

City of Frankenmuth Retiree Medical Plan

Accounting Report

for the Period Ending June 30, 2022
under GASB Statement 75



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Report presented by:



September 2022

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INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared in order to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 75. This information may, at the discretion of management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 75 and may be inappropriate for other purposes.

The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared based on participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted, and has no reason to believe that any information, which would have a material effect on the results of this valuation, was not considered in the preparation of the report.

The actuary certifying this report represents herself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared by:

Certified by:



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Senior OPEB Analyst



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Health Actuary

COMMENTS

Purpose of Governmental Accounting Standards Board (GASB) Reporting

The objective of GASB is to provide guidelines and requirements for accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources and methods and assumptions that are required to be used to project benefit payments and discount those payments to their actuarial present value.

State of Michigan Public Act 202

Public Act 202 (PA 202) was drafted to address the underfunded status of pension and retiree healthcare plans of local governments in Michigan. Accordingly, PA 202 included transparency and funding requirements. In addition, in order that the plans' funded status be reported on a consistent basis, Uniform Assumptions were published. While all of the Uniform Assumptions have a sound and reasonable basis, some might not be appropriate for each plan and therefore may be different than what is used for funding. Additionally, some of the assumptions may differ from what is required for reporting under GASB.

PA 202 further requires that plans covering 100 or more Plan Members – active and inactive:

- 1. At least every 5 years, the local unit of government (city, village, township, county, county road commission or other districts, authorities created by the state or 1 or more these entities) shall have an actuarial experience study conducted by the plan actuary for each retirement system of the local unit of government and**
- 2. At least every 8 years, the local unit of government shall do at least 1 of the following:**
 - a. Have a peer actuarial audit conducted by an actuary that is not the plan actuary**
 - b. Replace the plan actuary**

Actuarial Experience Study: Not applicable; the plan has fewer than 100 members

Changes in Actuarial Assumptions, Plan Changes and Expected Actuarial Experience

There was an actuarial gain (decrease in liability) of \$1,593, due to changes in demographics other than expected. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated an actuarial gain of \$20,121.

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the City of Frankenmuth Retiree Medical Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City of Frankenmuth. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Plan Description

City of Frankenmuth Retiree Medical Plan is a single employer plan established and administered by **City of Frankenmuth** and can be amended at its discretion.

Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

Summary of Plan Participants

As of June 30, 2022, Retirement Plan membership consisted of the following:

	Non-Union	Union	Total
Active members	10	6	16
Inactive members	0	0	0
Retirees and beneficiaries	1	2	3
Total members	12	8	20

Contributions

There was an actuarial gain (decrease in liability) of \$1,593, due changes in demographics other than expected. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated an actuarial gain of \$20,121.

ASSUMPTIONS AND METHODS

The City of Frankenmuth's OPEB liability was measured as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The following actuarial assumptions were used in the measurement:

Inflation	Not applicable
Salary increases	3.50% (for purpose of allocating liability)
Investment rate of return	N/A; plan is not pre-funded
20-year Aa Municipal bond rate	4.09% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	MP-2021

As this plan is not pre-funded, no long-term expected rate of return on plan investments was determined.

Discount Rate

The discount rate used to measure the total OPEB liability was **4.09%**. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets (not applicable for this plan), the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of June 30, 2021 the discount rate used to value OPEB liabilities was 2.18%.

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	\$212,659	\$0	\$212,659
Changes during the Year			
Service Cost	4,429		4,429
Interest	4,515		4,515
Experience (Gains)/Losses	(1,593)		(1,593)
Change in plan terms	0		0
Change in actuarial assumptions	(20,121)		(20,121)
Contributions to OPEB trust		0	0
Contributions/benefit from general operating funds		19,963	(19,963)
Employee Contributions		0	0
Net Investment Income		0	0
Benefit Payments; Including Refunds of Employee Contributions	(19,963)	(19,963)	0
Administrative Expenses		0	0
Other Changes		0	0
Total Changes	(32,733)	0	(32,733)
Balance at June 30, 2022	\$179,926	\$0	\$179,926

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the City, calculated using trend and discount rates 1% higher and lower than base assumptions. Because the benefit under this plan is capped, trend sensitivity is not applicable.

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$188,018	\$179,926	\$172,141
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	\$188,018	\$179,926	\$172,141

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 06/30/2022
Service Cost	\$4,429
Interest on Total OPEB Liability	4,515
Experience (Gains)/Losses	(4,899)
Changes in Plan Terms	0
Changes in Assumptions	148
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	0
Investment Earnings (Gains)/Losses	0
Administrative Expenses	0
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$4,193

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of June 30, 2022 is \$0, the plan is not pre-funded.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	4,009
Changes of Assumptions	329	16,482
Investment Earnings (Gains)/Losses	0	0
Total	\$329	\$20,491

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

Year Ended June 30,	Amount Recognized
2023	\$(5,337)
2024	(4,892)
2025	(3,927)
2026	(3,927)
2027	(2,079)
Thereafter	0

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability June 30, 2021	\$212,659
Total OPEB expense	4,193
Contributions	(19,963)
Change in deferred outflows of resources	(3,787)
Change in deferred inflows of resources	(13,176)
Net OPEB Liability June 30, 2022	\$179,926

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$120,909
Inactive participants	0
Retirees and beneficiaries	59,017
Total OPEB Liability	\$179,926

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

Although not required as part of GASB reporting, we have included an Actuarially Determined Contribution in order to provide information for funding. This recommended contribution is designed to eventually fund your plan enough that you can pay retiree benefits directly from the trust instead of general operating funds. The amortization period is based on average future working years for active employees.

Actuarially Determined Contribution (ADC) ¹	Fiscal Year Ending June 30,	
	2023	2022
Discount rate	4.09%	2.18%
Amortization period	8 years	7 years
Amortization method	Level % of pay	Level % of pay
Normal cost	3,765	4,429
Amortization of Net OPEB Liability	22,941	30,317
Interest to end of year	1,092	758
Total ADC	\$27,798	\$35,504

PA 202 was issued by the State of Michigan and requires the calculation of other “contribution” amounts. These are

1. The Actuarially Determined Contribution (ADC) using Assumptions for financial reporting and
2. The minimum required amount to be deposited into an OPEB trust

The first of these contributions as shown above, \$35,504, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn’t yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the normal cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. The normal cost for 2022 was \$1,780 and is projected to be \$1,522 for 2023.

¹ ADC for 2022 and 2023 is based on actuarial assumptions consistent with reporting as of June 30, 2021 and June 30, 2022, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2022
Assets (Fiduciary net position)	0
Liabilities (Total OPEB Liability)	179,926
Funded ratio for the Plan Year	0.00%
Actuarially Determined Contribution	\$35,504
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2022
Number of active members	16
Number of inactive members	0
Number of retirees and beneficiaries	3
Premiums paid on behalf of the retirants	\$19,963

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2022
Actuarially assumed rate of investment return	Not applicable
Discount rate	4.09%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	7 years
Is each division closed to new employees	No
Healthcare inflation assumption next year	Not applicable
Healthcare inflation assumption - long term	Not applicable

Uniform Assumptions	2022
Actuarial value of assets using uniform assumptions	0
Actuarial accrued liability using uniform assumptions	197,610
Funded ratio using uniform assumptions	0.00%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$34,593

Information for Summary Report (minimum required contribution) ¹	2022
Retiree insurance premiums for the year (1)	19,963
Normal cost for employees hired after June 30, 2018 (2)	1,780
Minimum required contribution under PA 202 (1) + (2)	\$21,743

¹ Senate Bill 686 requires that a local unit must contribute at least both of the following – Normal cost for employees first hired after June 30, 2018, and retiree premiums due to retirants in the retirement system; In order to obtain 40% funding, higher contributions may be needed.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	06/30/2022	06/30/2021	06/30/2020	06/30/2019	06/30/2018
Total OPEB Liability					
Service Cost	\$4,429	\$4,332	\$4,037	\$4,270	\$4,372
Interest	4,515	5,672	6,372	6,771	7,564
Changes of Benefit Terms	0	0	0	0	0
Difference between Expected and Actual Experience	(1,593)	(6,679)	(349)	(1,760)	(8,682)
Change of Assumptions	(20,121)	5,141	4,867	0	1,319
Benefit Payments (Including Refunds of Employee Contributions)	(19,963)	(9,438)	(19,377)	(25,227)	(20,343)
Net Change in Total OPEB Liability	(32,733)	(972)	(4,450)	(15,946)	(15,770)
Total OPEB Liability – Beginning	212,659	213,631	218,081	234,027	249,797
Total OPEB Liability – Ending (a)	\$179,926	\$212,659	\$213,631	\$218,081	\$234,027

Plan Fiduciary Net Position

Contributions to OPEB trust	\$0	\$0	\$0	\$0	\$0
Contributions/benefit payments made from general operating funds	19,963	9,438	19,377	25,227	20,343
Net Investment Income	0	0	0	0	0
Benefit Payments (Including Refunds of Employee Contributions)	(19,963)	(9,438)	(19,377)	(25,227)	(20,343)
Administrative Expenses	0	0	0	0	0
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	0	0	0	0	0
Plan Fiduciary Net Position – Beginning	0	0	0	0	0
Plan Fiduciary Net Position – Ending (b)	0	0	0	0	0

Net OPEB Liability – Ending (a)-(b)

	\$179,926	\$212,659	\$213,631	\$218,081	\$234,027
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Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$1,143,607	\$1,138,966	\$1,392,089	\$1,894,953	Not available
Net OPEB Liability as Percentage of Payroll	15.7%	18.7%	15.4%	11.5%	Not available

Actuarially Determined Contribution

Employer Contribution/benefit payments	\$35,504	\$32,246	\$36,481	\$34,786	\$33,514
Contribution Deficiency/(Excess)	(19,963)	(9,438)	(19,377)	(25,227)	(20,343)
ADC as a Percentage of Covered Payroll	\$15,541	\$22,808	\$17,104	\$9,559	\$13,171
	3.1%	2.8%	2.6%	1.8%	Not available
Employer Contribution as a Percentage of Covered Payroll	1.7%	0.8%	1.4%	1.3%	Not available

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date June 30, 2022

Measurement date June 30, 2022

Reporting date June 30, 2022

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Not applicable; plan is not pre-funded

Actuarial Assumptions

Discount Rate – 4.09% for June 30, 2022 liability and 2023 contribution

Rationale – 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.09% (S&P Municipal Bond 20-Year High Grade Rate Index)

Rationale – 20-year Aa Municipal Bond rate (based on information published S&P as of June 30, 2022)

Salary Scale – 3.50% (for purpose of allocating liability)

Rationale – Per employer expectations

Return on Plan Assets – Not applicable

Rationale – Plan is not pre-funded

Mortality Rates – Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement scale

Rationale – Most current mortality rates available for municipalities

Utilization – 100% of future retirees will receive contributions towards healthcare costs at retirement; actual coverage used for non-active

Rationale – Benefits are provided at no or low cost to retirees

Termination Rate – See sample rates below:

Years of Service	Rate	Age	Rate
0	18%	30	9%
1	18	35	7
2	16	40	5
3	12	45	4
4	10	50	4

Rationale – Based on past employer experience

Marital assumption – Not applicable

Rationale – Assumed benefit is the same whether married or single

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Retirement Rates – Rates as shown below

Age	Rate	Age	Rate
55	18%	59-60	20%
56	15	61-63	24
57	10	64	27
58	15	65	100

Rationale – These rates were chosen based on this plan’s historical experience

Monthly medical stipend – \$450.00

Rationale – Actual monthly cap in effect on the valuation date

Inflation – Not applicable

Rationale – Monthly amount capped, per plan provisions

Implicit Subsidy – Not applicable

Rationale – Retirees are not enrolled in the City’s health coverage

Data Collection

Date and form of data – All personnel and asset data were prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Assumption changes since prior valuation

- Salary scale changed from 2.25% to 3.5%
- Discount rate changed from 2.18% to 4.09%

Assumptions used for PA 202 Reporting

Discount rate – 2.16%

Mortality improvement scale – MP-2020

Salary Scale – 3.0%

All other assumptions are the same as used for GASB

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended June 30,					Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027	2028+
2018	(8,682)	6.65	(1,306)	(1,306)	(846)	-	-	-	(2,152)
2019	(1,760)	5.82	(302)	(302)	(250)	-	-	-	(552)
2020	(349)	2.77	(97)	-	-	-	-	-	-
2021	(6,679)	1.77	(2,906)	-	-	-	-	-	-
2022	(1,593)	5.53	(288)	(288)	(288)	(288)	(288)	(153)	(1,305)
Net recognized in OPEB expense			\$ (4,899)	\$ (1,896)	\$ (1,384)	\$ (288)	\$ (288)	\$ (153)	\$ (4,009)

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended June 30,					Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027	2028+
2018	1,319	6.65	198	198	131	-	-	-	-
2019	-	5.82	-	-	-	-	-	-	-
2020	4,867	2.77	1,353	-	-	-	-	-	-
2021	5,141	1.77	2,236	-	-	-	-	-	-
2022	(20,121)	5.53	(3,639)	(3,639)	(3,639)	(3,639)	(3,639)	(1,926)	(16,482)
Net recognized in OPEB expense			\$ 148	\$ (3,441)	\$ (3,508)	\$ (3,639)	\$ (3,639)	\$ (1,926)	\$ (16,482)

Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Difference between expected and actual earnings on OPEB assets	Recognition period (years)	Amount Recognized in Year Ended June 30,					Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027	2028+
2018	-	5.00	-	-	-	-	-	-	-
2019	-	5.00	-	-	-	-	-	-	-
2020	-	5.00	-	-	-	-	-	-	-
2021	-	5.00	-	-	-	-	-	-	-
2022	-	5.00	-	-	-	-	-	-	-
Net recognized in OPEB expense			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended June 30,					2028+
	2023	2024	2025	2026	2027	
Total Deferred Outflow/(Inflow) of Resources	(5,337)	(4,892)	(3,927)	(3,927)	(2,079)	-

TRUSTEE INFORMATION

Projected benefit payments

A graphic illustration of 20 years of projected benefit payments for the current group of covered lives is shown below. Plans open to new participants could see higher than expected payments if new members are hired and are eligible to retire during the projection period.

The chart below reflects expected cash flows to pay benefits for current plan participants.



RESULTS BY EMPLOYEE GROUP

Average age and service as of June 30, 2022

Group	Active	Ave age	Ave svc	Retired	Ave age
Non-Union	10	55.2	28.4	1	62.3
Union	6	44.4	8.5	2	60.5
Total	16	51.1	20.9	3	61.1

Liability, expense and recommended contribution

Group	June 30, 2022 liability	2022 Expense	2022 Recommended Contribution	2023 Recommended Contribution
Non-Union	\$97,440	\$(3,260)	\$19,243	\$14,320
Union	82,486	7,453	16,261	13,478
Total	\$179,926	\$4,193	\$35,504	\$27,798

Components of City's OPEB Expense by group for the Fiscal Year Ending June 30, 2022

Below are the components of the Total OPEB Expense:

Fiscal Year Ending June 30, 2022	Non-Union	Union
Service Cost (Beginning of Year)	\$1,768	\$2,661
Interest on Total OPEB Liability	2,545	1,970
Experience (Gains)/Losses	(7,303)	2,404
Changes of Assumptions	(270)	418
Employee Contributions	0	0
Projected Earnings on OPEB Plan Investments	0	0
Investment Earnings (Gains)/Losses	0	0
Administrative Expenses	0	0
Other Changes in Fiduciary Net Position	0	0
Total OPEB Expense	\$(3,260)	\$7,453

SUMMARY OF PLAN PROVISIONS

Plan name	City of Frankenmuth Retiree Medical Plan
Eligibility	
Non-Union	Hired prior to January 1, 2007; age 60 ¹ with 10 years of service or age 55 with 30 years of service
Union	Age 55 with 10 years of service
Employer benefits	
	Employer pays single or double retiree premium up to \$450 per month until age 65
Spouse coverage	Spouse covered while retiree is alive and covered
Employee contribution	Balance of premium not paid by the City
Changes since prior valuation	None

¹ Can retire at age 55 with 10 years of service but must pay 100% of costs until age 60

GLOSSARY

A number of special terms and concepts are used in connection with OPEB plans and the OPEB accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Actuarially Determined Contribution (ADC) – A target or recommended contribution 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 Cost Method – This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability are determined.

Net OPEB Liability (NOL) – The Total OPEB Liability less the Plan Fiduciary Net Position.

Normal Cost – For GASB 74/75 purposes, normal cost is the equivalent of service cost (see definition of service cost).

Other Post-Employment 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 payments for sick leave.

OPEB Expense (OE) – The change in the Net OPEB Liability (NOL) recognized in the current measurement period. Changes to the NOL not fully recognized in a given year's OPEB expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the OPEB expense over time.

GLOSSARY

Plan assets – Stocks, bonds and other investments that have been segregated and restricted (usually in a trust) to provide for post-retirement benefits. Assets not segregated in a trust, or otherwise effectively restricted so that they cannot be used by the employer for other purposes, are not plan assets, even though it may be intended that those assets be used to provide post-retirement benefits.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Present Value – The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive participants as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Reporting Date – The date that represents the fiscal year end for the plan or employer.

Service Cost – The value of portion of Total OPEB Liability earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total OPEB Liability (TOL) – The actuarial present value of the accrued benefit determined under the Entry Age actuarial cost method calculated using the blended Single Equivalent Discount Rate.

Valuation Date – The date as of which an actuarial valuation is performed.