

November 28, 2022

PERSONAL & CONFIDENTIAL

Leann Neilson
Crawford County Road Commission
500 Huron St.
Grayling, MI 49738

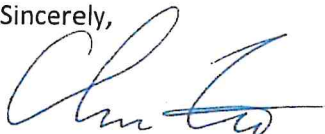
RE: Crawford County Road Commission Other Post-Employment Benefits (OPEB) Plan

Dear Leann:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending September 30, 2022. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 74 (GASB 74) Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and Statement No. 75 (GASB 75) Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

If you have any questions about this report, please call me at (616) 742-9244.

Sincerely,



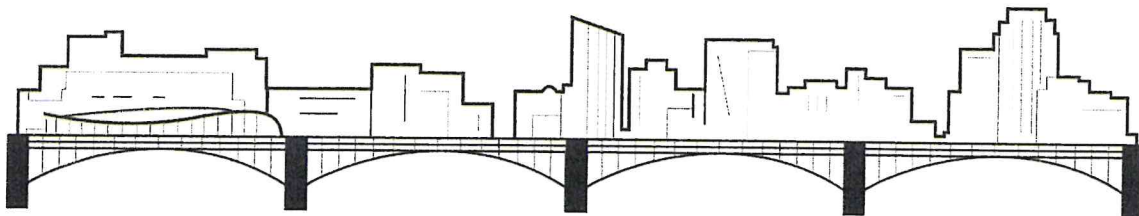
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Crawford County Road Commission Other Post-Employment Benefits (OPEB) Plan

Accounting Report

for the Period Ending September 30, 2022
under GASB Statement 74 & 75



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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. 74 and 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 74 and 75 and may be inappropriate for other purposes.

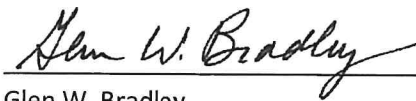
The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, 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 himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Reviewed by:



Glen W. Bradley
Senior Pension Analyst

Prepared & Certified by:



Joseph Shackelford, ASA, MAAA
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 participants

Actuarial gains and losses analysis:

There was a net actuarial loss (increase in liability) of \$33,409 consisting of an increase in liability due to demographics and other valuation updates partially offset by actual benefits paid during the year being lower 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 (decrease in liability) of \$1,776.

There was also a plan amendment whereby the lump sum contributed by the Road Commission upon retirement has been eliminated, and the plan is now closed to people hired after April 1, 2022. However, this amendment did not cause any changes to the liability, because the lump sum was only payable for retirements prior to January 1, 2021.

Peer Review and rotation of Certifying Actuary

Current year Certifying Actuary: Joey Shackelford

Peer reviewed/change in Actuary: 09/30/2020

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 Crawford County Road Commission Other Post-Employment Benefits (OPEB) Plan and additions to/deductions from the Road Commission's fiduciary net position have been determined on the same basis as they are reported by the Crawford County Road Commission. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Crawford County Road Commission Other Post-Employment Benefits (OPEB) Plan is a single employer plan established and administered by **Crawford County Road Commission** 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 September 30, 2022, Retirement Plan membership consisted of the following:

Active members	28
Inactive members	0
Retirees and beneficiaries	30
Total members	58

Contributions

The Crawford County Road Commission Other Post-Employment Benefits (OPEB) Plan was established and is being funded under the authority of the Road Commission and under agreements with unions representing various classes of employees. The plan sponsor plans to contribute \$100,000 to the OPEB trust annually through 2028, in addition to paying retiree healthcare benefits from general operating funds.

ASSUMPTIONS AND METHODS

The Crawford County Road Commission's OPEB liability was measured as of September 30, 2022.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	5.00% (for purpose of allocating liability)
Investment rate of return	7.00% (including inflation)
20-year Aa Municipal bond rate	4.77% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Private Assets	20.0%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was **7.00%**. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make \$100,000 contributions to the OPEB Trust, and on a pay-as-you-go basis for current and future retiree benefit payments. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. Because there is no Depletion Date (Cross-over Point) the effective discount rate is equal to the expected rate of return. This discount rate is used to determine the Total OPEB Liability. As of September 30, 2021 the discount rate used to value OPEB liabilities was 7.35%.

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 September 30, 2021	\$1,070,702	\$458,301	\$612,401
Changes during the Year			
Service Cost	11,474		11,474
Interest	77,311		77,311
Experience (Gains)/Losses	33,409		33,409
Change in plan terms	0		0
Change in actuarial assumptions	(1,776)		(1,776)
Contributions to OPEB trust		100,000	(100,000)
Contributions/benefit from general operating funds		60,650	(60,650)
Employee Contributions		0	0
Net Investment Income		(70,621)	70,621
Benefit Payments;			
Including Refunds of Employee Contributions	(60,650)	(60,650)	0
Administrative Expenses		(872)	872
Other Changes		0	0
Total Changes	59,768	28,507	31,261
Balance at September 30, 2022	\$1,130,470	\$486,808	\$643,662

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the Road Commission, calculated - discount rates 1% higher and lower than base assumptions:

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$1,200,448	\$1,130,470	\$1,067,853
Plan Fiduciary Net Position	486,808	486,808	486,808
Net OPEB Liability	\$713,640	\$643,662	\$581,045

There are no retiree benefits to which Trend rates are applied.

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 09/30/2022
Service Cost	\$11,474
Interest on Total OPEB Liability	77,311
Experience (Gains)/Losses	86,749
Changes in Plan Terms	0
Changes in Assumptions	(123,507)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(37,328)
Investment Earnings (Gains)/Losses	10,929
Administrative Expenses	872
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$26,500

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of September 30, 2022 is \$486,808.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	35,096	28,122
Changes of Assumptions	0	28,507
Investment Earnings (Gains)/Losses	57,921	0
Total	\$93,017	\$56,629

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 September 30,	Amount Recognized
2023	\$(21,065)
2024	20,271
2025	15,593
2026	21,589
2027	0
Thereafter	0

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability September 30, 2021	\$612,401
Total OPEB expense	26,500
Contributions	(160,650)
Change in deferred outflows of resources	(22,991)
Change in deferred inflows of resources	188,402
Net OPEB Liability September 30, 2022	\$643,662

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$547,338
Inactive participants	0
Retirees and beneficiaries	583,132
Total OPEB Liability	\$1,130,470

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 September 30,	
	2023	2022
Discount rate	7.00%	7.35%
Amortization period	6 years	5 years
Amortization method	Level \$	Level % of pay
Normal cost	13,851	11,474
Amortization of Net OPEB Liability	126,203	132,817
Interest to end of year	9,804	10,605
Total ADC	\$149,858	\$154,896

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, \$154,896, 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 these new hires is \$1,338. For 2023, the normal cost for these employees is \$1,528. To the extent that past contributions have covered these amounts, the minimum funding requirements have been met.

Minimum funding rules under PA 202 require that retiree healthcare benefits continue to be paid from general operating funds until plan funds are sufficient to pay benefits. That amount was \$60,650 for 2022.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2022
Assets (Fiduciary net position)	486,808
Liabilities (Total OPEB Liability)	1,130,470
Funded ratio for the Plan Year	43.06%
Actuarially Determined Contribution	\$154,896
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2022
Number of active members	28
Number of inactive members	0
Number of retirees and beneficiaries	30
Premiums paid on behalf of the retirants	\$60,650

Investment Performance

This information is available from the Investment Manager

Actuarial Assumptions	2022
Actuarially assumed rate of investment return	7.00%
Discount rate	7.00%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	5 years
Is each division closed to new employees	Yes
Healthcare inflation assumption next year	Not applicable
Healthcare inflation assumption - long term	Not applicable

Uniform Assumptions	2022
Actuarial value of assets using uniform assumptions	486,808
Actuarial accrued liability using uniform assumptions	1,148,041
Funded ratio using uniform assumptions	42.40%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$121,570

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018
Total OPEB Liability					
Service Cost	\$11,474	\$13,648	\$26,521	\$37,909	\$42,637
Interest	77,311	77,440	36,687	35,491	35,906
Changes of Benefit Terms	0	0	0	0	0
Difference between Expected and Actual Experience	33,409	(83,266)	323,166	0	0
Change of Assumptions	(1,776)	(42,106)	(340,062)	0	0
Benefit Payments (Including Refunds of Employee Contributions)	(60,650)	(74,404)	(126,563)	(127,485)	(90,579)
Net Change in Total OPEB Liability	59,768	(108,688)	(80,251)	(13,006)	27,850
Total OPEB Liability – Beginning	1,070,702	1,179,390	1,259,641	1,272,647	1,244,797
Total OPEB Liability – Ending (a)	\$1,130,470	\$1,070,702	\$1,179,390	\$1,259,641	\$1,272,647
Plan Fiduciary Net Position					
Contributions to OPEB trust	\$100,000	\$106,233	\$100,000	\$164,274	\$0
Contributions/benefit payments made from general operating funds	60,650	74,404	126,563	127,485	90,579
Net Investment Income	(70,621)	58,807	24,323	5,726	0
Benefit Payments (Including Refunds of Employee Contributions)	(60,650)	(74,404)	(126,563)	(127,485)	(90,579)
Administrative Expenses	(872)	(679)	(383)	0	0
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	28,507	164,361	123,940	170,000	0
Plan Fiduciary Net Position – Beginning	458,301	293,940	170,000	0	0
Plan Fiduciary Net Position – Ending (b)	486,808	458,301	293,940	170,000	0
Net OPEB Liability – Ending (a)-(b)	\$643,662	\$612,401	\$885,450	\$1,089,641	\$1,272,647
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	43.06%	42.80%	24.92%	13.50%	0.00%
Covered Employee Payroll	\$1,673,005	\$1,545,736	\$1,544,123	\$1,525,646	\$1,485,598
Net OPEB Liability as Percentage of Payroll	38.5%	39.6%	57.3%	71.4%	85.7%
Actuarially Determined Contribution					
Employer Contribution/benefit payments	\$154,896	\$184,250	\$185,330	\$72,936	\$80,942
Contribution Deficiency/(Excess)	(160,650)	(180,637)	(226,563)	(291,759)	(90,579)
ADC as a Percentage of Covered Payroll	9.3%	\$3,613	\$41,233	\$218,823	\$9,637
Employer Contribution as a Percentage of Covered Payroll	9.6%	11.9%	12.0%	4.8%	5.4%
		11.7%	14.7%	19.1%	6.1%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date	September 30, 2022
Measurement date	September 30, 2022
Reporting date	September 30, 2022
Actuarial Methods	
Cost method	Entry Age Normal (level percentage of compensation)
Asset valuation method	Market value

Actuarial Assumptions

Discount Rate – 7.35% for 2022 contribution; 7.00% 2022 liability, and 2023 contribution
Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.77%
Rationale – Bond rate (based on information published by S&P Dow Jones Indices September 30, 2022)

Salary Scale – 5.00%
Rationale – Per employer experience and expectations

Return on Plan Assets – 7.00%
Rationale – Consistent with plan investment experience

Mortality Rates – 2010 Public General Employees and Healthy Retirees, Headcount weighted with 2021 Mortality Improvement Scale
Rationale – Most current mortality rates available for municipalities

Utilization – 100% of covered employees at the valuation date will elect coverage at retirement; actual coverage used for non-active
Rationale – historical

Termination Rates – See sample rates below:

Age	Years of Service					
	0	1	2	3	4	5+
25	0.180	0.180	0.160	0.120	0.100	0.090
30	0.180	0.180	0.160	0.120	0.100	0.090
35	0.180	0.180	0.160	0.120	0.100	0.070
40	0.180	0.180	0.160	0.120	0.100	0.050
45	0.180	0.180	0.160	0.120	0.100	0.040
50	0.180	0.180	0.160	0.120	0.100	0.040
55	0.180	0.180	0.160	0.120	0.100	0.030

Rationale – industry accepted termination rates for municipalities

Disability Rates – None
Rationale – Small group

Retirement Rates – 100% at first eligibility
Rationale – Chosen based on this plan’s historical experience

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Marital Assumption – 70% of the actives will have a covered spouse at retirement with females 3 years younger than males; actual spouse data used for retirees

Rationale – Consistent with experience

Claims Costs – Annual healthcare costs are assumed to exceed and be subject to the plan’s maximum annual support amounts; See the Plan Provisions section of the report on page 15 for a full description of the plan costs

Medical Trend – None applied

Rationale – Because the benefits provided are capped reimbursement amounts and not known to increase in the foreseeable future, no trend was applied.

Data Collection

Date and form of data - All personnel and asset data was 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 updated from 3.0% to 5.0%
- Discount rate updated from 7.35% to 7.00%
- Marital assumption at retirement changed from 75% to 70%

Assumptions used for PA 202 Reporting

Mortality Improvement Scale – MP-2020

Discount Rate – 6.85%

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 September 30,					Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026		
2020	323,166	3.12	103,579	12,429				12,429	-
2021	(83,266)	3.02	(27,572)	(27,572)	(550)			-	(28,122)
2022	33,409	3.11	10,742	10,742	1,183			22,667	-
Net recognized in OPEB expense			\$ 86,749	\$ (4,401)	\$ 10,192	\$ 1,183	\$ -	\$ 35,096	\$ (28,122)

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended September 30,					Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026		
2020	(340,062)	3.12	(108,994)	(13,080)				-	(13,080)
2021	(42,106)	3.02	(13,942)	(13,942)	(280)			-	(14,222)
2022	(1,776)	3.11	(571)	(571)	(63)			-	(1,205)
Net recognized in OPEB expense			\$ (123,507)	\$ (27,593)	\$ (851)	\$ (63)	\$ -	\$ -	\$ (28,507)

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 September 30,					Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026		
2020	(17,729)	5.00	(3,546)	(3,546)	(3,545)			-	(7,091)
2021	(35,577)	5.00	(7,115)	(7,115)	(7,115)	(7,117)		-	(21,347)
2022	107,949	5.00	21,590	21,590	21,590	21,590	21,589	86,359	-
Net recognized in OPEB expense			\$ 10,929	\$ 10,929	\$ 10,930	\$ 14,473	\$ 21,589	\$ 86,359	\$ (28,438)

Total Deferred Outflow/(Inflow) of Resources

Amount Recognized in Year Ended September 30,					
2023	2024	2025	2026	2027	2028+
(21,065)	20,271	15,593	21,589	-	-

TRUSTEE AND FORM 5720 INFORMATION

Projected benefit payments and contributions

Form 5720 (the Form) – Corrective Action Plan Monitoring: Application for Certification of Compliance, Section 4 asks for supporting documentation that shows projected benefit payments and contributions as a percentage of projected governmental fund revenues over the next five years. A link to a spreadsheet is provided with the Form, and within the spreadsheet, there is a link to instructions on how to complete the spreadsheet.

To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next four. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the same period as either reported to us or developed with assistance from Watkins Ross:

Fiscal Year	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)
2022	\$60,650	\$100,000
2023	114,881	100,000
2024	111,030	100,000
2025	104,638	100,000
2026	107,242	100,000

In addition to the benefit payments shown above, 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.



SUMMARY OF PLAN PROVISIONS

Benefit eligibility Attainment of age 55 with at least 15 years of service

Benefit Retirees shall be provided via a MERS Health Care Savings Participation Agreement, monthly contributions to be used for eligible medical expenses. Eligible medical expenses are those which MERS allows per agreed language of the Participation Agreement and its subsequent plan. Monthly contributions for retirees shall be as follows: Existing retirees between age 55 and 65:

- Single- maximum \$7,800/year (\$650/month)
- Two person with health insurance included with spouse - \$9,600/year (\$800/month)
- Two person without health insurance included with spouse - \$13,200/year (\$1,100/month)
- Contribution amounts for employees retiring after April 1, 2015 shall be as follows: Single - \$2,400/year (\$200/month)
- Two person - \$6,000/year (\$500/month) for employees retiring on or after January 1, 2021, the Single rate is \$2,700 per year, and the two person amount \$6,000 per year.

Health Care Benefits for Retirees Age Sixty-five (65) or Older. For Retirees age sixty-five (65) to eighty (80), the Road Commission shall reimburse the retiree fifty percent (50%) of the monthly premium for supplemental insurance up to one hundred fifty dollars (\$150.00) per month. The retiree's spouse at the time of retirement shall be entitled to fifty percent (50%) of the monthly premium for supplemental insurance up to one hundred dollars (\$100.00) per month. This reimbursement shall be non-taxable. Retirees and their spouse shall provide proof of the supplemental insurance and payment for same to the Road Commission in accordance with current IRS guidelines. The Road Commission will also provide Two Thousand Dollars (\$2,000.00) life insurance for these retirees.

Retiree contribution none

Changes since prior valuation - Retirees are no longer provided a one-time contribution upon retirement via a MERS Health Care Savings Participation. Additionally, the plan is now closed to people hired April 1, 2022.

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.