

City of Moreno Valley

GASB 75 OPEB Valuation Report Measured as of June 30, 2023 for Disclosures for the Fiscal Year Ending June 30, 2024

July 16, 2024



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July 16, 2024

Dena Heald
Deputy Compliance Director
City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92553

Re: City of Moreno Valley Retiree Health Benefits Plan GASB 75 OPEB Valuation Report Measured as of June 30, 2023

Dear Ms. Heald:

At your request, we completed an actuarial valuation of the retiree health and welfare benefits valued as of June 30, 2022, and measured as of June 30, 2023, for the City of Moreno Valley. This is a roll-forward valuation. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2024. This valuation is based on input from the City 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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Executive Summary	
Overview	1
Accounting Summary	3
Reconciliation of the Change in the Total OPEB Liability	4
Accounting Information	
Statement of Fiduciary Net Position	5
Statement of Changes to the Fiduciary Net Position	6
Changes in the Net OPEB Liability	7
Development of Deferred Outflows and Inflows of Resources	8
Expense and Deferred Outflows and Inflows	10
Interest on the Liability and Earnings, and Investment Gain/Loss	11
Reconciliation of Expense	12
Impact on the Statement of Net Position	13
Sample Journal Entries	14
Amortization of the Net OPEB Liability	16
Actuarially Determined Contribution (ADC)	17
Projection of Benefit Payments	18
Projection of Benefit Payments Chart	19
Projection of Contributions	20
Projection of Contributions Charts	21
Projection of Fiduciary Net Position	22
Depletion Date Projection	23
Depletion Date Projection Chart	24
Schedule of Implicit Subsidy Liability (Not a Required Schedule)	25
Schedule of Deferred Outflows and Inflows of Resources	26
Schedule of Changes in the Net OPEB Liability and Related Ratios	27
Schedule of Changes in the Net OPEB Liability and Related Ratios Chart	28
Schedule of Investment Returns	29
Schedule of Contributions	30
Draft Notes to the Financial Statements	31
Basis of Valuation	
Substantive Plan	37
Participant Summary	38
Participant Summary Charts	39
Actuarial Assumptions	40
Appendix	
About GASB 75	43
Decrement Tables	48

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, 2024.

Valuation Date: June 30, 2022

Measurement Date: June 30, 2023

Report Date: June 30, 2024

Application to Financials

This report provides assets, liabilities, and expenses for use in the City's 2024 financial reports.

The City should use the liabilities, assets, and expense measured as of June 30, 2023, for its financial statements for the year ending June 30, 2024.

Update procedures were used to roll the total OPEB liability forward to the measurement date.

The report also provides the actuarially determined contributions for funding purposes to be made in the fiscal years ending June 30, 2024 and 2025.

Changes Since the Prior Valuation

This valuation is a roll-forward of the valuation produced for the prior fiscal year. We updated:

- Discount rate from 6.00% to 6.25%
- Benefit payments
- Contributions
- Assets

Statement on Future Measurements

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

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, 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.

It is our professional judgment that the combined effect of the assumptions and methods applied in developing this report, other than those prescribed, set by law, or that we did not select and are unable to assess for reasonableness for the purpose of the measurement, is expected to have no significant bias on the results.

We measured the plan's benefit obligations in this valuation using the appropriate methods prescribed by GASB and Actuarial Standards of Practice. We measured the plan's assets using the market value. The funded status measure reflects the comparison of plan assets to obligations. The funded status measure is appropriate for assessing the sufficiency of the plan's assets to cover the estimated cost of settling the plan's benefit obligations. The funded status measure shows what percentage of the plan's benefit obligations are covered by the plan's assets. The measure is also appropriate for assessing the need for, or amount of, future contributions, as those amounts are recalculated periodically to reflect updates in the obligations and assets.

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.

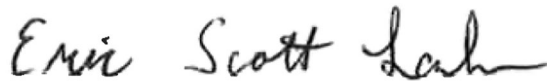
There is no relationship between Precision Actuarial, its owners, subcontractors, or staff; GovInvest; or the City of Moreno Valley beyond the contractual services that we perform for the City of Moreno Valley.

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



E. Scott Lanham, FSA, MAAA, FCA, EA
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, 2022	June 30, 2022
Measurement Date:	June 30, 2022	June 30, 2023
Report Date:	June 30, 2023	June 30, 2024
Present Value of Future Benefits		
Active Employees	\$ 11,459,801	\$ 10,837,621
Retirees	+ 13,247,940	+ 13,261,071
Total Present Value of Future Benefits	= 24,707,741	24,098,692
Total Present Value of Future Normal Costs	- 4,818,138	4,247,861
Total OPEB Liability (TOL)	= \$ 19,889,603	\$ 19,850,831
OPEB Liability		
Active Employees	\$ 6,641,663	\$ 6,589,760
Retirees	+ 13,247,940	+ 13,261,071
Total OPEB Liability (TOL)	= 19,889,603	19,850,831
Fiduciary Net Position (FNP)	- 14,155,806	16,430,996
Net OPEB Liability (NOL)	= \$ 5,733,797	\$ 3,419,835
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		
	71.17%	82.77%
Covered Payroll	\$ 24,579,873	\$ 22,296,347
Net OPEB Liability as a Percentage of Covered Payroll	23.33%	15.34%
 Measurement Period: 2021-2022 2022-2023		
Reporting Period: 2022-2023 2023-2024		
Expense	\$ 766,352	\$ 878,548
Actuarially Determined Contribution (ADC)*	1,405,197	1,090,184

Net Position Chart (NOL not shown if ≤ 0)



*The Actuarially Determined Contribution includes the implicit subsidy. It is not the amount that the City contributes directly to the fund. See page 17 for the City's direct contribution. The amount for the prior year has been adjusted for actual benefit payments made.

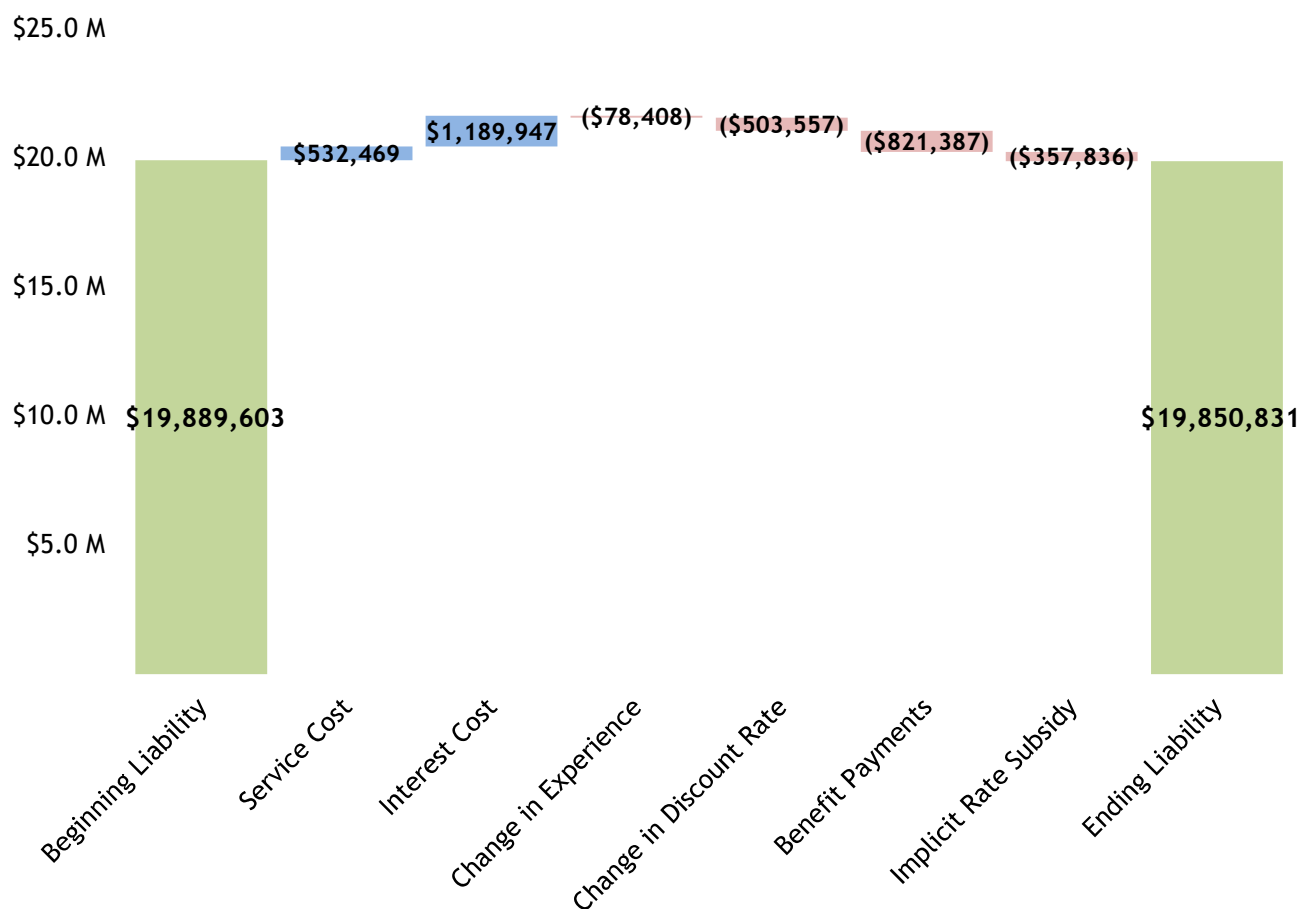
Executive Summary

Reconciliation of the Change in the Total OPEB Liability

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

Total OPEB Liability as of Measurement Date June 30, 2022 / Report Date June 30, 2023	\$ 19,889,603
Service Cost	532,469
Interest Cost	1,189,947
Differences Between Expected and Actual Experience	(78,408)
Changes of Assumptions	
<i>Change in Discount Rate from 6.00% to 6.25%</i>	(503,557)
Total Changes of Assumptions	(503,557)
Benefit Payments	(821,387)
Implicit Subsidy Credit	(357,836)
Total OPEB Liability as of Measurement Date June 30, 2023 / Report Date June 30, 2024	\$ 19,850,831

Reconciliation of the Change in the Total OPEB Liability



Accounting Information

Statement of Fiduciary Net Position

Measurement Date: June 30, 2023

Report Date: June 30, 2024

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		16,430,996
International Equities		-
Real Estate		-
Total Investments		<u>16,430,996</u>
Total Assets	\$	<u>16,430,996</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 \$ 16,430,996

Accounting Information

Statement of Changes to the Fiduciary Net Position

	Measurement Date: Report Date:	June 30, 2022 June 30, 2023	June 30, 2023 June 30, 2024
Additions			
Investment Income:			
Net Appreciation in the Fair Value of Investments		\$ (2,206,130)	\$ 924,542
Interest and Dividends		-	-
Less Investment Expense, Other than from Securities Lending	-	-	5,566
Net Income from Investing, Other than from Securities Lending		(2,206,130)	918,976
Securities Lending Income		-	-
Less Securities Lending Expense	-	-	-
Net Income from Securities Lending		-	-
Other Income/(Expense)		-	(3,482)
Net Investment Income (a)		(2,206,130)	915,494
Contributions:			
Employer – City's Contributions		1,747,036	2,188,695
Employer – Implicit Subsidy		258,562	357,836
Total Contributions (b)		2,005,598	2,546,531
Total Additions (c) = (a) + (b)		(200,532)	3,462,025
Deductions			
Benefit Payments		795,496	821,387
Implicit Subsidy Credit		258,562	357,836
Administrative Expense		4,116	7,612
Total Deductions (d)		1,058,174	1,186,835
Net Increase in Net Position = (c) - (d)		(1,258,706)	2,275,190
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of Year		15,414,512	14,155,806
Net Increase in Net Position		(1,258,706)	2,275,190
End of Year		\$ 14,155,806	\$ 16,430,996

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, 2022 /			
Report Date June 30, 2023	<u>\$ 19,889,603</u>	<u>\$ 14,155,806</u>	<u>\$ 5,733,797</u>
Changes for the year:			
Service Cost	532,469		532,469
Interest	1,189,947		1,189,947
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(78,408)		(78,408)
Changes of Assumptions	(503,557)		(503,557)
Net Investment Income		918,976	(918,976)
Contributions			
Employer – City's Contributions		2,188,695	(2,188,695)
Employer – Implicit Subsidy		357,836	(357,836)
Benefit Payments	(821,387)	(821,387)	-
Implicit Subsidy Credit	(357,836)	(357,836)	-
Administrative Expense		(7,612)	7,612
Other Changes	-	(3,482)	3,482
Net Changes	<u>(38,772)</u>	<u>2,275,190</u>	<u>(2,313,962)</u>
Balance as of:			
Measurement Date June 30, 2023 /			
Report Date June 30, 2024	<u>\$ 19,850,831</u>	<u>\$ 16,430,996</u>	<u>\$ 3,419,835</u>

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2023 / Report Date June 30, 2024

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, 2023 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018*	-	-	-	-	-
2018**	135,598	-	119,646	15,952	-
2019	-	(200,112)	(147,145)	-	(52,967)
2020	475,121	-	311,556	163,565	-
2021	-	(352,233)	(173,232)	-	(179,001)
2022	-	(1,910,420)	(636,806)	-	(1,273,614)
2023	-	(78,408)	(13,068)	-	(65,340)
Total				\$ 179,517	\$ (1,570,922)

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, 2023 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018*	-	-	-	-	-
2018**	-	(854,050)	(753,576)	-	(100,474)
2019	1,961,763	-	1,442,475	519,288	-
2020	109,418	-	71,752	37,666	-
2021	29,971	-	14,742	15,229	-
2022	438,727	-	146,242	292,485	-
2023	-	(503,557)	(83,927)	-	(419,630)
Total				\$ 864,668	\$ (520,104)

*Report Year Ending June 30, 2018

**Report Year Ending June 30, 2019

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2023 / Report Date June 30, 2024

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, 2023 (c)	Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)	Net (f) = (d) + (e)
2017	\$ -	\$ (854,695)	\$ (854,695)	\$ -	\$ -	
2018*	266,057	-	266,057	-	-	
2018**	72,538	-	72,538	-	-	
2019	-	(34,388)	(34,388)	-	-	
2020	252,276	-	201,824	50,452	-	
2021	-	(2,624,674)	(1,574,805)	-	(1,049,869)	
2022	3,317,745	-	1,327,098	1,990,647	-	
2023	-	(34,612)	(6,923)	-	(27,689)	
Total				\$ 2,041,099	\$ (1,077,558)	\$ 963,541

*Report Year Ending June 30, 2018

**Report Year Ending June 30, 2019

Accounting Information

Expense and Deferred Outflows and Inflows

	Measurement Period: Reporting Period:	2021-2022 2022-2023	2022-2023 2023-2024
Expense			
Service Cost	\$	453,543	\$ 532,469
Interest on Total OPEB Liability		1,272,484	1,189,947
Changes of Benefit Terms		-	-
Recognized Differences Between Expected and Actual Experience		(307,746)	(320,814)
Recognized Changes of Assumptions		258,872	174,945
Projected Earnings on OPEB Plan Investments		(1,111,615)	(884,364)
Recognized Differences Between Projected and Actual Earnings		196,698	175,271
Administrative Expense		4,116	7,612
Other Miscellaneous (Income)/Expense		-	3,482
Total Expense	\$	766,352	\$ 878,548

	Report Year Ending June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 179,517	\$ (1,570,922)
Changes of Assumptions	864,668	(520,104)
Net Difference Between Projected and Actual Earnings on Plan Investments	963,541	-
Contributions Subsequent to the Measurement Date	2,361,121	-
Total	\$ 4,368,847	\$ (2,091,026)

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

	Report Year Ending June 30:	Amount
	2025	\$ 57,407
	2026	39,667
	2027	271,096
	2028	(354,480)
	2029	(96,990)
	Remaining	-

Accounting Information

Interest on the Liability and Earnings, and Investment Gain/Loss

For the report year ending June 30, 2024

	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	\$ 19,889,603	100%	6.00%	\$ 1,193,376
Service Cost	532,469	100%	6.00%	31,948
Benefit Payments	(821,387)	50%	6.00%	(24,642)
Implicit Subsidy	(357,836)	50%	6.00%	(10,735)
Total Interest on Total OPEB Liability				<u>\$ 1,189,947</u>

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (d) = (a) × (b) × (c)
Projected Earnings on Plan Investments				
Beginning Plan Fiduciary Net Position excluding Receivables	\$ 14,155,806	100%	6.00%	\$ 849,348
Employer Contributions	1,367,308	50%	6.00%	41,019
Benefit Payments from Trust	-	50%	6.00%	-
Administrative Expense	(7,612)	50%	6.00%	(228)
Other Miscellaneous Income/ (Expense)	(3,482)	100%	6.00%	(209)
Total Projected Earnings (Investment Expense)				<u>889,930</u> <u>(5,566)</u>
Net Projected Earnings				<u>\$ 884,364</u>

	Amount
Investment Gain / Loss	
Net Projected Earnings	\$ 884,364
Actual Net Earnings	- 918,976
Investment (Gain) / Loss	<u>\$ (34,612)</u>

Accounting Information

Reconciliation of Expense

	Asset / (Liability)			Deferred Outflows / (Inflows)					Expense / (Credit)	Asset / (Liability)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) + (b)	Differences Between Expected and Actual Experience (d)	Changes in Assumptions (e)	Differences Between Projected and Actual Earnings on Investments (f)	Contributions Subsequent to the Measurement Date (g)	Net Deferrals (h) = Σ[(d):(g)]	Expense (i)	Impact on the Statement of Net Position (j) = (c) + (h) - (i)
Balance as of:										
Measurement Date June 30, 2022 / Report Date June 30, 2023	\$ (19,889,603)	\$ 14,155,806	\$ (5,733,797)	\$ (1,633,811)	\$ 1,023,066	\$ 1,173,424	\$ 2,546,531	\$ 3,109,210		\$ (2,624,587)
Service Cost	(532,469)		(532,469)						532,469	
Interest on Total OPEB Liability	(1,189,947)		(1,189,947)						1,189,947	
Changes of Benefit Terms	-		-						-	
Differences Between Expected and Actual Experience	78,408		78,408	(78,408)				(78,408)		-
Changes in Assumptions	503,557		503,557		(503,557)			(503,557)		-
Differences Between Projected and Actual Earnings on Investments		34,612	34,612			(34,612)		(34,612)		-
Projected Earnings on OPEB Plan Investments		884,364	884,364						(884,364)	
Contributions										
Employer – City's Contribution		2,188,695	2,188,695							2,188,695
Employer – Implicit Subsidy		357,836	357,836							357,836
Benefit Payments	821,387	(821,387)	-							-
Implicit Subsidy Credit	357,836	(357,836)	-							-
Administrative Expense		(7,612)	(7,612)						7,612	
Other Income/(Expense)		(3,482)	(3,482)						3,482	
Recognition of Differences Between Expected and Actual Experience				320,814				320,814	(320,814)	
Recognition of Changes in Assumptions					(174,945)			(174,945)	174,945	
Recognition of Differences Between Projected and Actual Earnings on Investments						(175,271)		(175,271)	175,271	
Recognition of Contributions Subsequent to the Measurement Date							(2,546,531)	(2,546,531)		(2,546,531)
Contributions Subsequent to the Measurement Date							2,361,121	2,361,121		2,361,121
Annual Expense								\$ 878,548		(878,548)
Net Change	38,772	2,275,190	2,313,962	242,406	(678,502)	(209,883)	(185,410)	(831,389)		1,482,573
Balance as of:										
Measurement Date June 30, 2023 / Report Date June 30, 2024	\$ (19,850,831)	\$ 16,430,996	\$ (3,419,835)	\$ (1,391,405)	\$ 344,564	\$ 963,541	\$ 2,361,121	\$ 2,277,821		\$ (1,142,014)

Accounting Information

Impact on the Statement of Net Position

Impact on the Statement of Net Position

	Measurement Date: Report Date:	June 30, 2022 June 30, 2023	June 30, 2023 June 30, 2024	Change During Period
Total OPEB Liability / (Asset)	\$	19,889,603	\$ 19,850,831	\$ (38,772)
Fiduciary Net Position		14,155,806	16,430,996	2,275,190
Net OPEB Liability / (Asset)		<u>5,733,797</u>	<u>3,419,835</u>	<u>\$ (2,313,962)</u>
Deferred (Outflows) / Inflows Due To:				
Differences between Expected and Actual Experience		1,633,811	1,391,405	(242,406)
Changes of Assumptions		(1,023,066)	(344,564)	678,502
Differences between Projected and Actual Investment Earnings		(1,173,424)	(963,541)	209,883
(Contributions Subsequent to the Measurement Date)		(2,546,531)	(2,361,121)	185,410
Net Deferred (Outflows) / Inflows		<u>(3,109,210)</u>	<u>(2,277,821)</u>	<u>831,389</u>
Impact on the Statement of Net Position		<u><u>2,624,587</u></u>	<u><u>1,142,014</u></u>	<u><u>(1,482,573)</u></u>

Change in Net Position During Report Year

	Measurement Date: Report Date:	June 30, 2023 June 30, 2024
Impact on the Statement of Net Position, Report Year Ending June 30, 2023		2,624,587
OPEB Expense / (Income)		878,548
(Employer Contributions Reported for the Year)		(2,361,121)
(Adjustment to Employer Contributions Reported in the Prior Year)		-
Impact on the Statement of Net Position for the Report Year Ending June 30, 2024		<u><u>1,142,014</u></u>

OPEB Expense

	Measurement Date: Report Date:	June 30, 2023 June 30, 2024
Deterioration / (Improvement) in Net Position		(1,482,573)
Employer Contributions Reported for the Year		2,361,121
Adjustment to Employer Contributions Reported in the Prior Year		-
OPEB Expense / (Income) for the Report Year Ending June 30, 2024		<u><u>878,548</u></u>

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2024

Beginning Balance	Debit (Outflow)	Credit (Inflow)
Net OPEB Liability/Asset	\$ -	\$ 5,733,797
Differences between Expected and Actual Experience	277,347	1,911,158
Changes of Assumptions	1,249,136	226,070
Differences between Projected and Actual Investment Earnings	1,173,424	-
Contributions Subsequent to the Measurement Date	2,546,531	-
Impact on Statement of Net Position	2,624,587	-
Ending Balance	Debit (Outflow)	Credit (Inflow)
Net OPEB Liability/Asset	\$ -	\$ 3,419,835
Differences between Expected and Actual Experience	179,517	1,570,922
Changes of Assumptions	864,668	520,104
Differences between Projected and Actual Investment Earnings	963,541	-
Contributions Subsequent to the Measurement Date	2,361,121	-
Impact on Statement of Net Position	1,142,014	-
OPEB-Expense Journal Entries	Debit	Credit
Net OPEB Liability/Asset	\$ 2,313,962	\$ -
Differences between Expected and Actual Experience	Deferred Outflows - Deferred Inflows 340,236	97,830 -
Changes of Assumptions	Deferred Outflows - Deferred Inflows -	384,468 294,034
Differences between Projected and Actual Investment Earnings	Deferred Outflows - Deferred Inflows -	209,883 -
Contributions Subsequent to the Measurement Date	Deferred Outflows -	185,410
OPEB Expense/Credit	-	1,482,573
Total	2,654,198	2,654,198
Change to the Impact on the Statement of Net Position	-	1,482,573

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2024

Journal Entries – Deferred Outflows	Debit	Credit
Net OPEB Liability/Asset	\$ 2,546,531	\$ -
Contributions Subsequent to the Measurement Date: Fiscal Year 2022-2023	-	2,546,531
Contributions Subsequent to the Measurement Date: Fiscal Year 2023-2024	2,361,121	-
Contributions Expense	-	2,361,121
Journal Entries – Benefits Paid Outside of the Trust ¹	Debit	Credit
OPEB Expense	\$ 821,387	\$ -
Employer Contributions for Retiree Benefits During the Fiscal Year	-	821,387
Journal Entries – Implicit Subsidy ²	Debit	Credit
OPEB Expense	\$ 357,836	\$ -
Premium Expense During the Fiscal Year	-	357,836

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 City 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, 2024: 12 years

		<i>Historical</i>	<i>Historical</i>	
	Measurement Period:	2022-2023	2023-2024	2024-2025
	Report Date (June 30):	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total OPEB Liability		\$ 21,360,942	\$ 20,354,936	\$ 20,393,295
Fiduciary Net Position	-	<u>17,201,172</u>	<u>15,255,255</u>	<u>18,421,733</u>
Net OPEB Liability	=	<u>\$ 4,159,770</u>	<u>\$ 5,099,681</u>	<u>\$ 1,971,562</u>

All values measured at the beginning of the measurement period.

Amortization Type	Closed	Closed	Closed
Interest Rate Used to Determine Amortization	6.17%	6.00%	6.25%
Assumed Rate of Payroll Growth	2.75%	2.80%	2.80%
Amortization Period	13 years	12 years	11 years
Amount Recognized, Beginning of Year	\$ 386,537	\$ 468,407	\$ 210,249

It is the policy of the City 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 City's funding policy. The ADC is calculated as of the end of the year.

	<i>Historical</i>		
Measurement Period:	2022-2023	2023-2024	2024-2025
Report Date (June 30):	<u>2024</u>	<u>2025</u>	<u>2026</u>
Service Cost	\$ 466,145	\$ 552,330	\$ 536,229
Amortization of the Net OPEB Liability	386,537	468,407	210,249
Interest	<u>52,610</u>	<u>69,447</u>	<u>46,655</u>
Service Cost and Amortization (with Interest)	\$ 905,292	\$ 1,090,184	\$ 793,133
Service Cost and Amortization (with Interest) as a Percentage of Payroll	3.79%	3.70%	2.62%
Discount Rate for ADC Calculation	6.17%	6.00%	6.25%
ADC Components			
City's Contribution to the Trust Fund	\$ -	\$ -	\$ -
Credit for Retiree Benefit Payments Outside of the Trust	1,187,259	937,535	972,611
Credit for Implicit Subsidy	<u>256,733</u>	<u>368,757</u>	<u>370,086</u>
Total ADC	\$ <u>1,443,992</u>	\$ <u>1,306,292</u>	\$ <u>1,342,697</u>
ADC as a Percentage of Payroll	6.05%	4.43%	4.43%

City's Funding Policy

The City'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 (if applicable). For payment of the ADC, however, it comprises three parts: the benefit payments paid outside of 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 (if benefit payments are paid outside of the Trust Fund), the contribution to the Trust Fund will be negative and is typically set to zero.

The plan's funding policy will produce high contribution amounts until the unfunded amount is fully amortized in 2035 and then will reduce to an amount to cover the service cost, with interest, going forward.

Accounting Information

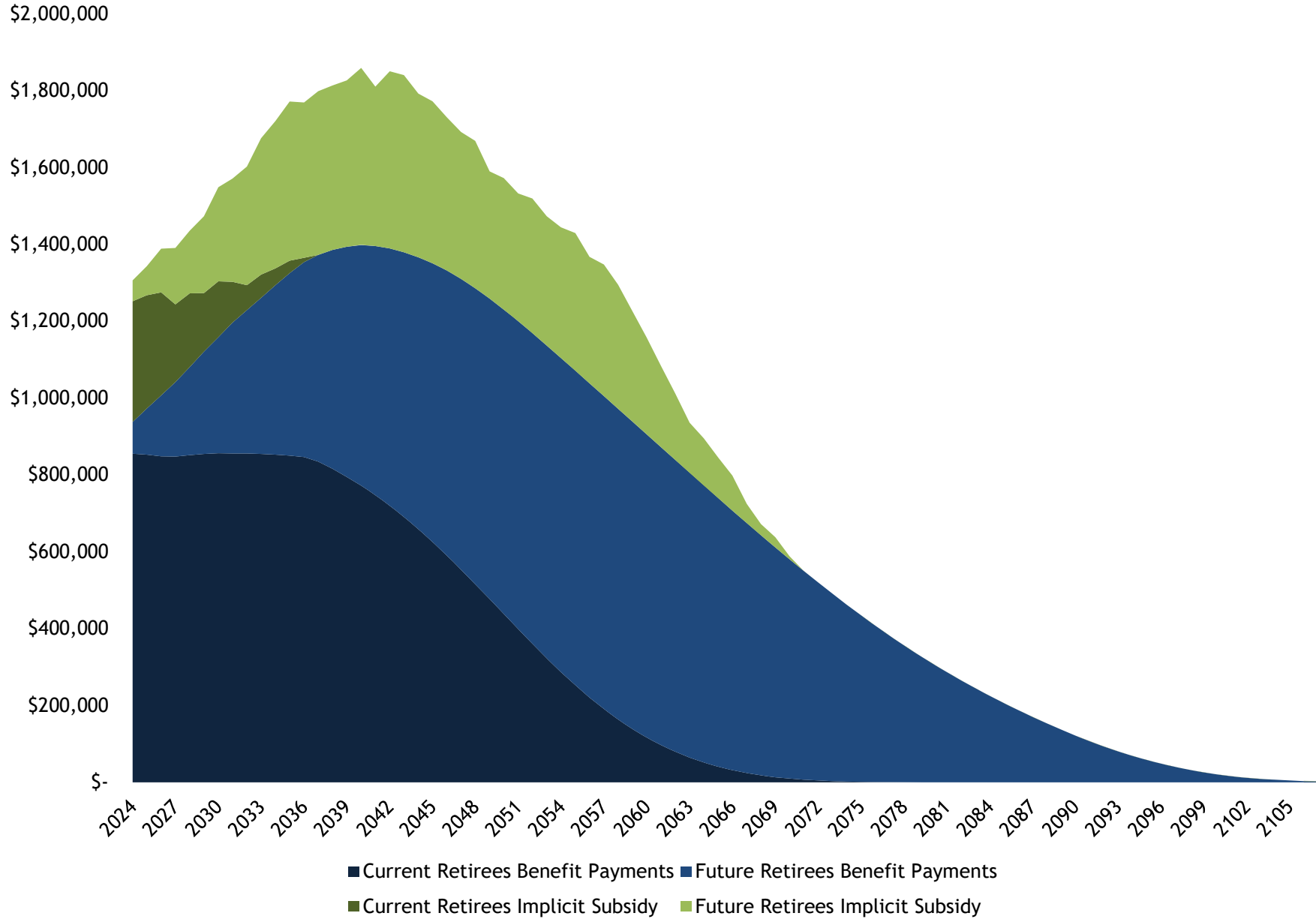
Projection of Benefit Payments

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			Implicit Subsidy			Grand Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
June 30:							
2024	\$ 854,887	\$ 82,648	\$ 937,535	\$ 314,069	\$ 54,688	\$ 368,757	\$ 1,306,292
2025	852,406	120,205	972,611	294,800	75,286	370,086	1,342,697
2026	848,272	158,321	1,006,593	268,026	113,792	381,818	1,388,411
2027	847,505	193,980	1,041,485	202,003	146,647	348,650	1,390,135
2028	851,271	229,301	1,080,572	191,836	163,095	354,931	1,435,503
2029	854,184	266,060	1,120,244	152,607	199,922	352,529	1,472,773
2030	856,347	301,915	1,158,262	145,605	244,580	390,185	1,548,447
2031	855,507	340,530	1,196,037	106,414	268,257	374,671	1,570,708
2032	855,909	372,904	1,228,813	64,748	308,796	373,544	1,602,357
2033	854,444	405,869	1,260,313	60,635	354,699	415,334	1,675,647
2034	852,532	440,758	1,293,290	44,140	383,467	427,607	1,720,897
2035	850,192	474,916	1,325,108	32,007	414,023	446,030	1,771,138
2036	846,227	507,350	1,353,577	11,185	404,060	415,245	1,768,822
2037	834,265	538,332	1,372,597	-	425,663	425,663	1,798,260
2038	815,416	569,689	1,385,105	-	428,105	428,105	1,813,210
2039	794,635	599,033	1,393,668	-	432,548	432,548	1,826,216
2040	771,844	626,553	1,398,397	-	460,617	460,617	1,859,014
2041	746,910	648,649	1,395,559	-	414,633	414,633	1,810,192
2042	719,718	669,704	1,389,422	-	460,934	460,934	1,850,356
2043	690,291	688,980	1,379,271	-	461,166	461,166	1,840,437
2044	658,793	707,289	1,366,082	-	425,757	425,757	1,791,839
2045	625,399	725,170	1,350,569	-	421,243	421,243	1,771,812
2046	590,255	741,567	1,331,822	-	398,492	398,492	1,730,314
2047	553,548	756,486	1,310,034	-	382,089	382,089	1,692,123
2048	515,602	769,776	1,285,378	-	383,368	383,368	1,668,746
2049	476,851	781,688	1,258,539	-	331,027	331,027	1,589,566
2050	437,739	792,118	1,229,857	-	342,240	342,240	1,572,097
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Accounting Information

Projected Benefit Payments for Current Participants



Accounting Information

Projection of Contributions

Measurement Period Ending	Payroll			Projected Contributions*			
	Current Employees	Future Employees	Total	Current Participants	Related to Payroll of Future Employees	Total Employer Contributions	
June 30:	(a)	(b)	(c)	(d) = (f) - (e)	(e) = (b) × 2.07%**	(f) = (c) × 4.43%	
2024	\$ 19,358,185	\$ 1,188,646	\$ 20,546,831	\$ 1,281,687	\$ 24,605	\$ 1,306,292	
2025	18,782,817	2,339,325	21,122,142	1,294,273	48,424	1,342,697	
2026	18,207,588	3,505,974	21,713,562	889,337	72,574	961,911	
2027	17,652,834	4,668,708	22,321,542	892,202	96,642	988,844	
2028	17,079,618	5,866,927	22,946,545	895,087	121,445	1,016,532	
2029	16,520,668	7,068,380	23,589,048	898,680	146,315	1,044,995	
2030	15,956,215	8,293,326	24,249,541	902,583	171,672	1,074,255	
2031	15,369,382	9,559,146	24,928,528	906,460	197,874	1,104,334	
2032	14,623,647	11,002,880	25,626,527	907,495	227,760	1,135,255	
2033	13,986,002	12,358,068	26,344,070	911,230	255,812	1,167,042	
2034	13,315,895	13,765,809	27,081,704	914,767	284,952	1,199,719	
2035	12,592,863	15,247,129	27,839,992	917,696	315,616	1,233,312	
2036	11,868,514	16,750,998	28,619,512	171,267	346,746	518,013	
2037	11,134,929	18,285,929	29,420,858	153,999	378,519	532,518	
2038	10,451,676	19,792,966	30,244,642	137,714	409,714	547,428	
2039	9,742,668	21,348,824	31,091,492	120,835	441,921	562,756	
2040	9,059,616	22,902,438	31,962,054	104,433	474,080	578,513	
2041	8,427,431	24,429,561	32,856,992	89,020	505,692	594,712	
2042	7,817,296	25,959,692	33,776,988	73,997	537,366	611,363	
2043	7,227,082	27,495,662	34,722,744	59,322	569,160	628,482	
2044	6,671,286	29,023,695	35,694,981	45,289	600,790	646,079	
2045	6,120,536	30,573,904	36,694,440	31,289	632,880	664,169	
2046	5,566,556	32,155,328	37,721,884	17,151	665,615	682,766	
2047	5,017,927	33,760,170	38,778,097	3,048	698,836	701,884	
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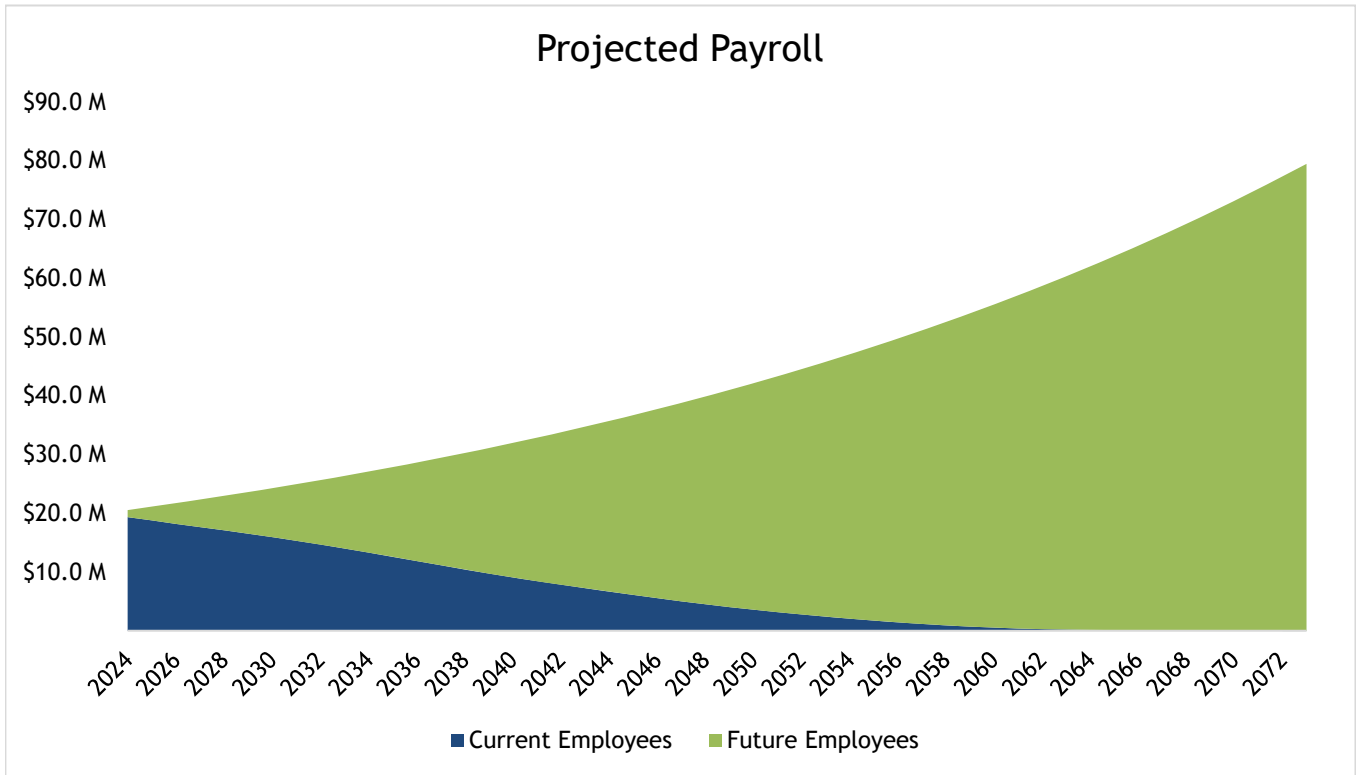
*The contributions for the first two years are calculated separately. Contributions for subsequent years use the percentages shown.

**The service cost percentage was determined in the prior report. If benefit payments are higher, they are used in place of the calculated amount.

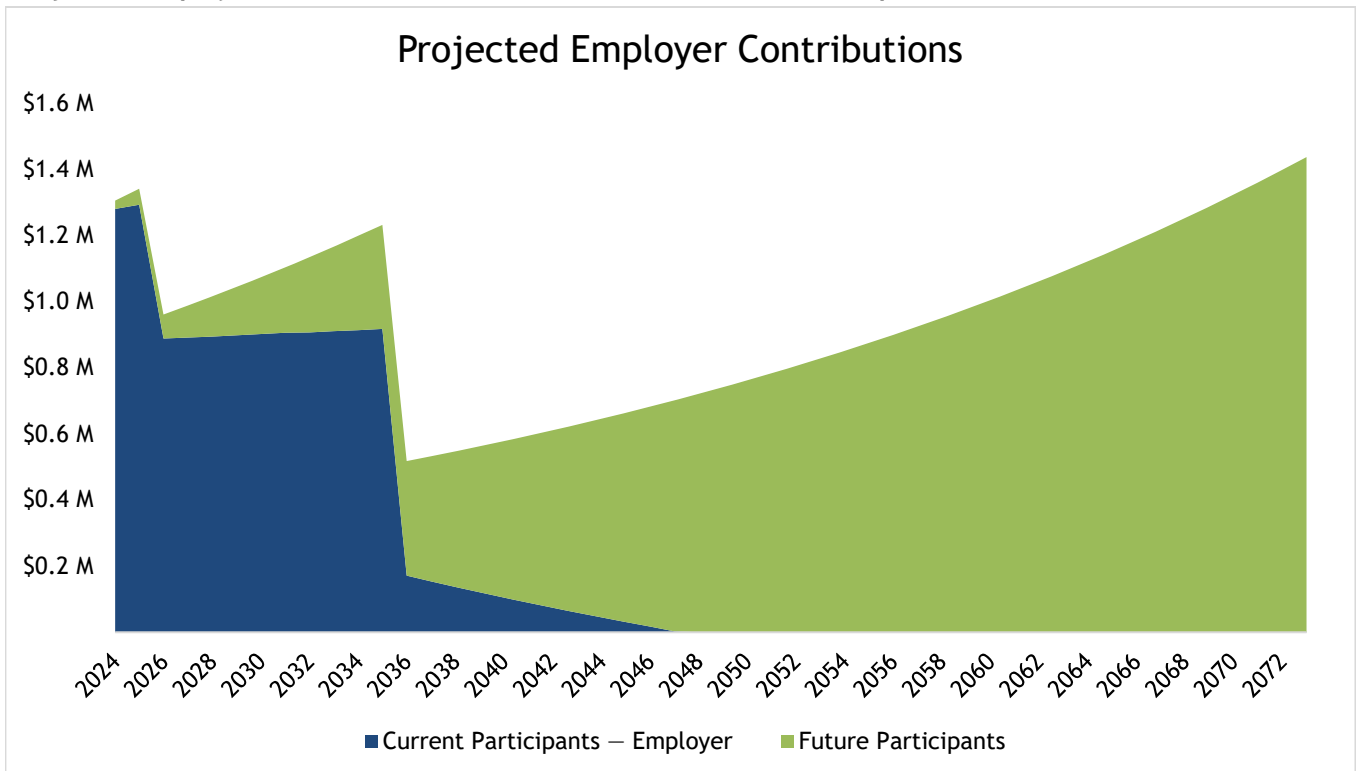
Accounting Information

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) = $\Sigma [(b) : (f)]$
2024	5.10%	\$ 18,421,733	\$ 1,281,687	\$ (1,306,292)	\$ (7,612)	\$ 938,687	\$ 19,328,203
2025	5.10%	19,328,203	1,294,273	(1,342,697)	(7,787)	984,305	20,256,297
2026	5.10%	20,256,297	889,337	(1,388,411)	(7,966)	1,020,142	20,769,399
2027	5.10%	20,769,399	892,202	(1,390,135)	(8,149)	1,046,334	21,309,651
2028	5.10%	21,309,651	895,087	(1,435,503)	(8,336)	1,072,799	21,833,698
2029	6.30%	21,833,698	898,680	(1,472,773)	(8,528)	1,357,170	22,608,247
2030	6.30%	22,608,247	902,583	(1,548,447)	(8,724)	1,403,700	23,357,359
2031	6.30%	23,357,359	906,460	(1,570,708)	(8,925)	1,450,309	24,134,495
2032	6.30%	24,134,495	907,495	(1,602,357)	(9,130)	1,498,297	24,928,800
2033	6.30%	24,928,800	911,230	(1,675,647)	(9,340)	1,546,141	25,701,184
2034	6.30%	25,701,184	914,767	(1,720,897)	(9,555)	1,593,481	26,478,980
2035	6.30%	26,478,980	917,696	(1,771,138)	(9,775)	1,640,984	27,256,747
2036	6.30%	27,256,747	171,267	(1,768,822)	(10,000)	1,666,537	27,315,729
2037	6.30%	27,315,729	153,999	(1,798,260)	(10,230)	1,668,774	27,330,012
2038	6.30%	27,330,012	137,714	(1,813,210)	(10,465)	1,668,683	27,312,734
2039	6.30%	27,312,734	120,835	(1,826,216)	(10,706)	1,666,646	27,263,293
2040	6.30%	27,263,293	104,433	(1,859,014)	(10,952)	1,661,973	27,159,733
2041	6.30%	27,159,733	89,020	(1,810,192)	(11,204)	1,656,493	27,083,850
2042	6.30%	27,083,850	73,997	(1,850,356)	(11,462)	1,649,966	26,945,995
2043	6.30%	26,945,995	59,322	(1,840,437)	(11,726)	1,641,123	26,794,277
2044	6.30%	26,794,277	45,289	(1,791,839)	(11,996)	1,632,645	26,668,376
2045	6.30%	26,668,376	31,289	(1,771,812)	(12,272)	1,624,895	26,540,476
2046	6.30%	26,540,476	17,151	(1,730,314)	(12,554)	1,617,690	26,432,449
2047	6.30%	26,432,449	3,048	(1,692,123)	(12,843)	1,611,634	26,342,165
2048	6.30%	26,342,165	-	(1,668,746)	(13,138)	1,606,577	26,266,858
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Accounting Information

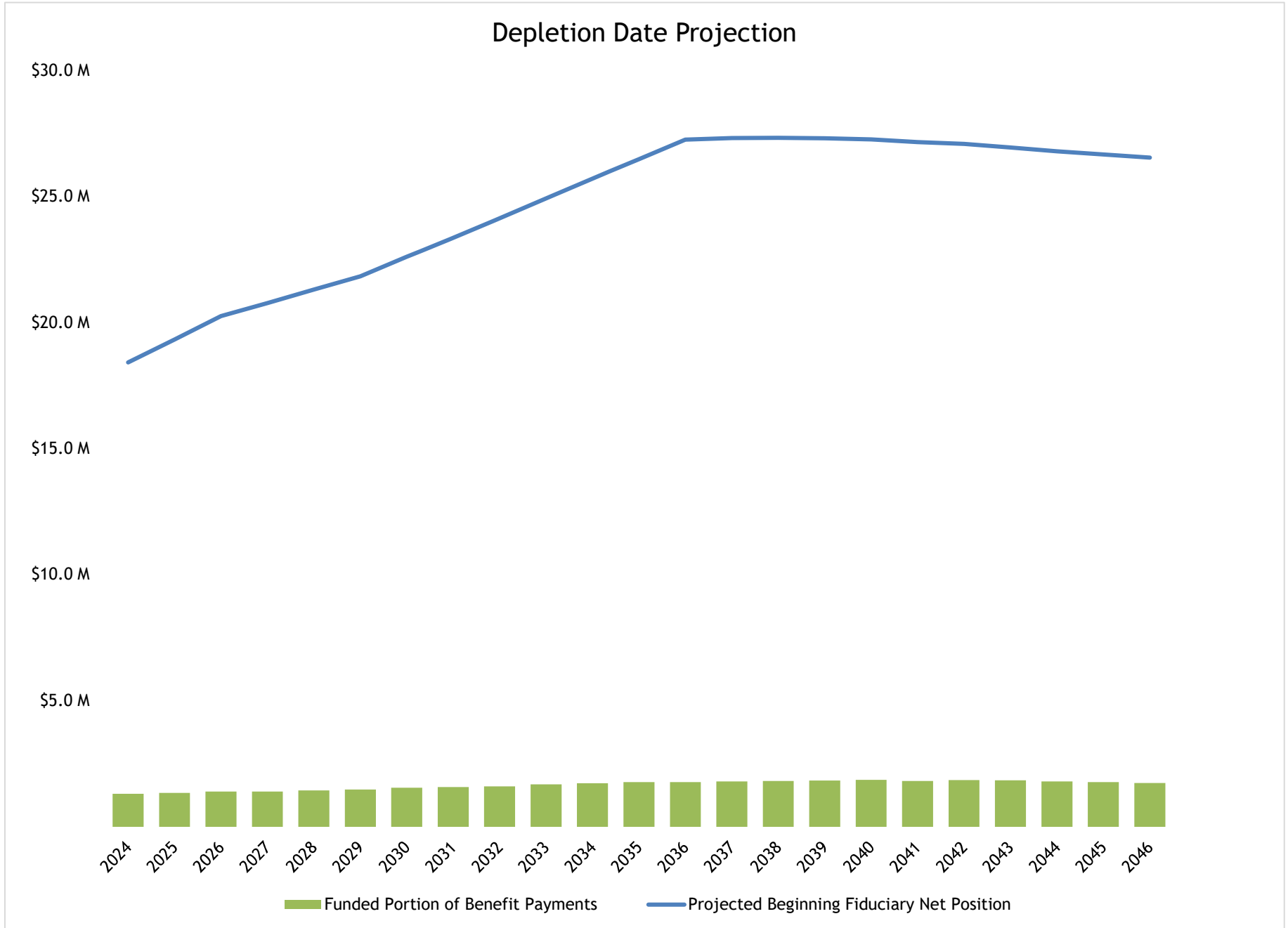
Depletion Date Projection

Current Participants Only

The investment earnings are determined using an investment rate of return of 5.10% for years 1-5 and 6.30% for years 6+

Measurement Period Ending June 30:	Projected		Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of	Present Value of	Present Value of
	Fiduciary Net Position	Total Projected Benefit Payments			Funded Benefit Payments at the Investment Rate of Return	Unfunded Benefit Payments at 3.86%	Benefit Payments at an Equivalent Single Discount Rate of 6.25%
2024	\$ 18,421,733	\$ 1,306,292	\$ 1,306,292	\$ -	\$ 1,274,204	\$ -	\$ 1,267,289
2025	19,328,203	1,342,697	1,342,697	-	1,246,160	-	1,225,983
2026	20,256,297	1,388,411	1,388,411	-	1,226,059	-	1,193,152
2027	20,769,399	1,390,135	1,390,135	-	1,168,012	-	1,124,361
2028	21,309,651	1,435,503	1,435,503	-	1,147,604	-	1,092,758
2029	21,833,698	1,472,773	1,472,773	-	1,052,453	-	1,055,180
2030	22,608,247	1,548,447	1,548,447	-	1,040,951	-	1,044,139
2031	23,357,359	1,570,708	1,570,708	-	993,336	-	996,847
2032	24,134,495	1,602,357	1,602,357	-	953,293	-	957,113
2033	24,928,800	1,675,647	1,675,647	-	937,814	-	942,015
2034	25,701,184	1,720,897	1,720,897	-	906,057	-	910,544
2035	26,478,980	1,771,138	1,771,138	-	877,243	-	882,002
2036	27,256,747	1,768,822	1,768,822	-	824,173	-	829,034
2037	27,315,729	1,798,260	1,798,260	-	788,231	-	793,253
2038	27,330,012	1,813,210	1,813,210	-	747,680	-	752,798
2039	27,312,734	1,826,216	1,826,216	-	708,413	-	713,598
2040	27,263,293	1,859,014	1,859,014	-	678,397	-	683,684
2041	27,159,733	1,810,192	1,810,192	-	621,430	-	626,568
2042	27,083,850	1,850,356	1,850,356	-	597,572	-	602,795
2043	26,945,995	1,840,437	1,840,437	-	559,142	-	564,296
2044	26,794,277	1,791,839	1,791,839	-	512,114	-	517,078
2045	26,668,376	1,771,812	1,771,812	-	476,379	-	481,222
2046	26,540,476	1,730,314	1,730,314	-	437,650	-	442,307
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Accounting Information



Accounting Information

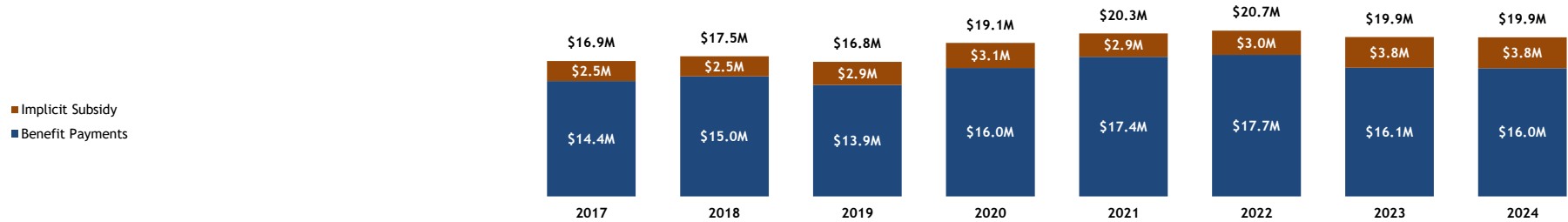
Schedule of Implicit Subsidy Liability (Not a Required Schedule)

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	2018	2019	2020	2021	2022	2023	2024
Report Date (June 30):	2017	2018	2019	2020	2021	2022	2023	2024	2024
Benefit Payments	\$ 14,401,313	\$ 15,003,730	\$ 13,916,285	\$ 16,020,470	\$ 17,408,719	\$ 17,655,593	\$ 16,064,946	\$ 16,007,058	
Implicit Subsidy	2,511,028	2,481,151	2,876,610	3,123,313	2,936,207	3,033,734	3,824,657	3,843,773	
Total OPEB Liability	\$ 16,912,341	\$ 17,484,881	\$ 16,792,895	\$ 19,143,783	\$ 20,344,926	\$ 20,689,327	\$ 19,889,603	\$ 19,850,831	
Discount Rate	7.00%	7.00%	7.28%	6.17%	6.17%	6.17%	6.00%	6.25%	

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	
						2023	2024	2025	2026	2027	2028		2029
Differences Between Expected and Actual Experience	2016-2017	\$ -	\$ -	6.8	0.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2017-2018*	-	-	6.8	0.8	-	-	-	-	-	-	-	-
	2017-2018**	135,598	99,705	6.8	1.8	19,941	15,952	-	-	-	-	-	-
	2018-2019	(200,112)	(117,716)	6.8	2.8	(29,429)	(29,429)	(23,538)	-	-	-	-	-
	2019-2020	475,121	233,667	6.1	3.1	77,889	77,889	77,889	7,787	-	-	-	-
	2020-2021	(352,233)	(115,488)	6.1	4.1	(57,744)	(57,744)	(57,744)	(57,744)	(5,769)	-	-	-
	2021-2022	(1,910,420)	(318,403)	6.0	5.0	(318,403)	(318,403)	(318,403)	(318,403)	(318,405)	-	-	-
2022-2023	(78,408)	-	6.0	6.0	(13,068)	(13,068)	(13,068)	(13,068)	(13,068)	(13,068)	-	-	
Changes of Assumptions	2016-2017	-	-	6.8	0.0	-	-	-	-	-	-	-	-
	2017-2018*	-	-	6.8	0.8	-	-	-	-	-	-	-	-
	2017-2018**	(854,050)	(627,980)	6.8	1.8	(125,596)	(100,474)	-	-	-	-	-	-
	2018-2019	1,961,763	1,153,980	6.8	2.8	288,495	288,495	230,793	-	-	-	-	-
	2019-2020	109,418	53,814	6.1	3.1	17,938	17,938	17,938	1,790	-	-	-	-
	2020-2021	29,971	9,828	6.1	4.1	4,914	4,914	4,914	4,914	487	-	-	-
	2021-2022	438,727	73,121	6.0	5.0	73,121	73,121	73,121	73,121	73,122	-	-	-
2022-2023	(503,557)	-	6.0	6.0	(83,927)	(83,927)	(83,927)	(83,927)	(83,927)	(83,922)	-	-	
Differences Between Projected and Actual Earnings	2016-2017	(854,695)	(854,695)	5.0	0.0	-	-	-	-	-	-	-	-
	2017-2018*	266,057	266,057	5.0	0.0	-	-	-	-	-	-	-	-
	2017-2018**	72,538	72,538	5.0	0.0	-	-	-	-	-	-	-	-
	2018-2019	(34,388)	(27,512)	5.0	1.0	(6,876)	-	-	-	-	-	-	-
	2019-2020	252,276	151,368	5.0	2.0	50,456	50,452	-	-	-	-	-	-
	2020-2021	(2,624,674)	(1,049,870)	5.0	3.0	(524,935)	(524,935)	(524,934)	-	-	-	-	-
	2021-2022	3,317,745	663,549	5.0	4.0	663,549	663,549	663,549	663,549	-	-	-	-
2022-2023	(34,612)	-	5.0	5.0	(6,923)	(6,923)	(6,923)	(6,923)	(6,920)	-	-	-	

Summary of Deferred Outflows and Inflows of Resources

Measurement Period: July 1, 2022 - June 30, 2023

Fiscal Reporting Period: July 1, 2023 - June 30, 2024

	Measurement Years Ending June 30:		Report Years Ending June 30:		2026	2027	2028	2029	Remaining
	2023	2024	2024	2025					
Differences Between Expected and Actual Experience	\$ (320,814)	\$ (324,803)	\$ (334,864)	\$ (381,428)	\$ (337,242)	\$ (13,068)	\$ -	\$ -	
Changes of Assumptions	174,945	200,067	242,839	(4,102)	(10,318)	(83,922)	-	-	
Differences Between Projected and Actual Earnings	175,271	182,143	131,692	656,626	(6,920)	-	-	-	
Total	\$ 29,402	\$ 57,407	\$ 39,667	\$ 271,096	\$ (354,480)	\$ (96,990)	\$ -	\$ -	

Accounting Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

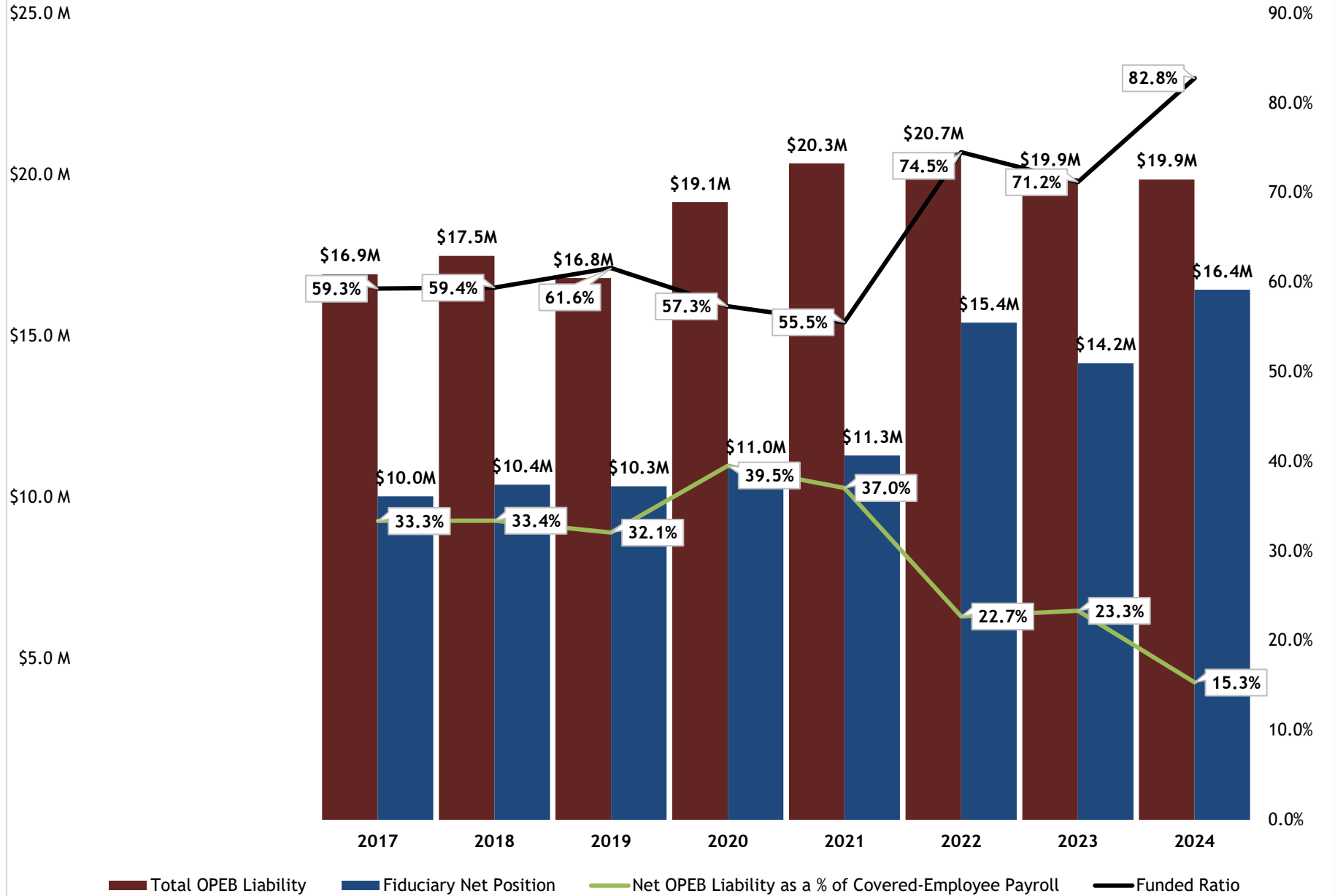
GASB 75 requires a disclosure of the changes in the Net OPEB Liability for the last ten fiscal years, or for as many years as are available.

Measurement Date (June 30):	2017	2018	2018	2019	2020	2021	2022	2023
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB Liability								
Service Cost	\$ 397,604	\$ 409,532	\$ -	\$ 360,905	\$ 459,956	\$ 441,404	\$ 453,543	\$ 532,469
Interest	1,103,301	1,149,342	-	1,212,957	1,178,040	1,250,876	1,272,484	1,189,947
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	135,598	(200,112)	475,121	(352,233)	(1,910,420)	(78,408)
Changes of Assumptions	-	-	(854,050)	1,961,763	109,418	29,971	438,727	(503,557)
Benefit Payments	(700,000)	(700,673)	26,466	(689,589)	(718,916)	(764,294)	(795,496)	(821,387)
Implicit Subsidy Credit	(277,892)	(285,661)	-	(295,036)	(302,476)	(261,323)	(258,562)	(357,836)
Net Change in Total OPEB Liability	523,013	572,540	(691,986)	2,350,888	1,201,143	344,401	(799,724)	(38,772)
Total OPEB Liability – Beginning	<u>16,389,328</u>	<u>16,912,341</u>	<u>17,484,881</u>	<u>16,792,895</u>	<u>19,143,783</u>	<u>20,344,926</u>	<u>20,689,327</u>	<u>19,889,603</u>
Total OPEB Liability – Ending (a)	<u>\$ 16,912,341</u>	<u>\$ 17,484,881</u>	<u>\$ 16,792,895</u>	<u>\$ 19,143,783</u>	<u>\$ 20,344,926</u>	<u>\$ 20,689,327</u>	<u>\$ 19,889,603</u>	<u>\$ 19,850,831</u>
Plan Fiduciary Net Position								
Net Investment Income	\$ 1,450,417	\$ 423,688	\$ (72,538)	\$ 670,718	\$ 421,628	\$ 3,309,203	\$ (2,206,130)	\$ 918,976
Employer – City's Contributions	838,855	642,216	-	661,483	631,564	1,576,755	1,747,036	2,188,695
Employer – Implicit Subsidy	277,892	285,661	-	295,036	302,476	261,323	258,562	357,836
Benefit Payments	(700,000)	(700,673)	26,466	(689,589)	(718,916)	(764,294)	(795,496)	(821,387)
Implicit Subsidy Credit	(277,892)	(285,661)	-	(295,036)	(302,476)	(261,323)	(258,562)	(357,836)
Administrative Expense	(4,601)	(5,244)	(66)	(2,350)	(5,640)	(4,560)	(4,116)	(7,612)
Other Miscellaneous Income/(Expense)	-	-	-	(10,898)	-	-	-	(3,482)
Net Change in Plan Fiduciary Net Position	1,584,671	359,987	(46,138)	629,364	328,636	4,117,104	(1,258,706)	2,275,190
Plan Fiduciary Net Position – Beginning	<u>8,440,888</u>	<u>10,025,559</u>	<u>10,385,546</u>	<u>10,339,408</u>	<u>10,968,772</u>	<u>11,297,408</u>	<u>15,414,512</u>	<u>14,155,806</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 10,025,559</u>	<u>\$ 10,385,546</u>	<u>\$ 10,339,408</u>	<u>\$ 10,968,772</u>	<u>\$ 11,297,408</u>	<u>\$ 15,414,512</u>	<u>\$ 14,155,806</u>	<u>\$ 16,430,996</u>
Net OPEB Liability								
City's Net OPEB Liability – Ending = (a) – (b)	\$ 6,886,782	\$ 7,099,335	\$ 6,453,487	\$ 8,175,011	\$ 9,047,518	\$ 5,274,815	\$ 5,733,797	\$ 3,419,835
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability								
	59.3%	59.4%	61.6%	57.3%	55.5%	74.5%	71.2%	82.8%
Covered Payroll	\$ 20,650,038	\$ 21,269,539	\$ 20,129,158	\$ 20,682,710	\$ 24,421,260	\$ 23,236,495	\$ 24,579,873	\$ 22,296,347
City's Net OPEB Liability as a Percentage of Covered Payroll	33.3%	33.4%	32.1%	39.5%	37.0%	22.7%	23.3%	15.3%

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

Accounting Information

Schedule of Changes in the Net OPEB Liability and Related Ratios



Accounting Information

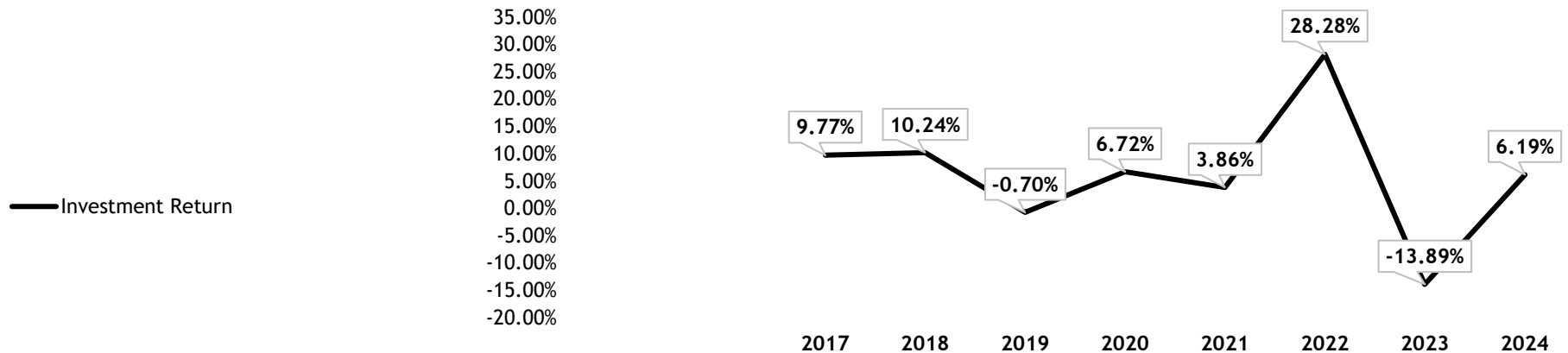
Schedule of Investment Returns

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, follows.

Measurement Date (June 30):	2017	2018	2018	2019	2020	2021	2022	2023
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.77%	10.24%	-0.70%	6.72%	3.86%	28.28%	-13.89%	6.19%

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).

Investment Returns



Accounting Information

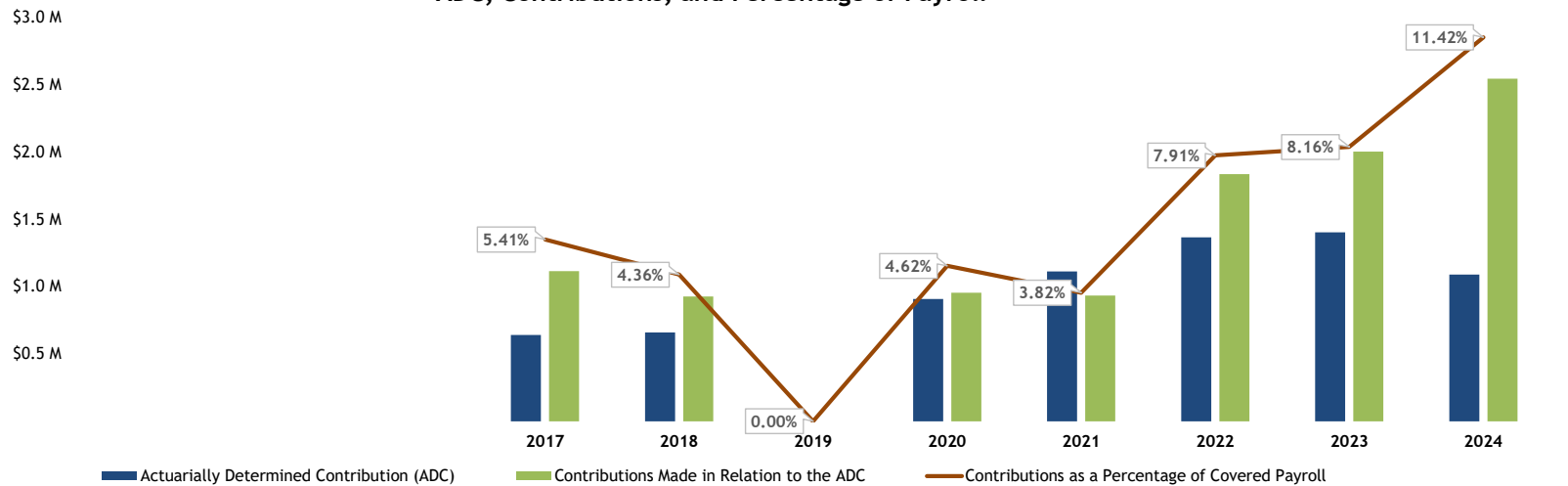
Schedule of Contributions

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	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2022-2023
Reporting Period:	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024
Report Date (June 30):	2017	2018	2019	2020	2021	2022	2022	2023	2024
Actuarially Determined Contribution (ADC)	\$ 642,132	\$ 659,902	\$ -	\$ 908,656	\$ 1,114,937	\$ 1,367,308	\$ 1,405,197	\$ 1,090,184	
Less: Contributions Made in Relation to the ADC	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	(474,615)	(267,975)	-	(47,863)	180,897	(470,770)	(600,401)	(1,456,347)	
Covered Payroll	\$ 20,650,038	\$ 21,269,539	\$ 20,129,158	\$ 20,682,710	\$ 24,421,260	\$ 23,236,495	\$ 24,579,873	\$ 22,296,347	

Contributions as a Percentage of Covered Payroll

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: 2.30%
- Assumed Payroll Growth: 2.800%
- Healthcare Trend Rates: 5.80%, trending down to 3.73%
- Rate of Return on Assets: 5.10%
- 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 City's financial statements, based on the requirements of GASB 75 and our understanding of the City's retiree health plan, follows.

Notes to the Financial Statements for the Year Ended June 30, 2024

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 the OPEB expense information about the fiduciary net position of the City'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 City administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

The PEMHCA minimum amount for retirees participating in PEMHCA is \$149/month in 2022 & \$151/month in 2023. PEMHCA amounts are adjusted on an annual basis. An additional \$318.73 per month will be paid for medical, dental, and vision for full-time employees hired prior to October 1, 2011 and for City Council elected before September 30, 2011. The total subsidy will not be greater than the premium for the retiree and spouse. Coverage is allowed under any medical plan. The City Council of the City of Moreno Valley holds the authority under which benefit terms are established or may be amended.

Employees Covered by Benefit Terms

At June 30, 2022 (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:	314
Inactive employees entitled to but not yet receiving benefit payments:	80
Active employees:	316
Total	710

Accounting Information

Draft Notes to the Financial Statements

Contributions

The City makes contributions based on an actuarially determined rate.

Contribution rate:	2.62% for 12 years, 1.88% thereafter.
Reporting period contributions: \$	2,546,531 (Includes implicit subsidy credit.)

Financial Report

The City issues a stand-alone financial report that is available to the public. The report is available at: <http://www.moval.org/departments/financial-mgmt-svcs/report-CAFR.html>

Net OPEB Liability

The City's total OPEB liability was valued as of June 30, 2022, and was used to calculate the net OPEB liability measured as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	June 30, 2022	June 30, 2023
Discount Rate	6.00%	6.25%
Investment Rate of Return	6.00%	5.10%
Inflation	2.30%	2.30%
Healthcare Cost Trend Rates		
Pre-Medicare	8.70%	6.50% *
Medicare	1.90%	4.00% *
Salary Increases	2.80%	2.80% **
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, dated November 17, 2021.
- Inactive employees (retirees) pay the cost of benefits in excess of the City's contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.
- There were no changes between the measurement date and the report date that are expected to have a significant effect on the total OPEB liability.

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. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 6.25%.

*Trending down to 3.73% over 52 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 CalPERS Investment Office for financial reporting after September 30, 2022.

Asset Class	1-20 Year Projected Compound Return	Strategy I	Strategy II	Strategy III
		Allocation		
Global Equity	6.8%	49%	34%	23%
Fixed Income	3.7%	23%	41%	51%
REITS	6.0%	20%	17%	14%
TIPS	2.8%	5%	5%	9%
Commodities	3.4%	3%	3%	3%
Total/Average		100%	100%	100%

<u>CERBT</u>	<u>Inflation</u>	<u>Expected Compound Return</u>		
Expected Compound Return (1-5 Years)	2.4%	5.1%	4.2%	3.5%
Expected Compound Return (6-20 Years)	2.3%	6.3%	5.9%	5.5%
Expected Compound Return (1-20 Years)	2.3%	6.0%	5.5%	5.0%
Expected Volatility		12.1%	9.9%	8.4%

Plan

The Plan's expected return is weighted by the Plan's expected cash flow.

Expected Compound Return (1-20 Years)	2.3%	6.25%	n/a	n/a
---------------------------------------	------	-------	-----	-----

<i>Current Liability</i>	<u>Amount</u>
Current OPEB Liability	\$ 1,229,186
Non-Current OPEB Liability	18,621,645
Total OPEB Liability	\$ 19,850,831

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 the 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. Note, however, that for calculation purposes, we use 1 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 6.0 years

Accounting Information

Draft Notes to the Financial Statements

<i>Changes in the Net OPEB Liability</i>	<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, 2023	\$ 19,889,603	\$ 14,155,806	\$ 5,733,797
Changes for the Year:			
Service Cost	532,469		532,469
Interest	1,189,947		1,189,947
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(78,408)		(78,408)
Changes of Assumptions	(503,557)		(503,557)
Contributions			
Employer – City's Contributions		2,188,695	(2,188,695)
Employer – Implicit Subsidy		357,836	(357,836)
Net Investment Income		918,976	(918,976)
Benefit Payments	(821,387)	(821,387)	-
Implicit Subsidy Credit	(357,836)	(357,836)	-
Administrative Expense		(7,612)	7,612
Other Miscellaneous Income/(Expense)	-	(3,482)	3,482
Net Changes	(38,772)	2,275,190	(2,313,962)
Balance as of Report Date June 30, 2024	\$ 19,850,831	\$ 16,430,996	\$ 3,419,835

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 City, as well as what the City's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) follows:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Total OPEB Liability (Asset)	\$ 21,998,587	\$ 19,850,831	\$ 18,029,649
Increase (Decrease)	2,147,756		(1,821,182)
% Change	10.8%		-9.2%
Net OPEB Liability (Asset)	\$ 5,567,591	\$ 3,419,835	\$ 1,598,653
Increase (Decrease)	2,147,756		(1,821,182)
% Change	62.8%		-53.3%

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 3.73% over 52 years. The total OPEB liability of the City, as well as what the City'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)	\$ 18,533,851	\$ 19,850,831	\$ 21,357,223
Increase (Decrease)	(1,316,980)		1,506,392
% Change	-6.6%		7.6%
Net OPEB Liability (Asset)	\$ 2,102,855	\$ 3,419,835	\$ 4,926,227
Increase (Decrease)	(1,316,980)		1,506,392
% Change	-38.5%		44.0%

Accounting Information

Draft Notes to the Financial Statements

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

For the report year ended June 30, 2024, the City recognized an OPEB expense of \$878,548. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 179,517	\$ (1,570,922)
Changes of Assumptions	864,668	(520,104)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	963,541	-
Contributions Subsequent to the Measurement Date	2,361,121	-
Total	\$ 4,368,847	\$ (2,091,026)

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

Report Year Ending June 30:	Amount
2025	\$ 57,407
2026	39,667
2027	271,096
2028	(354,480)
2029	(96,990)
Remaining	-

Basis of Valuation

Substantive Plan

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

All Retirees	
Duration of coverage	Retiree's lifetime.
Conditions of coverage	Retire directly from the City under CalPERS (service or disability).
Dependent coverage	Benefit continues to surviving spouse of retiree or on death of active employee while eligible for retirement.
Medical plan choices	Same as actives.

Management hired/elected before September 30, 2011 and Non-Management hired before July 1, 2009	
Eligibility for additional retiree benefits	Age 50 with 5 years of service.
Eligibility for PEMHCA-only benefits	Age 50 with 5 years of service.
Employer monthly contributions (full benefits)	
• Additional amount	\$318.73 monthly, no future increases.
• PEMHCA amount	\$149 monthly (2022 amount) with annual increase.

Non-Management Full-Time Employees Hired between July 1, 2009 and September 30, 2011	
Eligibility for additional retiree benefits	Age 50 with 10 years of service.
Eligibility for PEMHCA-only benefits	Age 50 with 5 years of service.
Employer monthly contributions (full benefits)	
• Additional amount	\$318.73 monthly, no future increases.
• PEMHCA amount	\$149 monthly (2022 amount) with annual increase.

All Full-Time Employees hired after September 30, 2011	
Eligibility for PEMHCA-only benefits	Age 50 with 5 years of service.
Employer monthly contributions (full benefits)	
• Retiree only	\$149 monthly (2022 amount) with annual increase.

Excluded Employees	
Temporary employees	Unless participating in PEMHCA.
Crossing guards	Unless participating in PEMHCA.
Seasonal employees	Unless participating in PEMHCA.

Basis of Valuation

Participant Summary

Census Date: June 30, 2022
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	9	3									12
25-29	18	13	4								35
30-34	15	8	8		1						32
35-39	9	7	10	5	1						32
40-44	8	14	9	3	7	5					46
45-49	7	11	6	1	14	6	1				46
50-54	7	6	9	5	14	8		1			50
55-59	3	3	1	3	6	9	2	1			28
60-64	1	2	2	3	7	5	3	2			25
65-69					2	2	1				5
70+			1	2	2						5
Total	77	67	50	22	54	35	7	4			316

Average Active Participant Age: 44.7

Average Years of Service: 9.1

Inactive Participants			
Age	Retiree	Spouse	Total
< 50		50	50
50-54	5	14	19
55-59	25	21	46
60-64	57	21	78
65-69	73	17	90
70-74	46	10	56
75-79	26	2	28
80-84	12	2	14
85-89	12		12
90+	1		1
Total	257	137	394

Average Inactive Participant Age: 68.3

Basis of Valuation

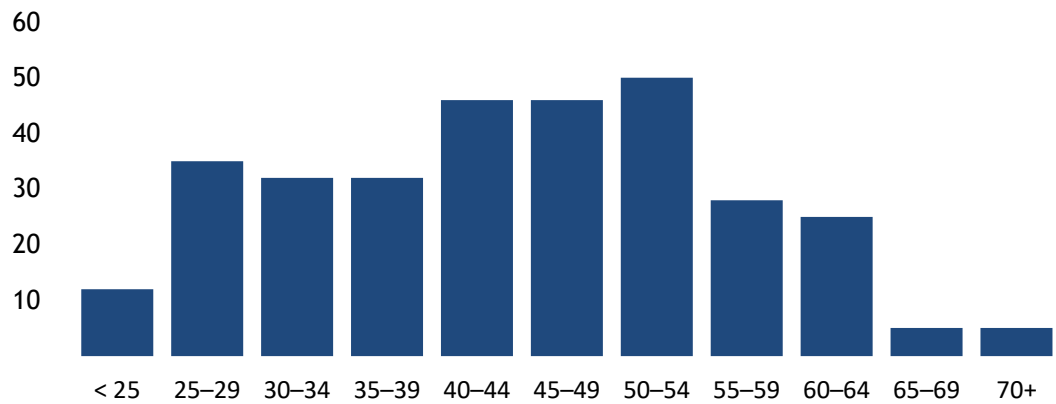
Participant Summary Charts

Census Date: June 30, 2022

Age and service determined as of the census date.

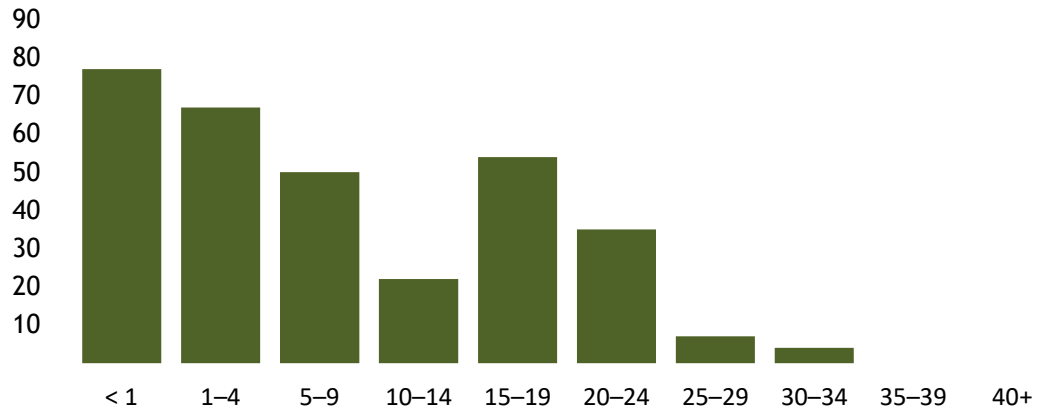
Actives by Age Bracket

Average Employee Age: 44.7



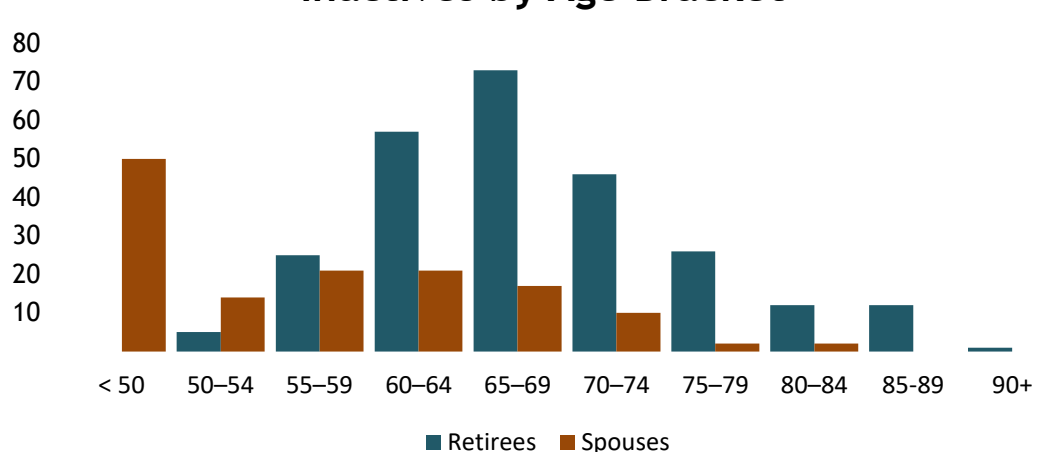
Actives by Years of Service

Average Years of Service: 9.1



Inactives by Age Bracket

Average Inactive Age: 68.3



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, 2022															
Measurement Date	June 30, 2023															
Report Date	June 30, 2024															
Discount Rate	The discount rate selected is 6.25%. 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.															
Mortality	Same as CalPERS. See appendix.															
Termination Rates	Same as CalPERS. See appendix. Also known as "turnover".															
Disability	Same as CalPERS. See appendix.															
Retirement	Same as CalPERS. See appendix.															
Annual Per Capita Claims Cost	Developed using CalPERS experience to calculate age-related risk scores, but using the City's actual premiums for all other purposes. Assumed annual per capita claims costs follow:															
	<table border="1"> <thead> <tr> <th>Age</th> <th>Males</th> <th>Females</th> </tr> </thead> <tbody> <tr> <td>50</td> <td>\$ 9,241</td> <td>\$ 10,130</td> </tr> <tr> <td>55</td> <td>\$ 12,088</td> <td>\$ 11,744</td> </tr> <tr> <td>60</td> <td>15,288</td> <td>13,794</td> </tr> <tr> <td>64</td> <td>17,004</td> <td>14,879</td> </tr> </tbody> </table>	Age	Males	Females	50	\$ 9,241	\$ 10,130	55	\$ 12,088	\$ 11,744	60	15,288	13,794	64	17,004	14,879
Age	Males	Females														
50	\$ 9,241	\$ 10,130														
55	\$ 12,088	\$ 11,744														
60	15,288	13,794														
64	17,004	14,879														
Average Per Capita Cost for Implicit Subsidy Calculation	Developed based on premiums for the City's enrollment by plan, family demographics from CalPERS plans, and risk scores (both HMO and PPO) for the CalPERS population.															

Basis of Valuation

Actuarial Assumptions

Assumption	Rates
Aging or Morbidity Factors	Based on actual CalPERS HMO and PPO population data.
Participant Contributions	Based on service at retirement and employee group.
Salary Increases	2.80% The salary increase is used to determine the growth in the aggregate payroll. Individual Salary Increases: 2021 CalPERS Merit Salary Increases.
Inflation Rate	2.30%. Same as CalPERS.
Marital Status	Current Retirees: Actual spouse coverage is used. 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 three years older than females for future retirees.
Participation	Current Retirees: Assume current elections continue until decrement. Future Retiree election assumptions summarized below: *Assumed all covered spouses elect survivor spouse benefits.

Condition	Hired Before 9/30/2011	Hired On/After 9/30/2011
PEMHCA	60%	70%
Non-PEMHCA	30%	0%
Waived	10%	30%

PEMHCA	Category	2022	2023
	Admin Fee % of Retiree Premiums	0.33%	0.32%
	PEMHCA Min (Calendar Yr)	\$149.00	\$151.00

Basis of Valuation

Actuarial Assumptions

Assumption

Rates

Premiums

Non-Medicare Plan	Employee-Only	
	2022	2023
Blue Shield Access+	\$ 779.87	\$ 738.29
Kaiser Permanente	719.78	754.64
PERS Gold	575.56	680.37
PERS Platinum	863.37	992.59
United Healthcare	771.85	790.46

Medicare Plan	Employee-Only	
	2022	2023
Blue Shield	\$ 353.13	\$ 361.90
Kaiser Permanente	302.53	283.25
PERS Gold	377.41	392.71
PERS Platinum	381.94	420.02
United Healthcare	294.65	299.68

Trend Rates

Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2024_1b" using baseline assumptions. Applied to both claims and premiums.

Calendar Year	Pre-Medicare	Medicare	PEMHCA Trend
	Trend	Trend	
2022	5.80%	1.90%	1.30%
2023	6.50%	4.00%	3.50%
2024	6.00%	4.00%	3.50%
2025	5.50%	4.00%	3.50%
2026	5.13%	4.00%	3.50%
2027	5.06%	4.00%	3.50%
2028	4.98%	4.00%	3.50%
2029	4.91%	4.00%	3.50%
2030-2074
2075+	3.73%	3.73%	3.50%

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: 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.

Appendix

Decrement Tables

The valuation used the following decrement tables from the CalPERS OPEB Assumption Model, revised May 14, 2018, for all decrement tables for except Salary Scale Rates which were revised November 18, 2021:

Mortality	<u>Source Table</u>
Miscellaneous Employees	Mort and Disb Rates_PA Misc
Disability Rates	
Miscellaneous Employees	Mort and Disb Rates_PA Misc
Terminated Refund Rates	
Miscellaneous Employees	Terminated Refund Rates_Misc
Terminated Vested Rates	
Miscellaneous Employees	Terminated Vested Rates_PA Misc
Salary Scale Rates	
Miscellaneous Employees	Salary Scale Rates_PA Misc
Service Retirement Rates	
Miscellaneous Employees	
• 2.0% at 55	Rx PA Misc 2% @ 55
• 2.0% at 62	Rx PA Misc 2% @ 62
• 2.7% at 55	Rx PA Misc 2.7% @ 55

Appendix

Sample Mortality and Disability Rates

Attained Age	Public Agency Miscellaneous													
	Pre-Retirement Mortality				Post-Retirement Mortality						Disability			
	Male Assumptions		Female Assumptions		Male Assumptions			Female Assumptions			Male Assumptions		Female Assumptions	
	Non Industrial Death	Industrial Death	Non Industrial Death	Industrial Death	Healthy Recipients	Non Industrially Disabled	Industrially Disabled	Healthy Recipients	Non Industrially Disabled	Industrially Disabled	Non Industrial Disability	Industrial Disability	Non Industrial Disability	Industrial Disability
1	0.00000	0.00000	0.00000	0.00000	0.00016	0.00016	0.00003	0.00003	0.00003	0.00003	0.00000	0.00000	0.00000	0.00000
5	0.00000	0.00000	0.00000	0.00000	0.00016	0.00016	0.00003	0.00003	0.00003	0.00003	0.00000	0.00000	0.00000	0.00000
10	0.00000	0.00000	0.00000	0.00000	0.00016	0.00016	0.00003	0.00003	0.00003	0.00003	0.00000	0.00000	0.00000	0.00000
15	0.00016	0.00000	0.00003	0.00000	0.00016	0.00016	0.00003	0.00003	0.00003	0.00003	0.00017	0.00000	0.00010	0.00000
20	0.00022	0.00000	0.00007	0.00000	0.00022	0.00022	0.00004	0.00007	0.00007	0.00007	0.00017	0.00000	0.00010	0.00000
25	0.00029	0.00000	0.00011	0.00000	0.00029	0.00029	0.00006	0.00011	0.00011	0.00006	0.00017	0.00000	0.00010	0.00000
30	0.00038	0.00000	0.00016	0.00000	0.00038	0.00038	0.00007	0.00016	0.00016	0.00007	0.00019	0.00000	0.00024	0.00000
35	0.00049	0.00000	0.00027	0.00000	0.00049	0.00049	0.00009	0.00027	0.00027	0.00009	0.00039	0.00000	0.00071	0.00000
40	0.00064	0.00000	0.00037	0.00000	0.00064	0.00064	0.00010	0.00037	0.00037	0.00010	0.00102	0.00000	0.00135	0.00000
45	0.00080	0.00000	0.00054	0.00000	0.00080	0.00080	0.00012	0.00054	0.00054	0.00012	0.00151	0.00000	0.00188	0.00000
50	0.00116	0.00000	0.00079	0.00000	0.00372	0.01183	0.00372	0.00346	0.01083	0.00346	0.00158	0.00000	0.00199	0.00000
55	0.00172	0.00000	0.00120	0.00000	0.00437	0.01613	0.00437	0.00410	0.01178	0.00410	0.00158	0.00000	0.00149	0.00000
60	0.00255	0.00000	0.00166	0.00000	0.00671	0.02166	0.00671	0.00476	0.01404	0.00476	0.00153	0.00000	0.00105	0.00000
65	0.00363	0.00000	0.00233	0.00000	0.00928	0.02733	0.01113	0.00637	0.01757	0.00765	0.00128	0.00000	0.00088	0.00000
70	0.00623	0.00000	0.00388	0.00000	0.01339	0.03358	0.01607	0.00926	0.02184	0.01112	0.00102	0.00000	0.00084	0.00000
75	0.01057	0.00000	0.00623	0.00000	0.02316	0.04277	0.02779	0.01635	0.02969	0.01962	0.00102	0.00000	0.00088	0.00000
80	0.01659	0.00000	0.00939	0.00000	0.03977	0.06272	0.04773	0.03007	0.04641	0.03609	0.00102	0.00000	0.00088	0.00000
85	0.00000	0.00000	0.00000	0.00000	0.07122	0.09793	0.08547	0.05418	0.07847	0.06501	0.00000	0.00000	0.00000	0.00000
90	0.00000	0.00000	0.00000	0.00000	0.13044	0.14616	0.14348	0.10089	0.13220	0.11098	0.00000	0.00000	0.00000	0.00000
95	0.00000	0.00000	0.00000	0.00000	0.21658	0.21658	0.21658	0.17698	0.21015	0.17698	0.00000	0.00000	0.00000	0.00000
100	0.00000	0.00000	0.00000	0.00000	0.32222	0.32222	0.32222	0.28151	0.32226	0.28151	0.00000	0.00000	0.00000	0.00000
105	0.00000	0.00000	0.00000	0.00000	0.46691	0.46691	0.46691	0.43491	0.43491	0.43491	0.00000	0.00000	0.00000	0.00000
110	0.00000	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000
115	0.00000	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000
120	0.00000	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	0.00000	0.00000	0.00000	0.00000

Notes:

- 1) Pre-Retirement and Post-Retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.
- 2) Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.
- 3) The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- 4) Normally, Industrial Disability rates are zero for miscellaneous plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each miscellaneous non-industrial disability rate will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

Appendix

Sample Termination Rates

		Sample Terminated Refund Rates Public Agency Miscellaneous									
Entry Ages		15	20	25	30	35	40	45	50	55	59
Service											
0		0.18120	0.17420	0.16740	0.16060	0.15370	0.14680	0.14000	0.13320	0.12620	0.12080
5		0.02320	0.02120	0.01930	0.01740	0.01550	0.01360	0.01160	0.00970	0.00780	0.00620
10		0.01550	0.01380	0.01210	0.01040	0.00880	0.00710	0.00550	0.00380	0.00210	0.00080
15		0.00700	0.00600	0.00510	0.00420	0.00320	0.00230	0.00140	0.00040	0.00020	0.00020
20		0.00450	0.00370	0.00290	0.00210	0.00130	0.00050	0.00010	0.00010	0.00010	0.00010
25		0.00240	0.00170	0.00110	0.00050	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010
30		0.00110	0.00050	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000
35		0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000
40		0.00010	0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000	0.00000
45		0.00010	0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000	0.00000	0.00000
50		0.00010	0.00010	0.00010	0.00010	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

		Sample Terminated Vested Rates Public Agency Miscellaneous									
Entry Ages		15	20	25	30	35	40	45	50	55	59
Service											
0		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
5		0.07140	0.06560	0.05970	0.05370	0.04770	0.04180	0.00000	0.00000	0.00000	0.00000
10		0.05940	0.05300	0.04660	0.04030	0.03390	0.00000	0.00000	0.00000	0.00000	0.00000
15		0.05110	0.04430	0.03730	0.03050	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
20		0.04050	0.03330	0.02610	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
25		0.02880	0.02120	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30		0.01500	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
35		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
40		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
45		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
50		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

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	0.07637	0.07637	0.07637	0.06206	0.06206	0.05210	0.05210	0.05210	0.05210	0.05210	0.0521	0.0521	0.0521	0.0521
5	0.03777	0.03777	0.03777	0.02757	0.02757	0.01867	0.01867	0.01867	0.01867	0.01867	0.0187	0.0187	0.0187	0.0187
10	0.02011	0.02011	0.02011	0.01257	0.01257	0.01084	0.01084	0.01084	0.01084	0.01084	0.0108	0.0108	0.0108	0.0108
15	0.01546	0.01546	0.01546	0.01020	0.01020	0.00712	0.00712	0.00712	0.00712	0.00712	0.0071	0.0071	0.0071	0.0071
20	0.01188	0.01188	0.01188	0.00827	0.00827	0.00468	0.00468	0.00468	0.00468	0.00468	0.0047	0.0047	0.0047	0.0047
25	0.00913	0.00913	0.00913	0.00671	0.00671	0.00307	0.00307	0.00307	0.00307	0.00307	0.0031	0.0031	0.0031	0.0031
30	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
35	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
40	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
45	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
50	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020

Appendix

Matrix of Sample Service Retirement Assumption Rates

Service	Attained Ages				Public Agency Miscellaneous 2% @ 55			
	50	55	60	65	70	75	79	
0	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
5	0.0080	0.0400	0.0580	0.1450	0.1500	1.0000	1.0000	
10	0.0130	0.0400	0.0750	0.1730	0.1710	1.0000	1.0000	
15	0.0180	0.0560	0.0930	0.2010	0.1920	1.0000	1.0000	
20	0.0210	0.0930	0.1260	0.2330	0.2390	1.0000	1.0000	
25	0.0220	0.1090	0.1430	0.2660	0.3040	1.0000	1.0000	
30	0.0330	0.1540	0.1690	0.2890	0.3300	1.0000	1.0000	
35	0.0500	0.2100	0.2070	0.3160	0.3300	1.0000	1.0000	
40	0.0000	0.2400	0.2800	0.3300	0.3300	1.0000	1.0000	
45	0.0000	0.0000	0.2800	0.3300	0.3300	1.0000	1.0000	
50	0.0000	0.0000	0.0000	0.3300	0.3300	1.0000	1.0000	

Service	Attained Ages				Public Agency Miscellaneous 2% @ 62			
	50	55	60	65	70	75	79	
0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
5	0.00000	0.01000	0.03100	0.10800	0.12000	1.00000	1.00000	
10	0.00000	0.01900	0.05100	0.14100	0.15600	1.00000	1.00000	
15	0.00000	0.02800	0.07100	0.17300	0.19300	1.00000	1.00000	
20	0.00000	0.03600	0.09100	0.20600	0.22900	1.00000	1.00000	
25	0.00000	0.06100	0.11100	0.23900	0.26500	1.00000	1.00000	
30	0.00000	0.09600	0.13800	0.30000	0.33300	1.00000	1.00000	
35	0.00000	0.15200	0.18300	0.34800	0.38700	1.00000	1.00000	
40	0.00000	0.18000	0.20400	0.36000	0.40000	1.00000	1.00000	
45	0.00000	0.00000	0.20400	0.36000	0.40000	1.00000	1.00000	
50	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000	

Service	Attained Ages				Public Agency Miscellaneous 2.7% @ 55			
	50	55	60	65	70	75	79	
0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
5	0.00300	0.03300	0.06000	0.14000	0.15000	1.00000	1.00000	
10	0.01000	0.05500	0.08600	0.17400	0.18100	1.00000	1.00000	
15	0.01600	0.07800	0.11200	0.20800	0.21200	1.00000	1.00000	
20	0.03400	0.11300	0.15000	0.25400	0.24300	1.00000	1.00000	
25	0.03300	0.15600	0.18200	0.30600	0.29100	1.00000	1.00000	
30	0.04500	0.23400	0.23800	0.38900	0.35000	1.00000	1.00000	
35	0.12000	0.36100	0.30200	0.42200	0.39000	1.00000	1.00000	
40	0.00000	0.42500	0.33000	0.42200	0.40000	1.00000	1.00000	
45	0.00000	0.00000	0.33000	0.42200	0.40000	1.00000	1.00000	
50	0.00000	0.00000	0.00000	0.42200	0.40000	1.00000	1.00000	