,604)	(21,045)	764,270	12,725,526
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Accounting Information

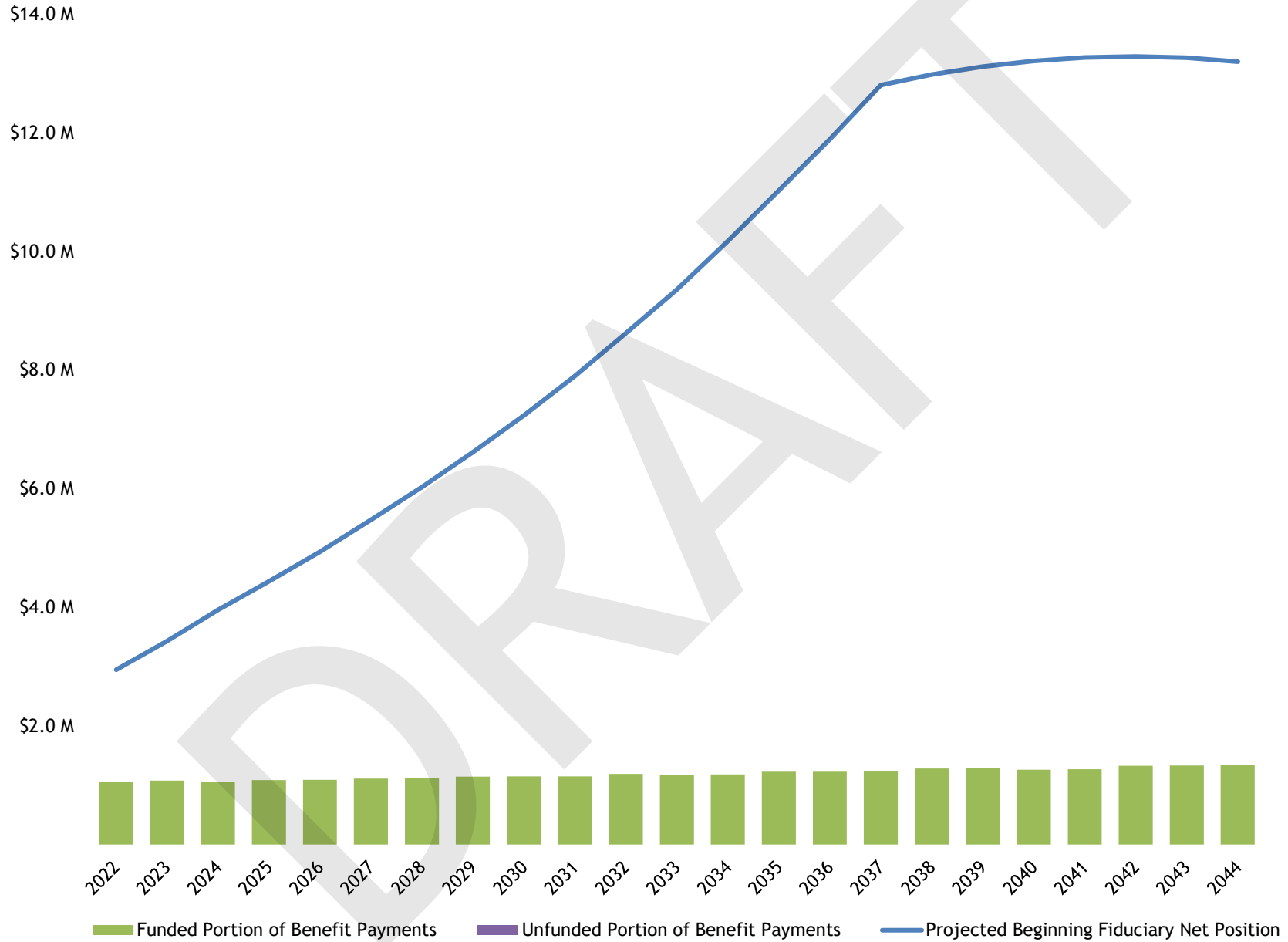
Depletion Date Projection

Current Participants Only

The investment earnings are determined using an investment rate of return of 6.14%.

Measurement Period Ending June 30:	Projected Beginning Fiduciary Net Position	Total Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments at the Investment Rate of Return	Present Value of Unfunded Benefit Payments at 1.92%	Present Value of Benefit Payments at an equivalent Single Discount Rate of 6.14%
2022	\$ 2,948,603	\$ 1,057,626	\$ 1,057,626	\$ -	\$ 1,026,579	\$ -	\$ 1,023,738
2023	3,428,580	1,077,596	1,077,596	-	985,456	-	977,296
2024	3,954,050	1,054,176	1,054,176	-	908,271	-	895,771
2025	4,437,003	1,084,809	1,084,809	-	880,596	-	863,675
2026	4,937,427	1,089,617	1,089,617	-	833,332	-	812,802
2027	5,471,547	1,109,860	1,109,860	-	799,711	-	775,698
2028	6,026,293	1,124,470	1,124,470	-	763,368	-	736,352
2029	6,614,994	1,146,020	1,146,020	-	732,992	-	703,143
2030	7,234,355	1,149,205	1,149,205	-	692,509	-	660,636
2031	7,900,574	1,149,566	1,149,566	-	652,653	-	619,173
2032	8,620,335	1,191,326	1,191,326	-	637,236	-	601,205
2033	9,358,041	1,171,170	1,171,170	-	590,215	-	553,764
2034	10,171,664	1,183,879	1,183,879	-	562,107	-	524,476
2035	11,027,067	1,227,586	1,227,586	-	549,142	-	509,547
2036	11,890,218	1,229,852	1,229,852	-	518,330	-	478,298
2037	12,801,558	1,236,279	1,236,279	-	490,897	-	450,480
2038	12,979,983	1,281,725	1,281,725	-	479,502	-	437,590
2039	13,115,714	1,289,851	1,289,851	-	454,627	-	412,597
2040	13,211,003	1,260,568	1,260,568	-	418,604	-	377,803
2041	13,267,933	1,270,188	1,270,188	-	397,398	-	356,682
2042	13,285,933	1,327,371	1,327,371	-	391,265	-	349,236
2043	13,263,415	1,333,503	1,333,503	-	370,334	-	328,726
2044	13,198,141	1,342,451	1,342,451	-	351,252	-	310,064
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Depletion Date Projection



Accounting Information

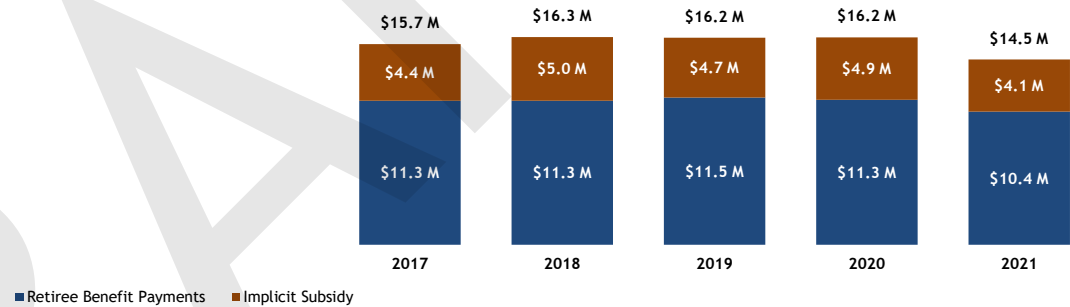
Schedule of Implicit Subsidy Liability

Actuarial standard of practice (ASOP) number 6, "Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions", requires the inclusion of the implicit subsidy in OPEB valuations.

The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.

Measurement Date (June 30):	2017	2018	2019	2020	2021
Report Date (June 30):	2017	2018	2019	2020	2021
Retiree Benefit Payments	\$ 11,272,853	\$ 11,270,488	\$ 11,506,077	\$ 11,346,583	\$ 10,412,776
Implicit Subsidy	4,423,197	4,991,025	4,702,898	4,887,589	4,073,622
Total OPEB Liability	\$ 15,696,050	\$ 16,261,513	\$ 16,208,975	\$ 16,234,172	\$ 14,486,398
Discount Rate	6.25%	6.25%	6.25%	6.25%	6.14%

Retiree Benefit Payments and Implicit Subsidy



Accounting Information

Schedule of Deferred Outflows and Inflows of Resources

Schedule of Deferred Outflows and Inflows of Resources

	Measurement Period	Base Amount	Amount Previously Recognized	Recognition Period	Remaining Period	Increase/(Decrease) in Expense: Measurement / Report Years Ending June 30:						Remaining
						2021	2022	2023	2024	2025	2026	
Differences Between Expected and Actual Experience	2016-2017	\$ -	\$ -	4.3	0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2017-2018	238,065	167,652	4.3	1.3	55,884	14,529	-	-	-	-	-
	2018-2019	(274,383)	(131,916)	4.2	2.2	(65,958)	(65,958)	(10,551)	-	-	-	-
	2019-2020	14,954	3,561	4.2	3.2	3,561	3,561	3,561	710	-	-	-
	2020-2021	(1,388,072)	-	4.4	4.4	(315,471)	(315,471)	(315,471)	(315,471)	(126,188)	-	-
Changes of Assumptions	2016-2017	-	-	4.3	0.3	-	-	-	-	-	-	-
	2017-2018	-	-	4.3	1.3	-	-	-	-	-	-	-
	2018-2019	(23,351)	(11,120)	4.2	2.2	(5,560)	(5,560)	(1,111)	-	-	-	-
	2019-2020	(188,887)	(44,974)	4.2	3.2	(44,974)	(44,974)	(44,974)	(8,991)	-	-	-
	2020-2021	(558,808)	-	4.4	4.4	(127,002)	(127,002)	(127,002)	(127,002)	(50,800)	-	-
Differences Between Projected and Actual Earnings	2016-2017	(17,334)	(13,868)	5.0	1.0	(3,466)	-	-	-	-	-	-
	2017-2018	34,101	20,463	5.0	2.0	6,821	6,817	-	-	-	-	-
	2018-2019	24,423	9,770	5.0	3.0	4,885	4,885	4,883	-	-	-	-
	2019-2020	10,874	2,175	5.0	4.0	2,175	2,175	2,175	2,174	-	-	-
	2020-2021	(469,322)	-	5.0	5.0	(93,865)	(93,865)	(93,865)	(93,865)	(93,862)	-	-

Summary of Deferred Outflows and Inflows of Resources

Measurement Period: July 1, 2020 - June 30, 2021

Fiscal Reporting Period: July 1, 2020 - June 30, 2021

	Measurement/Report Years Ending June 30:						Remaining
	2021	2022	2023	2024	2025	2026	
Differences Between Expected and Actual Experience	\$ (321,984)	\$ (363,339)	\$ (322,461)	\$ (314,761)	\$ (126,188)	\$ -	\$ -
Changes of Assumptions	(177,536)	(177,536)	(173,087)	(135,993)	(50,800)	-	-
Differences Between Projected and Actual Earnings	(83,450)	(79,988)	(86,807)	(91,691)	(93,862)	-	-
Total	\$ (582,970)	\$ (620,863)	\$ (582,355)	\$ (542,445)	\$ (270,850)	\$ -	\$ -

Accounting Information

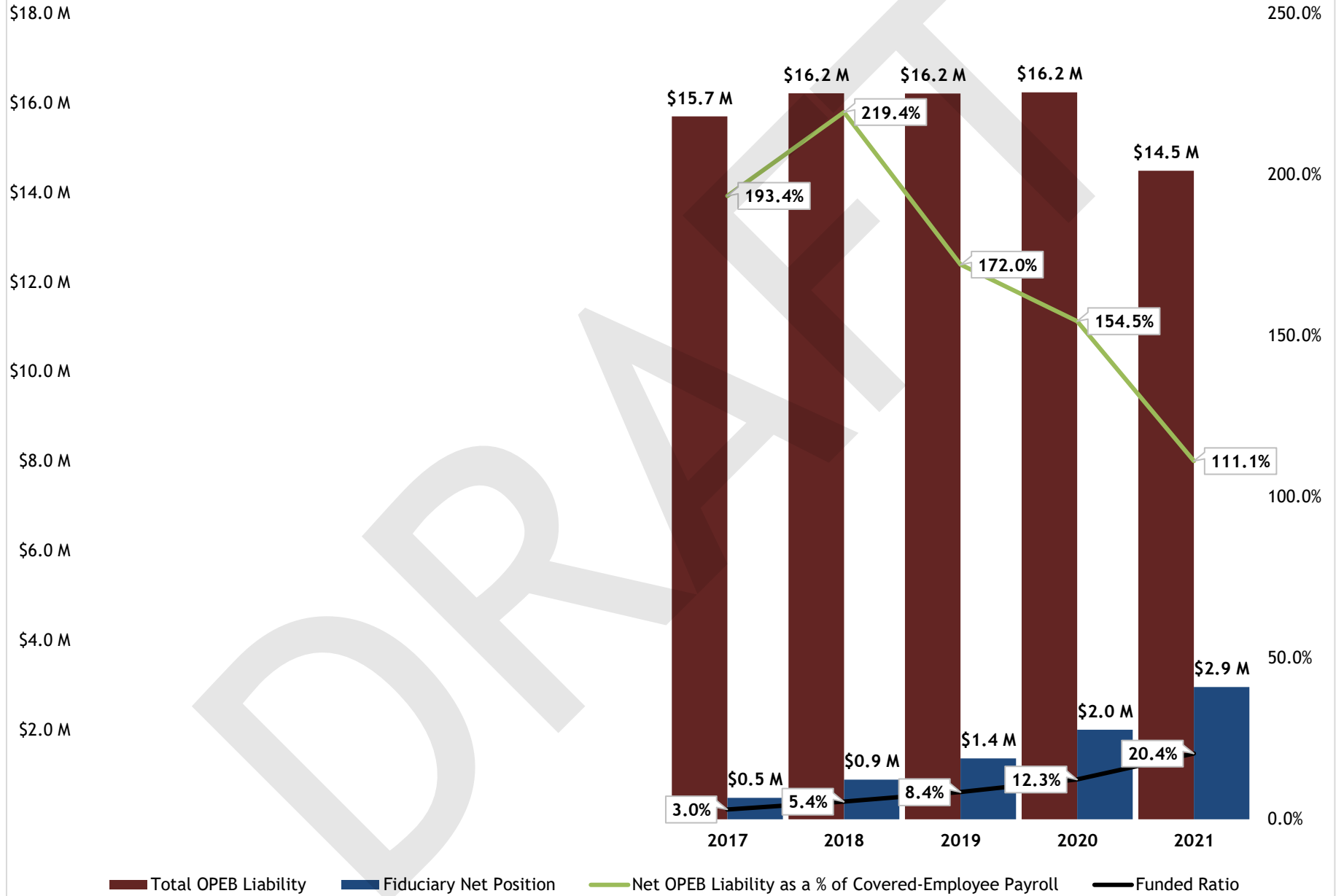
Schedule of Changes in the Total OPEB Liability and Related Ratios

GASB 75 requires a disclosure of the changes in the Net OPEB Liability for the last ten fiscal years, or for as many years as are available.

Measurement Date (June 30):	2017	2018	2019	2020	2021
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability					
Service Cost	\$ 446,425	\$ 459,818	\$ 423,862	\$ 372,506	\$ 374,830
Interest	929,839	946,716	1,027,103	999,685	1,001,281
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	238,065	(274,383)	14,954	(1,388,072)
Changes of Assumptions	-	-	(23,351)	(188,887)	(558,808)
Benefit Payments	(827,604)	(821,298)	(871,208)	(874,316)	(854,258)
Implicit Rate Subsidy Credit	(287,686)	(307,499)	(334,561)	(298,745)	(322,747)
Net Change in Total OPEB Liability	<u>260,974</u>	<u>515,802</u>	<u>(52,538)</u>	<u>25,197</u>	<u>(1,747,774)</u>
Total OPEB Liability – Beginning	<u>15,435,076</u>	<u>15,696,050</u>	<u>16,261,513</u>	<u>16,208,975</u>	<u>16,234,172</u>
Total OPEB Liability – Ending (a)	<u>\$ 15,696,050</u>	<u>\$ 16,211,852</u>	<u>\$ 16,208,975</u>	<u>\$ 16,234,172</u>	<u>\$ 14,486,398</u>
Plan Fiduciary Net Position					
Net Investment Income	\$ 41,863	\$ 36,771	\$ 73,071	\$ 91,213	\$ 630,935
Employer – District's Contribution	1,083,604	1,195,298	1,278,941	1,433,424	1,185,891
Employer – Implicit Subsidy	287,686	307,499	334,561	298,745	322,747
Benefit Payments	(827,604)	(821,298)	(871,208)	(874,316)	(854,258)
Implicit Subsidy Credit	(287,686)	(307,499)	(334,561)	(298,745)	(322,747)
Administrative Expense	(1,367)	(1,576)	(4,595)	(8,986)	(13,638)
Other Miscellaneous Income/(Expense)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>296,496</u>	<u>409,195</u>	<u>476,209</u>	<u>641,335</u>	<u>948,930</u>
Plan Fiduciary Net Position – Beginning	<u>176,437</u>	<u>472,933</u>	<u>882,129</u>	<u>1,358,338</u>	<u>1,999,673</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 472,933</u>	<u>\$ 882,128</u>	<u>\$ 1,358,338</u>	<u>\$ 1,999,673</u>	<u>\$ 2,948,603</u>
Net OPEB Liability					
District's Net OPEB Liability – Ending = (a) – (b)	<u>\$ 15,223,117</u>	<u>\$ 15,329,724</u>	<u>\$ 14,850,637</u>	<u>\$ 14,234,499</u>	<u>\$ 11,537,795</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.0%	5.4%	8.4%	12.3%	20.4%
Covered-Employee Payroll	\$ 7,872,287	\$ 6,987,356	\$ 8,632,117	\$ 9,212,842	\$ 10,381,499
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	193.4%	219.4%	172.0%	154.5%	111.1%

Notes to schedule: the District adopted GASB 75 for the fiscal year ending June 30, 2017.

Schedule of Changes in the Total OPEB Liability and Related Ratios



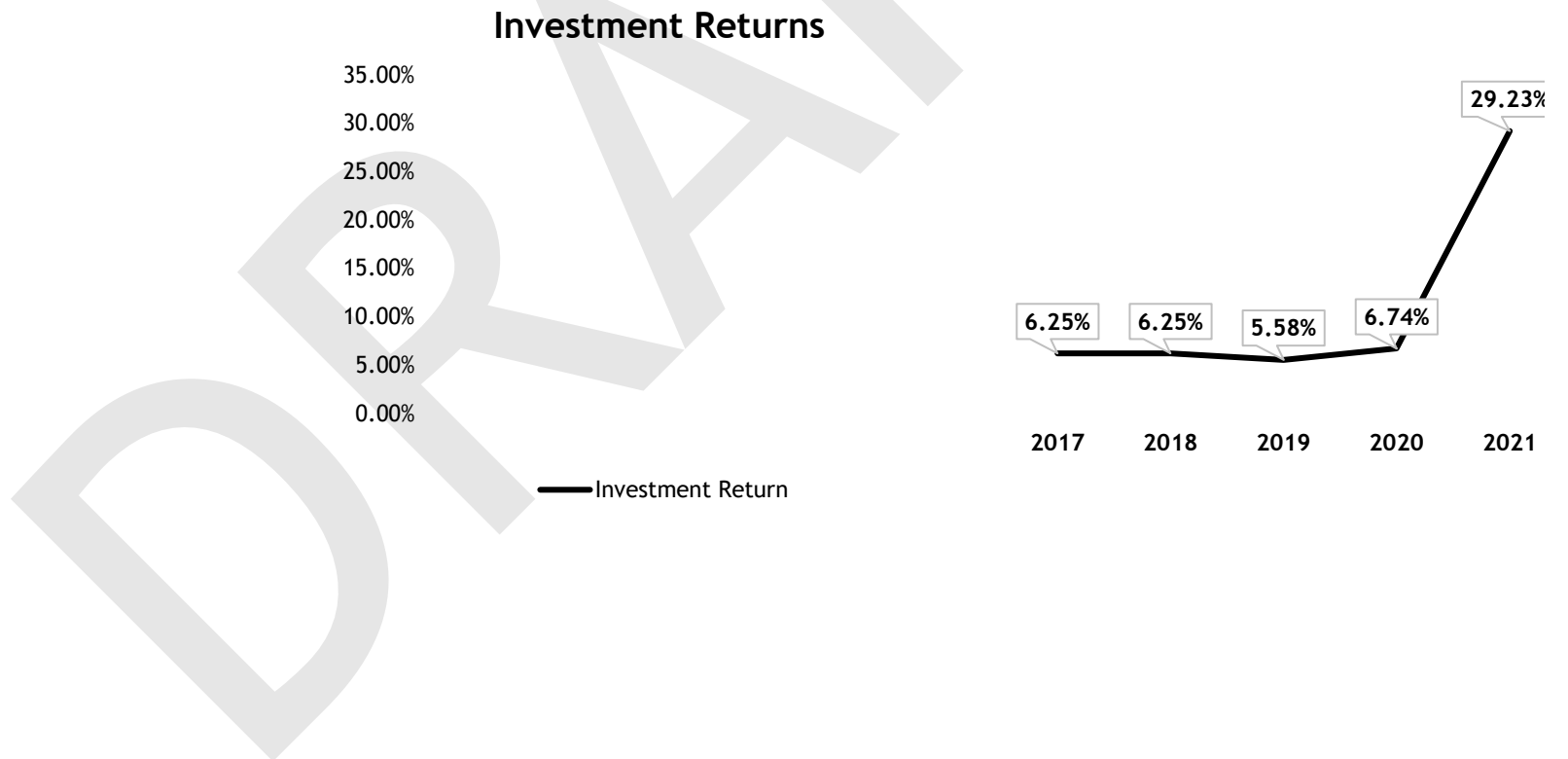
Accounting Information

Schedule of Investment Returns

GASB 75 requires a schedule of investment returns for the last ten fiscal years, or for as many years as are available if less than ten years are available.

Measurement Date (June 30):	2017	2018	2019	2020	2021
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.25%	6.25%	5.58%	6.74%	29.23%

The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses).



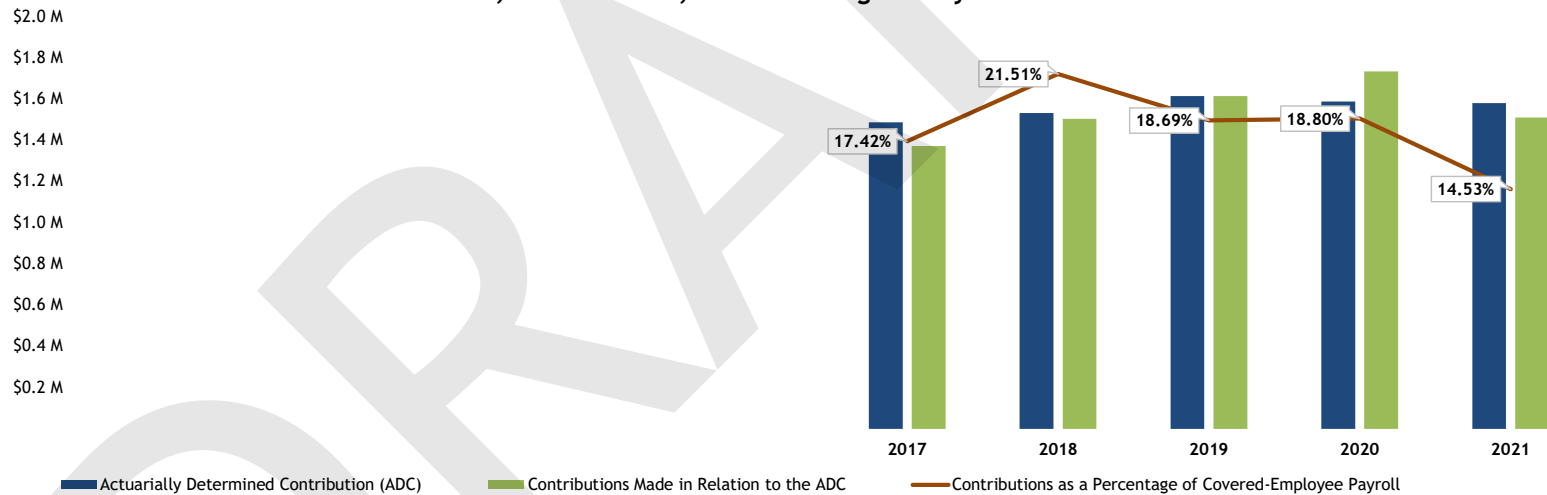
Accounting Information

Schedule of Contributions

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

Measurement Period:	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Reporting Period:	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Report Date (June 30):	2017	2018	2019	2020	2021
Actuarially Determined Contribution (ADC)	\$ 1,485,776	\$ 1,530,343	\$ 1,613,502	\$ 1,586,650	\$ 1,579,380
Less: Contributions Made in Relation to the ADC	-	-	-	-	-
Contribution Deficiency (Excess)	114,486	27,546	-	(145,519)	70,742
Covered-Employee Payroll	\$ 7,872,287	\$ 6,987,356	\$ 8,632,117	\$ 9,212,842	\$ 10,381,499
Contributions as a Percentage of Covered-Employee Payroll	17.42%	21.51%	18.69%	18.80%	14.53%

ADC, Contributions, and Percentage of Payroll



Notes to Schedule:

Assumptions and Methods

- Actuarial Cost Method: Entry-age normal, level percent of pay
- Amortization Method: Closed period, level percent of pay
- Amortization Period: 20 years
- Inflation: 1.75%
- Assumed Payroll Growth: 3.000%
- Healthcare Trend Rates: 6.50%, trending down to 4.04%
- Rate of Return on Assets: 6.14%
- Mortality Rate: CalPERS Rates. See appendix.
- Retirement Rates: CalPERS Rates. See appendix.

Accounting Information

Draft Notes to the Financial Statements

A draft of the required notes to the District's financial statements, based on the requirements of GASB 75 and our understanding of the District's retiree health plan, follows.

Notes to the Financial Statements for the Year Ended June 30, 2021

Summary of Significant Accounting Policies

Other 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 District's Retiree Health Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note X – Other Post-Employment Benefits (OPEB)

Plan Description

The District administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date, employment status and employment classification. Benefits continue to the surviving spouses.

Benefits Provided

Eligibility for retiree health benefits requires direct retirement from the District under CCCERA. Eligible employees who were hired prior to April 15, 2014 (July 2, 2014 for Battalion Chiefs and July 1, 2014 for unrepresented), receive 100% of medical and dental premiums, subject to the District Cap. The Medical Cap is as follows:

	<u>Unrepresented</u>	<u>All Others</u>
Single	\$575.55	\$458.42
Single + 1	\$1,151.10	\$916.82
Family	\$1,496.11	\$1,191.87

Eligible employees hired after the dates listed above will receive the PEMHCA minimum benefit.

Employees Covered by Benefit Terms

At June 30, 2021 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	149
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	66
Total	215

Accounting Information

Draft Notes to the Financial Statements

Contributions

The District makes contributions based on an actuarially determined rate.

Contribution rate:	9.70%	for 15 years,
	2.75%	thereafter.
Reporting period contributions:	\$1,508,638	(Includes implicit subsidy credit.)

Financial Report

The District issues a stand-alone financial report that is available to the public. The report is available at: www.mofd.org/our-district/district-overview/key-district-documents/comprehensiveannual-financial-report

Net OPEB Liability

The District's total OPEB liability was valued as of June 30, 2021, and was used to calculate the net OPEB liability measured as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	June 30, 2020	June 30, 2021
Discount Rate	6.25%	6.14%
Investment Rate of Return	6.25%	6.14%
Inflation	1.75%	1.75%
Healthcare Cost Trend Rates		
Pre-Medicare	6.50%	6.50% *
Medicare	5.50%	5.50% *
Salary Increases	3.000%	3.000% **
Mortality Rates	Based on CalPERS tables.	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the CalPERS Pension Assumption Model, revised May 14, 2018.
- Inactive employees (retirees) pay the cost of benefits in excess of the District's contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Discount Rate

GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments will be used. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 6.14%.

*Trending down to 4.04% over 56 years. Applies to calendar years.

**Additional merit-based increases based on CalPERS merit salary increase tables.

Accounting Information

Draft Notes to the Financial Statements

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by the PARS Investment team and HighMark Capital Management as of June 30, 2021.

Asset Class	Target Allocation	Compound Expected Return
Equity - Large Cap Core	39.50%	6.80%
Equity - Mid Cap Core	7.50%	7.10%
Equity - Small Cap Core	10.50%	7.90%
Equity - Real Estate	2.00%	6.60%
Equity - International	10.25%	7.30%
Equity - Emerging Markets	5.25%	7.30%
Fixed Income - Short-Term Bonds	3.00%	3.30%
Fixed Income - Intermediate-Term Bonds	16.00%	3.90%
Fixed Income - High Yield	1.00%	6.10%
Cash	5.00%	2.40%
Total/Average	100.00%	
Expected Long-Term Rate of Return		6.64%
Expected Volatility		12.53%
Expected Long-Term Rate of Return, Net of Fees		6.14%

<i>Current Liability</i>	Amount
Current OPEB Liability	\$ 1,026,124
Non-Current OPEB Liability	13,460,274
Total OPEB Liability	\$ 14,486,398

Expected Average Remaining Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows.

EARSL: 4.4 years

Accounting Information

Draft Notes to the Financial Statements

Changes in the Net OPEB Liability

	<i>Increase/(Decrease)</i>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance as of Report Date June 30, 2020	\$ 16,234,172	\$ 1,999,673	\$ 14,234,499
Changes for the Year:			
Service Cost	374,830		374,830
Interest	1,001,281		1,001,281
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(1,388,072)		(1,388,072)
Changes of Assumptions	(558,808)		(558,808)
Contributions			
Employer – District's Contribution		1,185,891	(1,185,891)
Employer – Implicit Subsidy		322,747	(322,747)
Net Investment Income		630,935	(630,935)
Benefit Payments	(854,258)	(854,258)	-
Implicit Subsidy Credit	(322,747)	(322,747)	-
Administrative Expenses		(13,638)	13,638
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes	(1,747,774)	948,930	(2,696,704)
Balance as of Report Date June 30, 2021	\$ 14,486,398	\$ 2,948,603	\$ 11,537,795

Accounting Information

Draft Notes to the Financial Statements

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

Sensitivity of the total and net OPEB liability to changes in the discount rate. The total and net OPEB liability of the District, as well as what the District's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower (5.14%) or one percentage point higher (7.14%) follows:

	1% Decrease 5.14%	Discount Rate 6.14%	1% Increase 7.14%
Total OPEB Liability (Asset)	\$ 15,987,696	\$ 14,486,398	\$ 13,207,898
Increase (Decrease)	1,501,298		(1,278,500)
% Change	10.4%		-8.8%
Net OPEB Liability (Asset)	\$ 13,039,093	\$ 11,537,795	\$ 10,259,295
Increase (Decrease)	1,501,298		(1,278,500)
% Change	13.0%		-11.1%

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 6.50% and decreased to 4.04% over 56 years. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

	1% Decrease 5.50%	Trend Rate 6.50%	1% Increase 7.50%
Total OPEB Liability (Asset)	\$ 13,984,253	\$ 14,486,398	\$ 15,118,183
Increase (Decrease)	(502,145)		631,785
% Change	-3.5%		4.4%
Net OPEB Liability (Asset)	\$ 11,035,650	\$ 11,537,795	\$ 12,169,580
Increase (Decrease)	(502,145)		631,785
% Change	-4.4%		5.5%

Accounting Information

Draft Notes to the Financial Statements

OPEB Expense and Deferred Outflows and Outflows of Resources Related to OPEB

For the report year ended June 30, 2021, the District recognized an OPEB expense of \$645,166. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 22,361	\$ (1,149,110)
Changes of Assumptions	-	(537,416)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(352,348)
Contributions Subsequent to the Measurement Date	-	-
Total	\$ 22,361	\$ (2,038,874)

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

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2022	\$ (620,863)
2023	(582,355)
2024	(542,445)
2025	(270,850)
2026	-
Remaining	-

Basis of Valuation

Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

General Eligibility for Benefits	
General Requirements	Retire directly from District under CCCERA.
Service Retirement:	
Safety Legacy	Age 50 and five years of service.
Safety PEPRA	Age 57 and five years of service.
General Legacy	Age 55 and five years of service.
General PEPRA	Age 67 and five years of service.
Ordinary Disability	Five years of service.
Duty Disability	Immediate eligibility.

Retiree Medical Plan Tiers	
Tier 1	Hired before April 15, 2014: <ul style="list-style-type: none"> • July 2, 2014 for Battalion Chiefs. • July 1, 2014 for unrepresented and Local 2700.
Tier 2	All others.

Benefits Tier 1	
Medical Benefit for Retirees	Monthly premium paid up to the Retiree Medical Benefit Cap.
Medical Benefit for Survivors	Same benefit as retiree.
Dental Benefit for Retirees	Monthly premium paid up to the cap.
Dental Benefit for Survivors	Survivors pay 100% of premium.

Benefits Tier 2	
Medical Benefit for Retirees	PEMHCA minimum – \$143/month for 2021 & \$149/month for 2022. Increased by CalPERS board.
Medical Benefit for Survivors	PEMHCA minimum – \$143/month for 2021 & \$149/month for 2022. Increased by CalPERS board.
Dental Benefit for Retirees	Monthly premium paid up to the cap.
Dental Benefit for Survivors	Survivors pay 100% of premium.

Retiree Medical Caps			
Unrepresented Retirees			
		<u>Medical Cap</u>	<u>Dental Cap</u>
	Single	\$ 575.55	\$ 51.20
	Single +1	1,151.10	90.12
	Family	1,496.11	136.35
Represented Retirees			
		<u>Medical Cap</u>	<u>Dental Cap</u>
	Single	458.42	46.68
	Single +1	916.82	81.00
	Family	1,191.87	116.98

Basis of Valuation

Participant Summary

Census Date: June 30, 2021
Age and service determined as of the census date.

Active Participants											
Age	Years of Service										Total
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 25	1										1
25-29	1	3									4
30-34		4	2	1							7
35-39		3	3	10	8						24
40-44	1			4	3						8
45-49		3	1		4	1					9
50-54		2	1	3	2	2					10
55-59		3									3
60-64											
65-69											
70+											
Total	3	18	7	18	17	3					66

Average Active Participant Age: 41.2

Average Years of Service: 10.0

Changes from Prior Census

Active Participants	Count
Prior Census	59
Changes	7
Current Census	66

Inactive Participants			
Age	Retiree	Spouse	Total
< 50		3	3
50-54	7	3	10
55-59	6	11	17
60-64	14	15	29
65-69	22	6	28
70-74	13	14	27
75-79	9	4	13
80-84	8	2	10
85-89	6		6
90+	6		6
Total	91	58	149

Inactive Participants	Retiree	Spouse	Total
Prior Census	90	68	158
Changes	1	(10)	(9)
Current Census	91	58	149

Average Inactive Participant Age: 68.5

Basis of Valuation

Participant Summary Charts

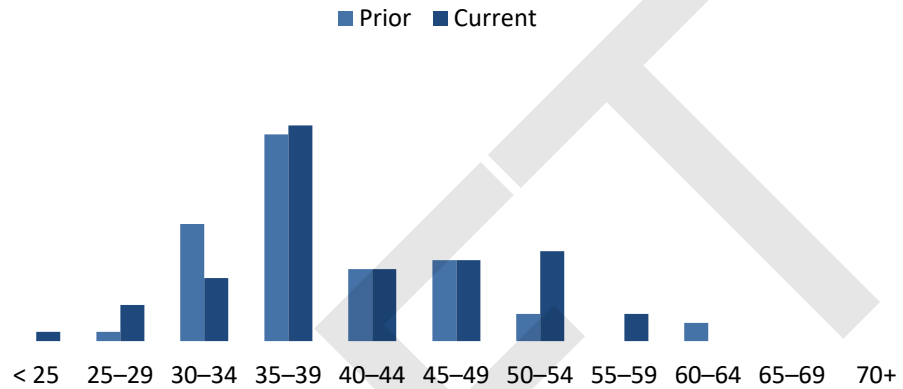
Census Date: June 30, 2021

Age and service determined as of the census date.

Average Active Participant Age

Prior Report:	39.9
Current:	41.2
Change:	1.3
% Change:	3.3%

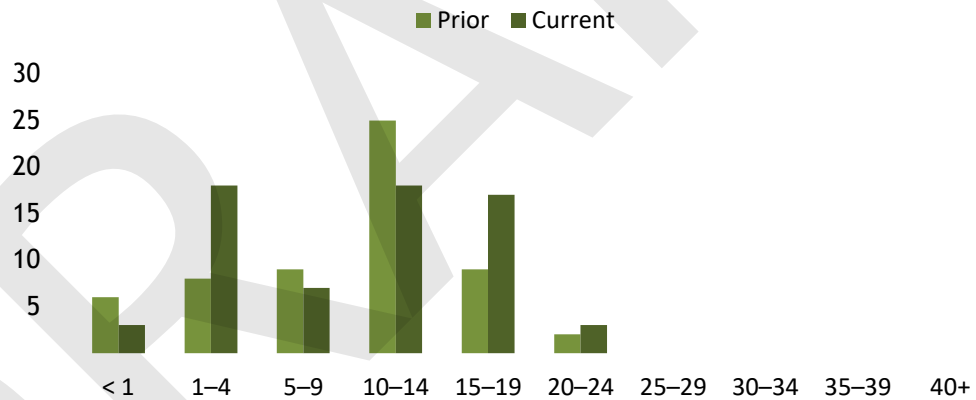
Actives by Age Bracket



Average Years of Service

Prior Report:	10.1
Current:	10.0
Change:	(0.1)
% Change:	-0.5%

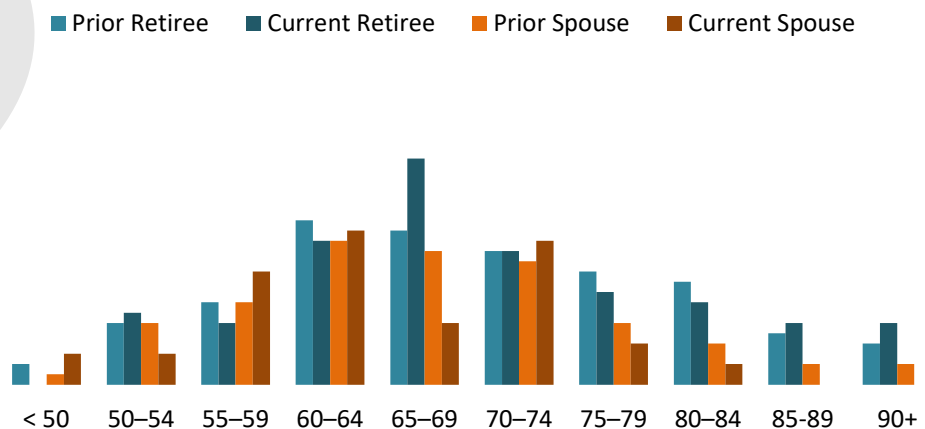
Actives by Years of Service



Average Inactive Participant Age

Prior Report:	67.0
Current:	68.5
Change:	1.5
% Change:	2.2%

Inactives by Age Bracket



Basis of Valuation

Actuarial Assumptions

A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

Assumption	Rates
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Report Date	June 30, 2021
Discount Rate	<p>GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments will be used. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 6.14%.</p>
Post-Retirement Healthy Mortality	<p>For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally with the two-dimensional MP-2018 projection scale.</p> <p>For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set back three years, projected generationally with the two-dimensional MP-2018 projection scale.</p>
Post Retirement Disabled Mortality	<p>For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward eight years, projected generationally with the two-dimensional MP-2018 projection scale.</p> <p>For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward three years, projected generationally with the two-dimensional MP-2018 projection scale.</p>
Pre Retirement Mortality	<p>Headcount-Weighted RP-2014 Employee Mortality Table times 75%, projected generationally with the two-dimensional MP-2018 projection scale.</p>

Basis of Valuation

Actuarial Assumptions

Assumption	Rates												
Termination Rates	See appendix. Same as Segal 12/31/2015 CCCERA retirement plan valuation.												
Disability	See appendix. Same as Segal 12/31/2015 CCCERA retirement plan valuation.												
Retirement	See appendix. Same as Segal 12/31/2015 CCCERA retirement plan valuation.												
Annual Per Capita Claims	Developed based on CalPERS premiums and CalPERS population data. Assumed												
	<table border="1"> <thead> <tr> <th>Age</th> <th>Males</th> <th>Females</th> </tr> </thead> <tbody> <tr> <td>50</td> <td>\$ 13,012</td> <td>\$ 13,489</td> </tr> <tr> <td>55</td> <td>14,719</td> <td>14,193</td> </tr> <tr> <td>60-64</td> <td>17,130</td> <td>15,893</td> </tr> </tbody> </table>	Age	Males	Females	50	\$ 13,012	\$ 13,489	55	14,719	14,193	60-64	17,130	15,893
Age	Males	Females											
50	\$ 13,012	\$ 13,489											
55	14,719	14,193											
60-64	17,130	15,893											
Average Per Capita Cost for Implicit Subsidy Calculation	Developed based on premiums for the District's enrollment by plan, family demographics from CalPERS plans, and risk scores (both HMO and PPO) for the CalPERS population.												
Aging or Morbidity Factors	Based on actual CalPERS population data.												
Participant Contributions	Based on service at retirement and employee group.												
Salary Increases	3.000% The salary increase is used to determine the growth in the aggregate payroll. Same as Segal 12/31/2015 CCCERA valuation.												
Inflation Rate	1.75%												
Marital Status	Current Retirees: Actual spouse coverage is used. Male future retirees: 75% assumed to be married . Female future retirees: 50% assumed to be married.												
Spouse Gender	Assumes spouse of opposite gender for current and future retirees.												
Spouse Age Difference	Actual spouse age is used for current retirees. Assumes males are 2-3 three years older than females.												
Participation	Current Retirees: Assume current elections continue until decrement. Future Retiree election assumptions summarized below:												
	<table border="1"> <thead> <tr> <th>Condition</th> <th>Participation</th> </tr> </thead> <tbody> <tr> <td>Eligible for Supplemental Benefits</td> <td>95%</td> </tr> <tr> <td>Eligible for PEMHCA Minimum Only</td> <td>50%</td> </tr> </tbody> </table>	Condition	Participation	Eligible for Supplemental Benefits	95%	Eligible for PEMHCA Minimum Only	50%						
Condition	Participation												
Eligible for Supplemental Benefits	95%												
Eligible for PEMHCA Minimum Only	50%												

Basis of Valuation

Actuarial Assumptions

Assumption	Rates																																												
Weighted-Average Single Premium	2021 and 2022 premiums were used to develop weighted-average single premiums and aged-based claims for 2021-22																																												
	<table border="1"> <thead> <tr> <th>Grouping</th> <th>EE Only</th> <th>Two-Party</th> </tr> </thead> <tbody> <tr> <td>Pre-Medicare</td> <td>\$ 850.00</td> <td>\$ 1,700.00</td> </tr> <tr> <td>Medicare</td> <td>341.37</td> <td>682.74</td> </tr> </tbody> </table>	Grouping	EE Only	Two-Party	Pre-Medicare	\$ 850.00	\$ 1,700.00	Medicare	341.37	682.74																																			
Grouping	EE Only	Two-Party																																											
Pre-Medicare	\$ 850.00	\$ 1,700.00																																											
Medicare	341.37	682.74																																											
Trend Rates	Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2020_b" using baseline assumptions. Applied to both claims and premiums.																																												
	<table border="1"> <thead> <tr> <th>Calendar Year</th> <th>Pre-Medicare Trend</th> <th>Medicare Trend</th> <th>PEMHCA Trend</th> </tr> </thead> <tbody> <tr><td>2021</td><td>6.50%</td><td>5.50%</td><td>3.00%</td></tr> <tr><td>2022</td><td>6.00%</td><td>5.20%</td><td>3.00%</td></tr> <tr><td>2023</td><td>5.50%</td><td>5.20%</td><td>3.00%</td></tr> <tr><td>2024</td><td>5.45%</td><td>5.20%</td><td>3.00%</td></tr> <tr><td>2025</td><td>5.39%</td><td>5.19%</td><td>3.00%</td></tr> <tr><td>2026</td><td>5.34%</td><td>5.19%</td><td>3.00%</td></tr> <tr><td>2027</td><td>5.29%</td><td>5.19%</td><td>3.00%</td></tr> <tr><td>2028</td><td>5.23%</td><td>5.18%</td><td>3.00%</td></tr> <tr><td>2029-2076</td><td>...</td><td>...</td><td>...</td></tr> <tr><td>2077+</td><td>4.04%</td><td>4.04%</td><td>3.00%</td></tr> </tbody> </table>	Calendar Year	Pre-Medicare Trend	Medicare Trend	PEMHCA Trend	2021	6.50%	5.50%	3.00%	2022	6.00%	5.20%	3.00%	2023	5.50%	5.20%	3.00%	2024	5.45%	5.20%	3.00%	2025	5.39%	5.19%	3.00%	2026	5.34%	5.19%	3.00%	2027	5.29%	5.19%	3.00%	2028	5.23%	5.18%	3.00%	2029-2076	2077+	4.04%	4.04%	3.00%
Calendar Year	Pre-Medicare Trend	Medicare Trend	PEMHCA Trend																																										
2021	6.50%	5.50%	3.00%																																										
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2029-2076																																										
2077+	4.04%	4.04%	3.00%																																										
Benefit Cap Trend	No Change in benefit caps over time.																																												
Annual PEMHCA Amount	\$143/month for 2021 & \$149/month for 2022.																																												
PEMHCA Administrative Fee	0.25% of retiree premiums.																																												

This section includes a brief summary of GASB 75, as well as definitions of some of the key terminology used in this report.

About GASB 75

In General. In June 2015 the Governmental Accounting Standards Board released GASB 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. GASB 75 replaced GASB 45 for fiscal years beginning after June 15, 2017, for employers that sponsor OPEB plans. The provisions in GASB 75 are similar to the provisions of GASB 68 for pensions.

Accounting. GASB 75 requires a liability known as the Net OPEB Liability (NOL). The employer recognizes the NOL on its balance sheet. The employer also recognizes an OPEB expense in the income statement. GASB 45 recorded the Unfunded Accrued Actuarial Liability (UAAL) in the notes to the financial statement, whereas GASB 75 records the NOL, which is very similar to the UAAL with just a few technical differences, on the balance sheet.

Financial Statement Impact (Employers). One of the biggest changes to the financial statements of governmental employers that provide OPEB is the reporting of the OPEB liability on the face of the statements rather than in the footnotes. Governments that do not provide OPEB through a trust are required to recognize the entire OPEB liability in the financial statements. For governments that provide OPEB through an OPEB plan that is administered through a trust, the government’s OPEB liability is recognized net of the amount of the OPEB plan’s fiduciary net position.

Changes to the Measurement of the Total OPEB Liability. Measurement of the OPEB liability includes discounting future benefit payments for current and former employees and their beneficiaries to their present value and allocating the present value over past and future periods of the employee service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The calculation continues to include employee-related events, such as projected salary increases and projected years of service, if they affect the amount of OPEB payments employees will receive, as well as provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefits. Additionally, ad hoc COLAs and other ad hoc benefit changes, which are made at the discretion of the government, are included in projections as well, if they routinely recur.

GASB 75 requires governments to discount projected OPEB payments to their present value. Under the new standard, governments discount the projected OPEB payments to be made in each year and the amount of plan assets (if a government administers the OPEB through a trust) available for providing those benefits to current active and inactive employees and their beneficiaries. Similar to the pension standards, the discount rate used is based on whether the plan assets are projected to be sufficient to make future payments. If the plan assets are sufficient, governments discount future payments using the long-term expected rate of return. If projected plan assets are insufficient to make all future payments to current and inactive employees and their beneficiaries, or if there are no plan assets held in trust, the discount rate is based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. “High-quality” is defined as being rated AA or higher (or an equivalent rating).

Cost Method. The Entry Age Normal Cost method must be used.

About GASB 75 (continued)

Factors that affect a government's OPEB liability, such as actual earnings on plan investments when the OPEB plan is administered as a trust, employee compensation changes, interest on the outstanding OPEB liability, contributions from employees and employers, and actual demographic and economic changes that are not in line with assumptions made in the actuarial calculations, are considered when determining the government's OPEB expense. A government's annual OPEB expense is calculated with consideration for factors affecting the OPEB liability within the reporting period. Several causes of changes in OPEB liability are immediately factored into the calculation of OPEB expense for the period, such as benefits earned each year, interest on the total OPEB liability, changes in benefit terms, and projected earnings on plan investments, if administered through a trust.

Governments are required to recognize deferred outflows of resources or deferred inflows of resources and then introduce into the expense calculation, systematically and rationally over the average remaining years of employment (active employees and inactive employees, including retirees), the effect on the total OPEB liability of differences between assumptions and actual experience.

Key Terminology

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Actuarial Present Value of Projected Benefit Payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Agent Employer	An employer whose employees are provided with OPEB through an agent multiple-employer defined-benefit OPEB plan.
Closed Period	A specific number of years that is counted from one date, which declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth until no years remain.
Contributions	Additions to an OPEB plan's fiduciary net position for amounts from employers, non-employer contributing entities, or employees.
Dates and Periods	
• Census Date	The date of the census. It is usually the same as the Valuation Date .
• Measurement Date	The date on which assets are measured. The liabilities are rolled forward to this date from the Valuation Date , should it differ, using actuarial roll-forward techniques.
• Measurement Period	The year ending on the Measurement Date .
• Report Date	The date on which the amounts are reported in the financial statements. It is the same as the fiscal year-end. It may be up to one year ahead of the Measurement Date , with no roll-forward of liabilities or assets required.
• Reporting Period	The year ending on the Report Date . It is the same as the fiscal year.
• Valuation Date	The date on which the liabilities are valued.
Deferred Inflows and Outflows of Resources	The portion of the changes in the Net OPEB Liability that are not recognized in the current pension expense and are recognized in later periods. The changes deferred include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on OPEB plan investments.

Key Terminology (continued)

Defined-Benefit OPEB	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation, or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums. OPEB that does not have all of the terms of defined contribution OPEB is classified as defined-benefit OPEB.
Discount Rate	The single rate of return that reflects the following: <ul style="list-style-type: none"> a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return. b. A yield or index rate for 20-year, tax-exempt general-obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions in (a) are not met.
Fiduciary Net Position	The market value of assets as of the Measurement Date .
Implicit Subsidy	The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.
Net OPEB Liability	The Total OPEB Liability minus the Fiduciary Net Position .
Normal Cost	See Service Cost .
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payment for sick leave.
Projected Benefit Payments	All benefits estimated to be payable through OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

Key Terminology (continued)

Service Cost	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. Also called Normal Cost .
Substantive Plan	The plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees.
Total OPEB Liability	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined-benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB 75.

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Appendix

Decrement Tables

The valuation used the following decrement tables. For the SOA MP-2018 Improvement Scale, please go to <https://www.soa.org/resources/experience-studies/2018/mortality-improvement-scale-mp-2018/>.

Active Mortality

Miscellaneous Employees
Fire Employees

Source Table

SOA General RPH-2014 with Scale MP-2018
SOA Safety RPH-2014 with Scale MP-2018, 3-Year Set Back

Inactive Mortality

Retirement
Safety – Service Retirement
Spouse
Safety – Surviving Spouse
Retirement
Safety – Disability Retirement

SOA General RPH-2014 with Scale MP-2018
SOA Safety RPH-2014 with Scale MP-2018, 3-Year Set Back
SOA General RPH-2014 with Scale MP-2018
SOA General RPH-2014 with Scale MP-2018
SOA General RPH-2014 with Scale MP-2018, 8-Year Set Forward
SOA General RPH-2014 with Scale MP-2018, 3-Year Set Forward

Disability Rates

Tier 1 Employees
Tier A Employees
Tier D Employees

General Tier 1/4 Disability
Safety Disability
Safety Disability

Terminated Refund Rates

Miscellaneous Employees
Fire Employees

General Withdrawal
Safety Withdrawal

Salary Scale Rates

Miscellaneous Employees
Fire Employees

Salary Scale Rates_PA Misc
Salary Scale Rates_PA Fire

Service Retirement Rates

Tier 1
Tier A
Tier D

General – Enhanced
Safety – Enhanced
Safety – PEPPRA

Appendix

Sample Mortality and Disability Rates

Age	Pre-Retirement Male Assumptions				Pre-Retirement Female Assumptions				Pre-Retirement Male Assumptions				Pre-Retirement Female Assumptions				Public Agency Miscellaneous			
	General	General 8-Year Set Forward	Safety 3-Year Set Forward	Safety 3-Year Setback	General	General 8-Year Set Forward	Safety 3-Year Set Forward	Safety 3-Year Setback	General	General 8-Year Set Forward	Safety 3-Year Set Forward	Safety 3-Year Setback	General	General 8-Year Set Forward	Safety 3-Year Set Forward	Safety 3-Year Setback	General Tier 1/4 Disability	General Tier 3/5 Disability	Safety Disability	
	1	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
5	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
10	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
15	0.00027	0.00027	0.00027	0.00027	0.00015	0.00015	0.00015	0.00015	0.00036	0.00076	0.00059	0.00036	0.00020	0.00023	0.00025	0.00020	0.00000	0.00000	0.00000	0.00000
20	0.00053	0.00053	0.00053	0.00053	0.00018	0.00018	0.00018	0.00018	0.00071	0.00063	0.00076	0.00052	0.00024	0.00024	0.00023	0.00024	0.00010	0.00010	0.00020	0.00020
25	0.00052	0.00052	0.00052	0.00052	0.00017	0.00017	0.00017	0.00017	0.00069	0.00066	0.00063	0.00077	0.00023	0.00032	0.00024	0.00024	0.00020	0.00020	0.00220	0.00220
30	0.00047	0.00047	0.00047	0.00047	0.00019	0.00019	0.00019	0.00019	0.00063	0.00083	0.00066	0.00065	0.00026	0.00049	0.00032	0.00023	0.00040	0.00030	0.00420	0.00420
35	0.00053	0.00053	0.00053	0.00053	0.00028	0.00028	0.00028	0.00028	0.00071	0.00124	0.00083	0.00064	0.00038	0.00078	0.00049	0.00029	0.00080	0.00050	0.00560	0.00560
40	0.00072	0.00072	0.00072	0.00072	0.00044	0.00044	0.00044	0.00044	0.00096	0.00204	0.00124	0.00079	0.00059	0.00123	0.00078	0.00044	0.00220	0.00080	0.00660	0.00660
45	0.00114	0.00114	0.00114	0.00114	0.00071	0.00071	0.00071	0.00071	0.00151	0.00696	0.00204	0.00113	0.00094	0.00440	0.00123	0.00071	0.00360	0.00130	0.01000	0.01000
50	0.00184	0.00184	0.00184	0.00184	0.00108	0.00108	0.00108	0.00108	0.00626	0.00858	0.00696	0.00185	0.00421	0.00580	0.00440	0.00113	0.00520	0.00160	0.02880	0.02880
55	0.00272	0.00272	0.00272	0.00272	0.00163	0.00163	0.00163	0.00163	0.00745	0.01231	0.00858	0.00675	0.00478	0.00872	0.00580	0.00429	0.00600	0.00200	0.04600	0.04600
60	0.00448	0.00448	0.00448	0.00448	0.00258	0.00258	0.00258	0.00258	0.00976	0.01905	0.01231	0.00813	0.00679	0.01357	0.00872	0.00540	0.00600	0.00280	0.05000	0.05000
65	0.00837	0.00837	0.00837	0.00837	0.00405	0.00405	0.00405	0.00405	0.01459	0.03031	0.01905	0.01135	0.01036	0.02184	0.01357	0.00802	0.00600	0.00320	0.05000	0.05000
70	0.01441	0.01441	0.01441	0.01441	0.00669	0.00669	0.00669	0.00669	0.02288	0.04916	0.03031	0.01740	0.01638	0.03539	0.02184	0.01237	0.00600	0.00320	0.05000	0.05000
75	0.02398	0.02398	0.02398	0.02398	0.01087	0.01087	0.01087	0.01087	0.03670	0.08138	0.04916	0.02758	0.02646	0.05964	0.03539	0.01984	0.00600	0.00320	0.05000	0.05000
80	0.03899	0.03899	0.03899	0.03899	0.01781	0.01781	0.01781	0.01781	0.05999	0.13594	0.08138	0.04456	0.04330	0.10435	0.05964	0.03208	0.00600	0.00320	0.05000	0.05000
85	0.07500	0.07500	0.07500	0.07500	0.05589	0.05589	0.05589	0.05589	0.10000	0.21607	0.13594	0.07346	0.07453	0.17519	0.10435	0.05347	0.00600	0.00320	0.05000	0.05000
90	0.12463	0.12463	0.12463	0.12463	0.09742	0.09742	0.09742	0.09742	0.16617	0.30474	0.21607	0.12279	0.12989	0.26273	0.17519	0.09335	0.00600	0.00320	0.05000	0.05000
95	0.18685	0.18685	0.18685	0.18685	0.15598	0.15598	0.15598	0.15598	0.24914	0.40319	0.30474	0.19935	0.20797	0.36221	0.26273	0.15946	0.00600	0.00320	0.05000	0.05000
100	0.25827	0.25827	0.25827	0.25827	0.22662	0.22662	0.22662	0.22662	0.34436	0.48497	0.40319	0.28563	0.30216	0.45146	0.36221	0.24381	0.00600	0.00320	0.05000	0.05000
105	0.32918	0.32918	0.32918	0.32918	0.30024	0.30024	0.30024	0.30024	0.43890	0.50619	0.48497	0.38406	0.40032	0.50736	0.45146	0.34237	0.00600	0.00320	0.05000	0.05000
110	0.38233	0.38233	0.38233	0.38233	0.36009	0.36009	0.36009	0.36009	0.50977	0.50000	0.50619	0.47081	0.48012	0.50000	0.50736	0.43539	0.00600	0.00320	0.05000	0.05000
115	0.37500	0.37500	0.37500	0.37500	0.37500	0.37500	0.37500	0.37500	0.50000	1.00000	0.50000	0.50930	0.50000	1.00000	0.50000	0.50397	0.00600	0.00320	0.05000	0.05000
120	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00600	0.00320	0.05000	0.05000

Note: Pre-Retirement and Post-Retirement mortality rates include 20 years of projected on-going mortality improvement using a 2006 Base Year & the Scale MP-2018 published by the Society of Actuaries.

Appendix

Sample Termination Rates

Service	Safety Withdrawal	General Withdrawal
0	0.130	0.135
1	0.080	0.093
2	0.070	0.090
3	0.055	0.060
4	0.038	0.045
5	0.033	0.043
6	0.030	0.038
7	0.028	0.035
8	0.025	0.033
9	0.023	0.030
10	0.020	0.028
11	0.019	0.025
12	0.018	0.024
13	0.017	0.023
14	0.016	0.022
15	0.015	0.021
16	0.014	0.020
17	0.013	0.020
18	0.012	0.020
19	0.011	0.018
20	0.010	0.015

When a member is eligible to retire, the termination with vested benefits probability is set to zero

Appendix

Sample Salary Scale Rates

Service	Entry Ages										Public Agency Miscellaneous			
	15	20	25	30	35	40	45	50	55	60	65	70	75	79
0	0.1220	0.1220	0.1220	0.1160	0.1090	0.1020	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950
5	0.0640	0.0640	0.0640	0.0600	0.0550	0.0520	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480
10	0.0460	0.0460	0.0460	0.0430	0.0410	0.0390	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370
15	0.0420	0.0420	0.0420	0.0400	0.0380	0.0360	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340
20	0.0390	0.0390	0.0390	0.0380	0.0360	0.0340	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330
25	0.0370	0.0370	0.0370	0.0360	0.0340	0.0330	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310
30	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
35	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
40	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
45	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
50	0.0350	0.0350	0.0350	0.0340	0.0330	0.0320	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300

Service	Entry Ages										Public Agency Fire			
	15	20	25	30	35	40	45	50	55	60	65	70	75	79
0	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.1700	0.1700	0.1700	0.1700
5	0.03723	0.03723	0.03723	0.03723	0.03723	0.03723	0.03723	0.03723	0.03723	0.03723	0.0372	0.0372	0.0372	0.0372
10	0.01647	0.01647	0.01647	0.01647	0.01647	0.01647	0.01647	0.01647	0.01647	0.01647	0.0165	0.0165	0.0165	0.0165
15	0.01443	0.01443	0.01443	0.01443	0.01443	0.01443	0.01443	0.01443	0.01443	0.01443	0.0144	0.0144	0.0144	0.0144
20	0.01265	0.01265	0.01265	0.01265	0.01265	0.01265	0.01265	0.01265	0.01265	0.01265	0.0127	0.0127	0.0127	0.0127
25	0.01109	0.01109	0.01109	0.01109	0.01109	0.01109	0.01109	0.01109	0.01109	0.01109	0.0111	0.0111	0.0111	0.0111
30	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.0097	0.0097	0.0097	0.0097
35	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.0097	0.0097	0.0097	0.0097
40	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.0097	0.0097	0.0097	0.0097
45	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.0097	0.0097	0.0097	0.0097
50	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.00971	0.0097	0.0097	0.0097	0.0097

Appendix

Matrix of Sample Service Retirement Assumption Rates

Service	Attained Ages				General – Tier 1 – Enhanced		
	50	55	60	65	70	75	79
0	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
5	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
10	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
15	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
20	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
25	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
30	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
35	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
40	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
45	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000
50	0.0500	0.2000	0.2800	0.3500	0.5000	1.0000	1.0000

Service	Attained Ages				Safety – PEPR – Tier D & E		
	50	55	60	65	70	75	79
0	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
5	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
10	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
15	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
20	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
25	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
30	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
35	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
40	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
45	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000
50	0.0000	0.0000	0.0600	0.1800	0.3000	1.0000	1.0000

Service	Attained Ages				Safety Tier A Enhanced		
	50	55	60	65	70	75	79
0	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
5	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
10	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
15	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
20	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
25	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
30	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
35	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
40	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
45	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000
50	0.0000	0.2500	0.2500	0.3500	0.5000	1.0000	1.0000