



**AQUARIUS
CAPITAL**

CITY OF GARDEN CITY

OTHER POSTEMPLOYMENT BENEFITS (OPEB) REPORTING IN ACCORDANCE WITH GASB 74/75 FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021

**Prepared by: AQUARIUS CAPITAL SOLUTIONS GROUP LLC
Original Issue Date: November 2, 2021
Revised Issue Date: November 17, 2021**



November 17, 2021

Mr. Brian J. Marciniak, CPA
Deputy Treasurer
City of Garden City
6000 Middlebelt Road
Garden City, MI 48135-2499

Re: Report - GASB 74/75 Valuation for Fiscal Year July 1, 2020 to June 30, 2021

Dear Mr. Marciniak:

Enclosed is an analysis of estimated liabilities for other postemployment benefits (OPEB) under Government Accounting Standards Board (GASB) No. 74/75 for the City of Garden City (the "City"). The valuation was done for fiscal year July 1, 2020 to June 30, 2021 for the City. The attached report was completed in accordance with generally accepted actuarial principles and practices. *This revision reflects an update for actual reported pay-as-you-go amounts for fiscal year July 1, 2020 to June 30, 2021.*

The calculations contained herein are done for the sole purpose of reporting GASB 74/75 results for the audited financial statements. Fiscal year July 1, 2017 to June 30, 2018 was the first year of implementation for GASB 74/75 for the City, thus, fiscal year July 1, 2020 to June 30, 2021 is the fourth year of GASB 74/75 reporting.

Financial Results

Included in the analysis is a Table of Contents. Sections I-II of the report, which is eight pages, includes the financial forecast for GASB 74/75 for the City. The Net OPEB Liability as of year-end June 30, 2021 is \$114,565,016, which is based on the projected pay-as-you-go results for fiscal year July 1, 2020 to June 30, 2021.

Pages 1-5 of the report illustrate the financial projections for the plan as of year-end June 30, 2021 to assist your auditors with accounting for the respective plan year. Although the auditors may only require pages 1-5, we recommend forwarding the report in its entirety. The remainder of the report will include additional documentation and disclosures (e.g., twenty-year projections, actuarially determined contribution, assumptions, and plan provisions).

Results for this valuation are based on census information provided by your organization in August 2021. This is based on a total of 288 active employees and retirees, reflecting the sum of 115 active employees and 173 retirees, including 15 surviving spouses. Seventy-three (73) employees are included in the census counts, but not eligible for future benefits based on the retirement eligibility requirements.

Covered Benefits and Claim Cost Assumptions

Medical, including prescription drugs, and dental are provided on a fully insured basis with Blue Cross/Blue Shield of Michigan. Life insurance is provided on a fully insured basis for certain groups with a \$5,000 face (benefit) amount. Coverage for vision and reimbursements for Medicare Part B and D premium rates are not subsidized or provided by the City.

For detailed and accurate description of benefits, we recommend that you review the City's plan documents for determining benefits, eligibility, etc. Summaries in this report are illustrative and solely to assist the reviewer to understand the types of benefits that were valued and reflected in this report. These summaries should not be used for any other purposes. Employee contracts and collective bargaining agreements specific to retiree benefits were not reviewed. Results based on information as provided by the City.

Base medical, including pharmacy, and dental plan costs for pre-65 and post-65 retirees are based on fully insured premium rates provided by the City and modified to reflect a weighted average enrollment based on premium rates provided for each of the medical plan options available to employees. These are illustrated on page 15 of this report. Plan costs are based 100% before retiree contributions and assumed to include all administrative expenses and PPACA fees due at this time.

Sensitivity Analysis

Section I (page 3) of the report includes a sensitivity analysis as of fiscal year-end June 30, 2021 based on varying the discount interest rate and the healthcare cost inflation rate (trend) for GASB 74/75. We illustrate two scenarios for each variable of discount rate and trend rate as prescribed under GASB 74/75. The discount rate used was 2.09%, which is based on an end of year measurement date of 6/30/21 and is consistent with the prescribed discount rate methodology under GASB 74/75. The prior valuation discount rate was 2.44%. Details of the discount rate assumption are described further in the report in Section V, page 12.

Overview of Deferred Inflows and Deferred Outflows

Fiscal year July 1, 2020 to June 30, 2021 is the fourth year under GASB 74/75 reporting for the City. As such, deferred inflows and outflows are calculated along with the amortization of those inflows/outflows and are illustrated in Section I, pages 4-6 of the report in sub-sections F, G, H, I, and J.

Total deferred inflows for the 2020/2021 plan year of \$13.7 million on page 4 (line 4 of sub-section F) reflects a decrease in the total OPEB liability as of July 1, 2020 from the prior implemented liability through yearend June 30, 2020 and is driven by the following:

- J Reductions in starting claims costs and trends (i.e., favorable premium rate increases and elimination of Cadillac tax since prior valuation) decreased the liability.
- J Changes in mortality assumptions, including mortality improvement, decreased the liability.
- J Changes in demographics (e.g., reductions in headcount) and other assumptions decreased the liability.
- J Offset by the change in discount rate assumption from 2.44% to 2.09%, which increased the liability.

The amortization of the current year deferred inflows and outflows is also reflected on page 4 of the report (sub-section G). An amortization schedule that includes the current year and prior years amortization amounts is included on page 5 of the report (sub-section H). Also included on page 5 are initial and remaining balances of all current and prior amortization amounts reflecting a total amortization expense of negative \$8.5 million for FY 2020/2021 and total yearend June 30, 2021 balance of negative \$10.1 million. Sub-section I, on page 5 of the report also includes a projection schedule of the recognized amortization expense and unamortized balances by fiscal year end.

Demographic Information

Section III of the report illustrates additional information pertaining to the underlying census information including age and sex analysis for active and retired employees along with summaries of the active population by age and years of service. Census analysis is illustrated separately for actives and retirees. As part of the report, we also included a comparison of census demographic information to the prior valuation report of July 1, 2018. This is highlighted on pages 7-9 of the report.

Some highlights of census demographic information as of the July 1, 2020 valuation date are as follows:

- J For retirees, the overall average age is 66 years, which reflects an average age of 56 for pre-65 retirees and 74 for post-65 retirees.
- J For actives, the average age is 41 years and average years of service of 10 years.
- J Of the active population, 7.8% of the population (9 employees) is eligible to retire. The total active counts include 73 individuals that are not eligible for benefits based on hire date.
- J 21.7% actives and 31.2% retirees valued were female.
- J 30.4% actives and 33.5% retirees elect single coverage.

Assumptions & Definitions

As part of this report, we included supporting documentation such as a summary of assumptions and key definitions (glossary), which are provided in Sections IV through VI. This includes assumptions for health care costs, contribution rates, healthcare inflation, decrement tables (e.g., probability of death, turnover, disability, and retirement) and other provisions.

The GASB 74/75 results on pages 1-5 are based on the assumptions and cost methods as prescribed under GASB 74/75 (e.g., discount rate, aging requirements, actuarial cost method under Entry Age Normal, etc.) See pages 10-15 for details on assumptions and definitions.

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2020. This is an update of the prior valuation tables. The report also includes a summary of the other decrement tables (e.g., turnover, disability, retirement) used for the valuation.

Healthcare Reform

The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 (Healthcare Reform) includes several fees and/or taxes levied on employer groups either directly (e.g., self-funded employer groups which calculates and pays the fees directly) or indirectly (e.g., fully insured groups in which the health insurer pays and passes on to the group in their premium rates). Fees associated with PPACA are reflected as appropriate in the valuation and described in detail on page 11 of the report.

COVID-19 Pandemic

There have been no special adjustments or considerations made to valuation results due to the COVID-19 pandemic. Since the City is not funding this benefit in a separate OPEB trust, no special considerations were made for the impact on assets. Similarly, no special adjustments were made to the OPEB liability calculations. The impact of COVID-19 will be reviewed in future years including the potential impact on selected assumptions (e.g., mortality, morbidity, etc.).

Projected Pay-As-You-Go and OPEB Liability Projections for Twenty (20) Years

We included a forecast of the projected pay-as-you-go for twenty (20) years. This is illustrated on page 16 of the report. Furthermore, we included a forecast of the OPEB Liability during the same time period for illustrative purposes.

Information Reviewed

We based our analysis on reviewing electronic census information provided in October 2021 (record-by-record review), retiree plan information, cost information (e.g., premium rates through June 30, 2022 for pre-65 and December 31, 2021 for post-65 plus actual pay-as-you-go amounts for fiscal year July 1, 2020 to June 30, 2021), year-end audited financial statements as of June 30, 2020, and other summary information of retiree benefits and eligibility. We also gathered additional information from the City through emails and other correspondence to confirm retiree benefit information, census confirmations, and assumptions. Salary information was also incorporated into the valuation to reflect the prescribed actuarial cost method for GASB74/75. The projected Net OPEB Liability as of June 30, 2021 reflects the projected pay-as-you-go results for fiscal year July 1, 2020 to June 30, 2021.

A summary of benefits and eligibility are provided in this report for illustrative purposes in order to understand the types of benefits reflected in the valuation. We recommend reviewing your organization's plan document for details on eligibility and covered benefits. Information in this report should not be used instead of the plan document and/or summary plan description.

Data Reliance & Limitations

In our review, we have relied on the information provided by the City. We have not audited or verified the accuracy of the information provided. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

November 17, 2021

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This report and all attachments contained herein are for the internal use of the City. It may not be provided to other parties without prior consent. If consent is granted, the report must be provided in its entirety. We understand the City intends to distribute this letter and attachments to its auditor in connection with the reporting of results of this report for the sole use of preparation of audited financial statements. Aquarius consents to this distribution as long as the report is provided in its entirety and the auditor is advised to have an actuary review the work.

This report is provided to the City for the purpose of calculating results under GASB 74/75. Information in this report may not be appropriate to use for other purposes. Aquarius does not intend to benefit from the overall results of the report, and we assume no duty, liability or obligation to parties that use this work for other reasons other than its intention, *i.e.*, reporting of GASB 74/75 for financial statements. Furthermore, since the City has not established a separate irrevocable OPEB trust to fund these benefits, disclosure reporting would not be required under GASB 74.

Actuarial Opinion

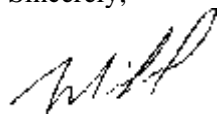
I, Michael L. Frank, ASA, FCA, MAAA, am President and Actuary of Aquarius Capital Solutions Group LLC. I am an Associate of the Society of Actuaries, Fellow of Conference of Consulting Actuaries, and Member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The attached report was completed in accordance with generally accepted actuarial principles and practices.

Independence Certification

Our organization and its employees are independent of the City and do not have any conflicts of interest as it relates to the services performed on behalf of the City in the preparation of this report.

We hope that this report is beneficial. When convenient, please contact me so that we can schedule a call or meeting to review the report in more detail. We are available to walk through the report with your auditors as well to assist with the implementation of GASB 74/75 reporting for the current fiscal year. In addition, please extend thanks to you and your team for assistance in the gathering of information to help us complete this analysis. Their assistance was much appreciated. We look forward to working with you in the future.

Sincerely,



Michael L. Frank, A.S.A., M.A.A.A., F.C.A.
President & Actuary
American Academy of Actuaries ID No. 21342

cc: Donald Rusconi – Aquarius Capital

Enclosure



City of Garden City
Valuation Estimates under GASB No. 75 valued as of July 1, 2020

CITY OF GARDEN CITY

GASB NO. 74 & 75

VALUATION AS OF JULY 1, 2020

Prepared by: Aquarius Capital Solutions Group LLC
Original Issue Date: November 2, 2021
Revised Issue Date: November 17, 2021



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SECTION I: GASB NO. 74/75 REPORTING TO YEAR END JUNE 30, 2021 REPORTING

(Implementation Year for GASB 74/75 was July 1, 2017 to June 30, 2018)

Section A: Reported OPEB Liability as of Year End June 30, 2021

1 Discount Rate		2.09%
2 Present Value of Future Benefits as of Year End June 30, 2021	\$	120,198,747
3 Total OPEB Liability as of Year End June 30, 2021	\$	114,565,016
4 Plan Fiduciary Net Position as of Year End June 30, 2021	\$	-
5 Net OPEB Liability as of Year End June 30, 2021: (3) - (4)	\$	114,565,016
6 Plan Fiduciary Net Position as a Percentage of OPEB Liability: (4) / (3)		0.00%
7 Total Annual Salary (Compensation) based on Valuation Census Information	\$	7,542,399
8 Net OPEB Liability as a Percentage of Annual Salary: (5) / (7)		1518.95%
9 Total Employee Census Counts for Valuation		
a. Active Employees		115
b. Retired Employees (incl. vested terminations)		173
c. Subtotal: (8a) + (8b)		288

Section B: Projected Expense Calculation as of Year End June 30, 2021

1 Service Cost with Interest to Year End - Period July 1, 2020 to June 30, 2021	\$	780,949
2 Interest Cost - Period July 1, 2020 to June 30, 2021		
a. Discount Rate		2.44%
b. Total OPEB Liability as of July 1, 2020	\$	127,312,340
c. Actual Benefit Payments - Illustrated as Project for Period July 1, 2020 to June 30, 2021	\$	2,877,490
d. Interest Cost: (2a) x [(2b) - (2c) / 2]	\$	3,071,316
3 Investment Return - Period July 1, 2020 to June 30, 2021	\$	-
4 Employee Contributions - Period July 1, 2020 to June 30, 2021 (Amount is illustrated as zero since employer contributions are illustrated net of employee contributions)	\$	-
5 Administrative Expenses	\$	-
6 Plan Changes	\$	-
7 Amortization of Unrecognized Amounts		
a. Liability (Gain)/Loss (Page 5, Section H, Line 4)	\$	(8,468,561)
b. Asset (Gain)/Loss	\$	-
c. Net (Gain)/Loss: (7a) - (7b)	\$	(8,468,561)
8 Total Expense - Period July 1, 2020 to June 30, 2021 (1) + (2d) + (3) + (4) + (5) + (6) + (7c)	\$	(4,616,296)

Note:

- Employee contributions are illustrated above as zero since benefit payments are illustrated net of employee contributions.
- There was no asset on the books at the beginning of the fiscal year (i.e., plan fiduciary net position is zero).



SECTION I: GASB NO. 74/75 REPORTING TO YEAR END JUNE 30, 2021 REPORTING (CONTINUED)

(Implementation Year for GASB 74/75 was July 1, 2017 to June 30, 2018)

Section C: Reconciliation of Net OPEB Liability as of Year End June 30, 2021

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
1 Balance Recognized as of Beginning of Year (End of Prior Year) (Audit report as of June 30, 2020 matches prior actuarial report)	\$ 127,312,340	\$ -	\$ 127,312,340
2 Changes Recognized for Fiscal Year			
a. Service Cost: Section B, Line 1	\$ 780,949	\$ -	\$ 780,949
b. Interest on Total OPEB Liability: Section B, Line 2d	\$ 3,071,316	\$ -	\$ 3,071,316
c. Change in Benefit Terms: Section B, Line 6	\$ -	\$ -	\$ -
d. Change in Expected to Actual	\$ -	\$ -	\$ -
e. Changes in Assumptions	\$ (13,722,099)	\$ -	\$ (13,722,099)
f. Benefit Payments: Section B, Line 2c	\$ (2,877,490)	\$ (2,877,490)	\$ -
g. Contributions from Employer	\$ -	\$ 2,877,490	\$ (2,877,490)
h. Contributions from Employees	\$ -	\$ -	\$ -
i. Net Investment Income: Section B, Line 3	\$ -	\$ -	\$ -
j. Administrative Expenses: Section B, Line 5	\$ -	\$ -	\$ -
k. Net Changes: (a) + ... + (j)	\$ (12,747,324)	\$ -	\$ (12,747,324)
3 Balance Recognized as of End Year - June 30, 2021 (1) + (2k)	\$ 114,565,016	\$ -	\$ 114,565,016

Note:

1. Employee contributions are illustrated above as zero since benefit payments are illustrated net of employee contributions.
2. There was no asset on the books at the beginning of the fiscal year (i.e., plan fiduciary net position is zero).



SECTION I: GASB NO. 74/75 REPORTING TO YEAR END JUNE 30, 2021 REPORTING (CONTINUED)

(Implementation Year for GASB 74/75 was July 1, 2017 to June 30, 2018)

Section D: Discount (Interest) Rate Sensitivity as of Year End June 30, 2021

	Current Valuation Discount Rate <u>2.09%</u>	Discount Rate Less 1% <u>1.09%</u>	Discount Rate Plus 1% <u>3.09%</u>
1 Total OPEB Liability as of Year End June 30, 2021			
a. OPEB Liability	\$ 114,565,016	\$ 137,558,455	\$ 96,906,166
b. Ratio to Current Valuation Assumptions	n/a	120.07%	84.59%
2 Plan Fiduciary Net Position as of Year End June 30, 2021			
a. Plan Fiduciary Net Position	\$ -	\$ -	\$ -
b. Ratio to Current Valuation Assumptions	n/a	n/a	n/a
3 Net OPEB Liability as of Year End June 30, 2021			
a. OPEB Liability: (1a) - (2a)	\$ 114,565,016	\$ 137,558,455	\$ 96,906,166
b. Ratio to Current Valuation Assumptions	n/a	120.07%	84.59%

Note: Sensitivity analysis for discount (interest) rate is illustrated as of end of year.

Section E: Healthcare Cost Inflation (Trend) Rate Sensitivity as of Year End June 30, 2021

	Current Valuation Discount Rate	Trend Rate Less 1%	Trend Rate Plus 1%
1 OPEB Liability as of Year End June 30, 2021			
a. OPEB Liability	\$ 114,565,016	\$ 96,766,088	\$ 137,366,248
b. Ratio to Current Valuation Assumptions	n/a	84.46%	119.90%
2 Plan Fiduciary Net Position as of Year End June 30, 2021			
a. Plan Fiduciary Net Position	\$ -	\$ -	\$ -
b. Ratio to Current Valuation Assumptions	n/a	n/a	n/a
3 Net OPEB Liability as of Year End June 30, 2021			
a. OPEB Liability: (1a) - (2a)	\$ 114,565,016	\$ 96,766,088	\$ 137,366,248
b. Ratio to Current Valuation Assumptions	n/a	84.46%	119.90%

Note: Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.



SECTION I: GASB NO. 74/75 REPORTING TO YEAR END JUNE 30, 2021 REPORTING (CONTINUED)

(Implementation Year for GASB 74/75 was July 1, 2017 to June 30, 2018)

Section F: Summary of Deferred Inflows & Outflows for the Current Plan Year Valuation Only

	Deferred Outflows	Deferred Inflows
1 Difference Between Actual and Expected Experience (Page 2, Line 2d)	\$ -	\$ -
2 Net Difference Between Expected and Actual Earnings on OPEB Investments	\$ -	\$ -
3 Impact due to Changes in Assumptions (Page 2, Line 2e)	\$ -	\$ 13,722,099
4 Total for the Current Plan Year Valuation: (1) + (2) + (3)	\$ -	\$ 13,722,099

Note:

The deferred inflows (or actuarial gain) was due to a combination of changes in demographics (e.g., reduction in retirees), changes in healthcare plan costs, and decrement tables (e.g., mortality and mortality improvement tables, turnover tables from the state plan).

Section G: Amortization of Deferred Inflows & Outflows for Current Plan Year Valuation Only

(See page 5 for all years)

1 Amortization of Difference Between Actual and Expected Experience		
a. Difference Between Actual and Expected Experience: (Section F, Line 1)	\$ -	
b. Amortization Period in Years: Average Expected Future Working Lifetime		2 Years
c. Annual Amortization Payment for Current Period: (1a) / (1b)	\$ -	
d. Remaining Current Balance as of the end of the Fiscal Year: (1a) - (1c)	\$ -	
2 Amortization of Net Difference Between Expected and Actual Earnings on OPEB Investments		
a. Difference Between Actual and Expected Experience: (Section F, Line 2)	\$ -	
b. Amortization Period in Years (Five Years)		5 Years
c. Annual Amortization Payment: (2a) / (2b)	\$ -	
d. Remaining Current Balance as of the end of the Fiscal Year: (2a) - (2c)	\$ -	
3 Amortization of Impact due to Changes in Assumptions		
a. Impact due to Changes in Assumptions: (Section F, Line 3)	\$ (13,722,099)	
b. Amortization Period in Years: Average Expected Future Working Lifetime		2 Years
c. Annual Amortization Payment: (3a) / (3b)	\$ (6,861,050)	
d. Remaining Current Balance as of the end of the Fiscal Year: (3a) - (3c)	\$ (6,861,049)	

Note: See page 5, section H for historical schedule of amortization payments for all years.



SECTION I: GASB NO. 74/75 REPORTING TO YEAR END JUNE 30, 2021 REPORTING (CONTINUED)

(Implementation Year for GASB 74/75 was July 1, 2017 to June 30, 2018)

Section H: Amortization Schedule of Deferred Inflows & Outflows as of Year End June 30, 2021

Amortized Item	Initial Year	Amortization Period	Initial Balance	Beginning of Year Unamortized Balance	Amortization Amount for Fiscal Year 2020/21	End of Year Unamortized Balance
Deferred Outflows						
1 Change in Assumptions - Note 1	FY End 6/30/19	3	\$ 4,835,598	\$ 1,611,866	\$ 1,611,866	\$ -
Deferred Inflows						
2 Change in Assumptions - Note 2	FY End 6/30/20	3	\$ (9,658,130)	\$ (6,438,753)	\$ (3,219,377)	\$ (3,219,376)
3 Change in Assumptions - Note 3	FY End 6/30/21	2	\$ (13,722,099)	\$ (13,722,099)	\$ (6,861,050)	\$ (6,861,049)
4 Totals			\$ (18,544,631)	\$ (18,548,986)	\$ (8,468,561)	\$ (10,080,425)

Note 1 Fiscal yearend 6/30/19 is based on prior actuarial report with issue date of 10/20/20. This fiscal year solely has deferred outflows and no deferred inflows. Results matched the 6/30/20 audit report.

Note 2 Fiscal yearend 6/30/20 is based on prior actuarial report with issue date of 10/20/20. This fiscal year solely has deferred inflows and no deferred outflows. This fiscal year was a roll forward and reflected the impact of changes in discount rate, plan costs and healthcare cost trend. Results matched the 6/30/20 audit report.

Note 3 The deferred inflows (or actuarial gain) was due to a combination of changes in demographics (e.g., reduction in retirees), changes in healthcare plan costs, and decrement tables (e.g., mortality and mortality improvement tables, turnover tables from the state plan). No new deferred outflows were calculated for the valuation. The amortization period is low due to a closed group of actives and retirees.

Section I: Projection of Deferred Inflows & Outflows Balances by Fiscal Year End

Fiscal Year Ending June 30th	Beginning of Year Unamortized Balance	Recognition of OPEB Amortization Expense	End of Year Unamortized Balance	Amortization for 2018/19 (Note 1)	Amortization for 2019/20 (Note 2)	Amortization for 2020/21 (Note 3)
2020	\$ -	\$ (8,468,561)	\$ 8,468,561	\$ 1,611,866	\$ (3,219,377)	\$ (6,861,050)
2021	\$ 8,468,561	\$ (10,080,425)	\$ 18,548,986	\$ -	\$ (3,219,376)	\$ (6,861,049)
2022	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2023	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2024	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2025	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2026	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2027	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2028	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2029	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
2030	\$ 18,548,986	\$ -	\$ 18,548,986	\$ -	\$ -	\$ -
Subtotal		\$ (18,548,986)		\$ 1,611,866	\$ (6,438,753)	\$ (13,722,099)



SECTION II: SUMMARY OF FINANCIAL INFORMATION INCLUDING SENSITIVITY ANALYSIS

Summary of Financial Results with Sensitivity Analysis
(July 1, 2020 Valuation Date)

	Base Scenario Val. Discount Rate of <u>2.09%</u>	Sensitivity Analysis Val. Discount Rate of <u>3.09%</u>	Sensitivity Analysis Val. Discount Rate of <u>1.09%</u>	Healthcare Cost Trend Rate Assumptions <u>Increased 1%</u>	Healthcare Cost Trend Rate Assumptions <u>Decreased 1%</u>
1 Total Employee Lives					
a. Actives	115	115	115	115	115
b. Retirees	<u>173</u>	<u>173</u>	<u>173</u>	<u>173</u>	<u>173</u>
c. Subtotal	288	288	288	288	288
2 Present Value of Future Benefits (PVFB) as of July 1, 2020					
a. Actives	\$ 31,535,303	\$ 24,605,866	\$ 41,208,500	\$ 40,405,613	\$ 24,954,211
b. Retirees	<u>\$ 89,294,667</u>	<u>\$ 76,192,515</u>	<u>\$ 106,290,485</u>	<u>\$ 104,583,663</u>	<u>\$ 77,136,332</u>
c. Subtotal	\$ 120,829,970	\$ 100,798,381	\$ 147,498,985	\$ 144,989,276	\$ 102,090,543
d. % Actives as ratio of Subtotal	26.1%	24.4%	27.9%	27.9%	24.4%
e. Sensitivity Analysis of Subtotal: Ratio to Base Scenario for PVFB		83.4%	122.1%	120.0%	84.5%
3 Accrued Liability (AL) as of July 1, 2020					
a. Actives	\$ 25,251,945	\$ 20,334,969	\$ 31,818,110	\$ 32,078,007	\$ 20,137,733
b. Retirees	<u>\$ 89,294,667</u>	<u>\$ 76,192,515</u>	<u>\$ 106,290,485</u>	<u>\$ 104,583,663</u>	<u>\$ 77,136,332</u>
c. Subtotal	\$ 114,546,612	\$ 96,527,484	\$ 138,108,595	\$ 136,661,670	\$ 97,274,065
d. % Actives as ratio of Subtotal	22.0%	21.1%	23.0%	23.5%	20.7%
e. Sensitivity Analysis of Subtotal: Ratio to Base Scenario for AL		84.3%	120.6%	119.3%	84.9%
4 Assets as of July 1, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
5 Unfunded Accrued Liability (UAL) (3c) - (4)	\$ 114,546,612	\$ 96,527,484	\$ 138,108,595	\$ 136,661,670	\$ 97,274,065
6 Service Cost with Interest					
a. Service Cost at Year End:	\$ 780,949	\$ 568,171	\$ 1,085,426	\$ 1,004,918	\$ 615,564
b. Ratio to Valuation Results for Service Cost		72.8%	139.0%	128.7%	78.8%
7 Pay-As-You-Go Benefits - Illustrated as Projected	\$ 3,123,924	\$ 3,123,924	\$ 3,123,924	\$ 3,123,924	\$ 3,123,924
8 Ratio of AL to Pay-As-You-Go: (3c) / (7)	36.67	30.90	44.21	43.75	31.14
9 Ratio of Service Cost to Pay-As-You-Go: (6a) / (7)	0.25	0.18	0.35	0.32	0.20
10 Average Annual Pay-As-You-Go Benefit per Retiree (7) / (1b)	\$ 18,057	\$ 18,057	\$ 18,057	\$ 18,057	\$ 18,057
11 Three Year Projection of Pay-As-You-Go Costs					
a. Year 1: July 1, 2020 to June 30, 2021: (7)	\$ 3,123,924	\$ 3,123,924	\$ 3,123,924	\$ 3,123,924	\$ 3,123,924
b. Year 2: July 1, 2021 to June 30, 2022	\$ 2,946,867	\$ 2,946,867	\$ 2,946,867	\$ 2,946,867	\$ 2,946,867
c. Year 3: July 1, 2022 to June 30, 2023	\$ 3,164,292	\$ 3,164,292	\$ 3,164,292	\$ 3,238,474	\$ 3,091,163
12 Discount Rate	2.09%	3.09%	1.09%	2.09%	2.09%
13 Interest Cost for Fiscal Year July 1, 2020 to June 30, 2021 (3c) x (12) - (7) x (12) / 2; excludes interest on service cost	\$ 2,361,379	\$ 2,934,435	\$ 1,488,358	\$ 2,823,584	\$ 2,000,383
14 Accrued Liability (AL) as of June 30, 2021 (3c) + (6a) - (7) + (13)	\$ 114,565,016	\$ 96,906,166	\$ 137,558,455	\$ 137,366,248	\$ 96,766,088
15 Assets as of June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
16 Unfunded Accrued Liability (UAL) as of June 30, 2021 (14) - (15)	\$ 114,565,016	\$ 96,906,166	\$ 137,558,455	\$ 137,366,248	\$ 96,766,088
17 Present Value of Future Benefits (PVFB) as of June 30, 2021 (2c) x [1 + (12)] - (7) x [1 + (12) / 2]	\$ 120,198,747	\$ 100,740,862	\$ 145,965,775	\$ 144,862,983	\$ 101,067,666

Note: All costs are net of retiree contributions. See pages 1-5 for financial statement information, including discount rate and trend scenarios for reporting under GASB75.



SECTION III: SUMMARY OF CENSUS INFORMATION

Summary of Retiree Enrollment, by Age Band and Gender, calculated as of July 1, 2020

<u>Age Band</u>	<u>Female</u>	<u>Male</u>	<u>Total</u>	<u>% Female</u>	<u>% Total</u>
Under 50	2	10	12	16.7%	6.9%
50 to 54	8	17	25	32.0%	14.5%
55 to 59	-	13	13	0.0%	7.5%
60 to 64	10	14	24	41.7%	13.9%
65 to 69	14	21	35	40.0%	20.2%
70 to 74	4	16	20	20.0%	11.6%
75 to 79	10	11	21	47.6%	12.1%
80 to 84	3	11	14	21.4%	8.1%
85 to 89	3	6	9	33.3%	5.2%
90 to 94	-	-	-	n/a	0.0%
95 +	-	-	-	n/a	0.0%
Subtotal	54	119	173	31.2%	100.0%

	<u>Female</u>	<u>Male</u>	<u>Total</u>	<u>% Female</u>	<u>% Total</u>
Pre 65 Retirees	20	54	74	27.0%	42.8%
Post 65 Retirees	<u>34</u>	<u>65</u>	<u>99</u>	<u>34.3%</u>	<u>57.2%</u>
Subtotal	54	119	173	31.2%	100.0%

	<u>Female</u>	<u>Male</u>	<u>Total</u>
Average Age - Pre 65	57	55	56
Average Age - Post 65	73	74	74
Average Age - Total	67	66	66

Note:

The above counts include fifteen (15) surviving spouses.



SECTION III: SUMMARY OF CENSUS INFORMATION (CONTINUED)

Summary Active Employees by Age Band and Years of Service, calculated as of July 1, 2020

<u>Age Band</u>	<u>Years of Service</u>								<u>Subtotal</u>	<u>% Subtotal</u>
	<u>0 to 4</u>	<u>5 to 9</u>	<u>10 to 14</u>	<u>15 to 19</u>	<u>20 to 24</u>	<u>25 to 29</u>	<u>30 to 34</u>	<u>35 +</u>		
Under 25	10	-	-	-	-	-	-	-	10	8.7%
25 to 29	14	2	-	-	-	-	-	-	16	13.9%
30 to 34	10	3	-	-	-	-	-	-	13	11.3%
35 to 39	11	4	2	-	-	-	-	-	17	14.8%
40 to 44	3	3	2	2	2	-	-	-	12	10.4%
45 to 49	1	3	1	3	4	1	-	-	13	11.3%
50 to 54	3	-	-	6	5	3	-	-	17	14.8%
55 to 59	2	4	-	-	7	2	-	1	16	13.9%
60 to 64	-	-	-	-	-	-	-	-	-	0.0%
Age 65 +	-	-	-	-	1	-	-	-	1	0.9%
Subtotal	54	19	5	11	19	6	-	1	115	100.0%
% Subtotal	47.0%	16.5%	4.3%	9.6%	16.5%	5.2%	0.0%	0.9%	100.0%	

<u>Actives</u>	<u>Female</u>	<u>Male</u>	<u>Total</u>
Average Age:	45	40	41
Average Years of Service:	9	10	10

<u>Count by Gender</u>	<u>Female</u>	<u>Male</u>	<u>Total</u>	<u>% Female</u>
Total	25	90	115	21.7%

<u>Actives by Service Category</u>	<u>Female</u>	<u>Male</u>	<u>Total</u>	<u>% Female</u>	<u>% Total</u>
Actives Not Yet Eligible for Benefits	24	82	106	22.6%	92.2%
Actives Eligible for Benefits	1	8	9	11.1%	7.8%
Total	25	90	115	21.7%	100.0%
% Actives Eligible for Benefits	4.0%	8.9%	7.8%		

Note:

Valuation includes twenty-one (21) active employee that currently waive coverage, i.e., received a buyout). For valuation purposes, it is assumed that this individual would elect single coverage in retirement.



SECTION III: SUMMARY OF CENSUS INFORMATION (CONTINUED)

Comparison of Census Information to the Prior Valuation

	<u>July 1, 2020</u>	<u>July 1, 2018</u>	<u>Difference</u>	<u>% Difference</u>
<u>Summary of Counts</u>				
Actives	115	112	3	2.7%
Retirees	<u>173</u>	<u>219</u>	<u>(46)</u>	<u>-21.0%</u>
Total	288	331	(43)	-13.0%
Retiree Counts - % Pre-65	42.8%	41.1%	1.7%	4.1%
o Actives - Valuation Age	41	41	1	1.2%
o Actives - Hire Age	31	31	0	0.6%
o Pre-65 Retirees	56	56	(0)	-0.5%
o Post-65 Retirees	74	72	2	2.4%
o Total Retirees	66	66	0	0.5%
<u>Actives Avg. Years of Service</u>	10	10	0	3.1%
<u>Actives Eligible for Benefits</u>				
o Total	9	7	2	28.6%
% Eligible for Benefits	7.8%	6.3%	1.5%	23.8%
<u>Gender</u>				
% Female - Active	21.7%	23.2%	-1.5%	-6.5%
% Female - Retiree	31.2%	28.8%	2.4%	8.5%
<u>Coverage Tier</u>				
% Single - Active	30.4%	34.8%	-4.4%	-12.6%
% Single - Retiree	33.5%	41.6%	-8.1%	-19.5%

Note:

Seventy three (73) employees are included in the census counts, but not eligible for future benefits based on the retirement eligibility requirements.



SECTION IV - SUMMARY OF ASSUMPTIONS

Municipality	City of Garden City		
Valuation Date	July 1, 2020		
Initial Implementation Year for GASB No. 74/75	Implementation Year for GASB 74/75 was July 1, 2017 to June 30, 2018		
	Effective for fiscal years beginning after June 15, 2017, organization are required to reflect the impact of GASB Statements 74/75. The impact to financial statements as a result of these new GASB Statements include, but are not limited to, the amount of the OPEB liability to be reported on the financial statements, the selected actuarial cost method, discount rate used, and disclosures in the audited financial statements. Details are described throughout the report. This is the fourth year of reporting by the City.		
Purpose of Work	This report is provided to your organization for the purpose of calculation results under GASB No. 74/75. Information in this report may not be appropriate to use for other purposes. Aquarius does not intend to benefit from the overall results of the report and we assume no duty, liability or obligation to parties that use this work for reasons other than its intention, i.e., reporting of GASB No. 74/75 for financial statements. Pages 1-5 reflect results under GASB No. 74/75. GASB No. 75 replaced GASB No. 45, so your organization is no longer reporting under GASB No. 45.		
Assets	Not valued since benefit is unfunded. Assets are zero.		
Expected Return on Assets	Not applicable. Assets are zero.		
Discount Rate	2.09% - End of Year Measurement Date The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO of 2.16%, S&P Municipal Bond 20 Year High Grade Rate Index of 2.18%, and Fidelity GA AA 20 Years of 1.92%) as of June 30, 2021. Discount rate was rounded to the nearest 0.01% Prior discount rate used in July 1, 2019 to June 30, 2020 GASB 74/75 report was 2.44%.		
Information for Valuation	All information was provided by the City.		
Retirement Benefits	Coverage for pre-65 and post-65 retirement benefits. This valuation is provided to a single employer plan.		
Covered Benefits	Medical, including prescription drugs, is provided on a fully insured basis with Blue Cross/Blue Shield of Michigan. Life insurance is provided on a fully insured basis for certain groups with a \$5,000 face (benefit) amount. Coverage for vision, and reimbursements for Medicare Part B and D premium rates are not subsidized or provided by the City. For detailed and accurate description of benefits, we recommend that you review the City's plan documents for determining benefits, eligibility, etc. Summaries in this report are illustrative and solely to assist the reviewer to understand the types of benefits that were valued and reflected in this report. These summaries should not be used for any other purposes.		
Insurance Coverage and Funding Basis	Medical, including prescription drugs, is self-funded and administered by Blue Cross Blue Shield of Michigan for each plan with multiple pre-65 and post-65 plan options. Life insurance benefits are offered on a fully insured basis. Dental coverage is provided through Blue Cross Blue Shield and life insurance is provided through Reliance Standard. A list of the plan offerings and their associated premium can be found in Section VI, page 15 of this report.		
Actuarial Cost Method	Entry Age Normal as a Level Percentage of Payroll		
Health Care Cost Trend Assumption	The following assumptions are used for annual healthcare cost inflation (trend):		
	Year	Pre-65	Post 65
Year 1 Trend	July 1, 2022	7.00%	7.00%
Ultimate Trend	July 1, 2032 & Later	4.50%	4.50%
Grading Per Year		0.25%	0.25%
Starting Claim Cost	For post-65 retirees, plan costs are based on premium rates for plan year 1 (calendar year 2020) and plan year2 (calendar year 2021) with years blended 50% for Year 1 and 50% for Year 2 for Post-65 retirees. Pre-65 rates are reflected on a pro-rated basis based on reported claims by year with the 8/1 effective rates assumed for the 7/1 effective dates. All premium rates are illustrated on page 15 of the report. Plan costs effective July 1, 2022 and beyond are trended forward using the trend rates illustrated under the "Health Care Cost Trend Assumptions" section above.		
Projected Benefit Costs	Retirees are assumed to participate in experience rated health insurance plans. Actuarial Standards of Practice No. 6 requires age adjusted costs be measured by estimating the expected costs by age whether or not a pooling or community rating applies. The current valuation contemplates an assumption for aging. An aging assumption of 3.0% per year is used for pre-65 and post-65 costs.		



SECTION IV - SUMMARY OF ASSUMPTIONS (CONTINUED)

Medicare Part B Reimbursements	Your organization does not reimburse Medicare Part B premiums to retirees that are Medicare eligible. Retirees are responsible for payment of their Medicare Part B premium for the retiree and their dependents, including the income adjusted IRMAA premium without reimbursement from the City.
Medicare Part D Reimbursements	The Authority does not reimburse Medicare Part D premiums to retirees that are Medicare eligible.
Implicit Subsidy	This reflects the difference between the premium rate or cost charged to a retiree for a particular benefit as compared to the estimated rate of cost to the retiree, if those benefits were calculated reflecting retirees as a separate group (rather than their costs bundled with the active population). The results in this valuation reflect an implicit subsidy in the cost projections.
Healthcare Reform Impact	<p>The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 (Healthcare Reform) includes several fees and/or taxes levied on employer groups either directly (e.g., self-funded employer groups which calculates and pays the fees directly) or indirectly (e.g., fully insured employer groups in which the health insurer pays and passes on to the group in their premium rates.) The fees included in this valuation are 1) Comparative Effectiveness Research fee (aka PCORI), 2) Health Insurance Industry fee, and 3) High Cost Plans Excise Tax ("Cadillac tax"). The Reinsurance Assessment, also initiated with the passing of the PPACA, was a short-term fee levied on fully insured and self-funded employer groups between 2014 - 2016.</p> <p>The Comparative Effectiveness Research fee runs through 2029 and is tax deductible. The initial fee was \$1 per participant per year increasing to \$2 in the next year. Subsequent years are increased based on medical inflation. The fee applies to post-65 retirees where Medicare is the primary payer. Initially, this fee was to expire in 2019, however, recent legislation signed into law by President Trump on December 20, 2019 HR 1865 "Further Consolidated Appropriations Act, 2020" extended the fee 10 years.</p> <p>The Health Insurance Industry fee is based on targeted fixed fees to be paid by the health insurance industry and is not tax deductible. The total fee amount to be paid by health insurers starts at \$8 billion in 2014 and increases to \$14.3 billion in 2018. After 2018, the fee increases annually based on premium growth. The fee was suspended for the 2017 plan year and resumed in 2018 with the estimated fee to be approximately 3.0% to 4.0% of premium. The fee applies to fully insured plans including Medicare Advantage plans and excludes self-funded employer sponsored group health plans. Effective with legislation passed on January 22, 2018, this fee was suspended again for the 2019 plan year and will resume in 2020, however has been repealed beginning 2021 and beyond based on 12/20/19 HR 1865 "Further Consolidated Appropriations Act, 2020".</p> <p>The High Cost Plans Excise tax included a 40% tax ("Cadillac tax") on high cost plans to be levied on insurers and third party administrators (TPA) beginning in 2022 and was to be tax deductible. The calculation was to be done separately for single and family coverage and was equal to 40% of the excess of per employee plan costs, net of patient cost sharing, over the 2022 stated cost limits of:</p> <ul style="list-style-type: none"> o - \$10,200 single / \$27,500 family o - \$11,850 single / \$30,950 family for retirees age 55-64 <p>This valuation excludes the Cadillac tax in its entirety based on recent legislation signed into law by President Trump on 12/20/19, HR 1865 "Further Consolidated Appropriations Act, 2020" repealing the "Cadillac Tax".</p>
COVID-19 Pandemic	No special adjustments or considerations were made to valuation results due to the COVID-19 pandemic. Since your organization is not funding this benefit in a separate OPEB trust, no special considerations were made for the impact on assets. Similarly, no special adjustments were made to the OPEB liability calculations. The impact of COVID-19 will be reviewed in future years including the potential impact on selected assumptions (e.g., mortality, morbidity, etc.).
Plan Design Changes	Valuation assumes no changes in future plan designs (e.g., deductibles, coinsurance, etc.) from current benefits offered for the current plan year. It is assumed that the current level of benefits will remain, with no modifications to avoid the potential excise tax imposed by the Patient Protection and Affordable Care Act (PPACA) described in detail above.
% Future Retirees Opting Out	It is assumed that 100% of future retirees (active employees) eligible for coverage will elect benefits in retirement. All eligible active and retiree employee records provided by your organization were valued.
Census Information	Participant data was provided by the Authority in October 2021. We relied on information as being accurate and we have not conducted any data audits.
New Hires	This valuation is based on a closed group and does not reflect the impact of future new entrants (e.g., new hires after date of data collection, i.e., October 2021) into the plan.
Payroll Information	Payroll information was reflected in the valuation for the actuarial cost method. Benefit and retiree contribution rates are not based on payroll so this information was not necessary for benefit or contribution rate calculations. Average salary increase used for the Entry Age Normal (EAN) actuarial cost method is assumed to be 3.0%. Payroll compensation is illustrated on page 1 of the report and reflects annual salary information as reported for each active employee.
Retirement System	Employees are assumed to participate in the Municipal Employees' Retirement System (MERS) of Michigan. The decrements are based on the report published by the MERS with an effective date of December 31, 2020.



SECTION IV - SUMMARY OF ASSUMPTIONS (CONTINUED)

Retirement Eligibility Assumptions Eligibility for early retirement is based on meeting a criteria of minimum age and/or years of service (YOS) requirements. For the City, retirement eligibility is based on hire date and years of service with employees hired prior to July 1, 2009 required to have a minimum of age and years of continuous service to be eligible for retiree benefits. Employees hired after July 1, 2009 or for Firefighters (IAFF) after July 1, 2011 are not eligible for retiree benefits. District Court employees hired after 2009 are not eligible for retiree benefits. For employees within the hire date requirement, the age and service requirements are as follows:

Class of Employees	Retirement Eligibility
Police & Fire	Earlier of age 55 with 10 YOS or 25 YOS with no age requirement
All Other Employees	Earlier of age 60 with 10 YOS or 25 YOS with no age requirement

Fifty-nine (59) employees had hire dates after the above specified dates and are assumed not to be eligible for retirement benefits. (This includes 7 Court employees hired after 2009.) These individuals are illustrated in the employee counts in Section VI of this report.

Retiree Contribution Rates Contribution rates were valued on an individual by individual basis for retiree coverage as reported by the City. Most current retirees have a contribution rate of 0% (non-contributory) with five (5) retirees, including surviving spouses, contributing a portion of the cost toward retiree medical coverage. Future retirees that meet the minimum years of service, they are eligible for subsidized coverage. Retiree contribution rates are 0% (non-contributory) for future retirees per City.

Mortality Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using a more current Society of Actuaries Mortality Improvement Scale MP-2020. This is an update from the prior valuation for both the mortality table and mortality improvement table.

Turnover Assumptions This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age, gender and years of service with rates of turnover based on MERS.

Disability Assumptions This reflects disability assumptions from the active plan and is based on age. This is the assumption based on MERS.

Retirement Assumptions This reflects rate of retirement from the active plan and is based on age and class of employees, similar to the assumptions from the prior valuation report.

Retirement Age	General	Police	Fire
45	0%	45%	25%
46	0%	45%	25%
47	0%	45%	25%
48	25%	45%	25%
49	25%	45%	25%
50	25%	45%	25%
51	25%	45%	25%
52	25%	15%	20%
53	25%	15%	20%
54	25%	15%	15%
55	25%	15%	10%
56	25%	15%	15%
57	25%	25%	30%
58	40%	100%	100%
59	40%	100%	100%
60	40%	100%	100%
61	40%	100%	100%
62	40%	100%	100%
63	40%	100%	100%
64	40%	100%	100%
65	40%	100%	100%
66	40%	100%	100%
67	40%	100%	100%
68	100%	100%	100%
69	100%	100%	100%
70 & Above	100%	100%	100%



SECTION IV - SUMMARY OF ASSUMPTIONS (CONTINUED)

Surviving Spouses & Surviving Dependents	Surviving spouses continue to get subsidized medical coverage until death or if they remarry. The current valuation reflected fifteen (15) surviving spouses.
Valuation of Spouses & Marital Status	Spouses are valued for benefits similar to retired employees. Current retirees with spouses are assumed to be married to those spouses at and throughout retirement while those without spouses (or not covering a spouse) are assumed to be single at and throughout retirement. Spousal information for active employees and retirees were provided. For the valuation, 100% of employees enrolled with family coverage are assumed to elect family coverage with the remaining enrollees electing single coverage. For the 2020/21 year, some dependent spouses were separately reported and counted separately in the report.
Spouse Age Assumptions	It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were provided so this assumption was used for the valuation.
Waivers & Buyouts	Valuation includes twenty-one (21) active employee that currently waive coverage, i.e., received a buyout). For valuation purposes, it is assumed that this individual would elect single coverage in retirement.
Vested & Leave of Absence	No individuals on the census are listed as leave of absence or vested terminated.
COBRA & Terminated Participants	No individuals on the census are listed as COBRA and non-vested terminated.
Deceased Employees	No individuals on the census are listed as deceased.
Missing Census Information	
o Dates of Birth	No employees were missing date of birth, so no special adjustments needed. Two (2) surviving spouses were missing date of birth and assumed to be age sixty-six (66) at valuation based on the prior valuation average age for retirees.
o Dates of Hire	No active employees were missing date of hire, so no adjustments were required. Census information included individuals hired after the eligibility date. These individuals were included in Section III employee counts, but these individuals were assumed to have no liability for OPEB.
o Gender	No individuals were missing gender, so no special adjustments were needed.
o Plan Election & Coverage Tier	No individuals electing coverage were missing coverage tier, so no adjustments required.
o Employee Class	Employee class was provided for all active employees, so no adjustments were required for the valuation.
o Salary	Individual salary was provided and used for the valuation. Salary information was provided by individual and reflected in the valuation. Some individuals appeared to have partial salaries reported, so an average salary was used for those individuals.
Prior Year Audit Report	Results in the prior year audit report matched the prior actuarial report for both liabilities and deferred inflows/outflows, so no additional adjustments were required from the prior fiscal year.
Eligible Population	Population reflects all benefit eligible employees provided. Any new hires after date of data collection are not reflected herein. Seventy three (73) employees are included in the census counts, but not eligible for future benefits based on the retirement eligibility requirements.
Medicare Tax Subsidy	The Medicare tax subsidy is not reflected in valuation. There is no offset in premium rates charged to employer and post-65 costs are illustrated gross of subsidy.
Special Adjustments	No other special adjustments were provided since client data was complete for purposes of completing the valuation. All active and retired employees provided were valued.
Rounding of Results	Results are illustrated to the nearest dollar. In using unrounded results (exact dollars), no implication is made as to the degree of precision in those results. Clients and their auditors should apply their own judgement as to the desirability of rounding when transferring results from this valuation report to the client's financial statements.
Employee Contracts & Collective Bargaining Agreements	Employee contracts and collective bargaining agreements specific to retiree benefits were reviewed to the extent available. Results are based on information as provided by the organization. A summary of benefits and eligibility are provided in this report for illustrative purposes in order to understand the types of benefits reflected in the valuation. We recommend reviewing your organization's plan document for details on eligibility and covered benefits. Information in this report should not be used instead of the plan document and/or summary plan description.
Initial Year of Recognition of GASB No. 43/45 & 74/75	We have not reviewed the audited financials of client so are not providing an opinion on when client should recognize and comply with GASB 43/45 & 74/75. We rely on the opinion of your organization and auditor for this determination.
Other Comments	Actuarial methods, considerations, and analyses used in forming this certification conform to the appropriate Standards of Practice and guidelines of the Actuarial Standards Board (ASB).



SECTION V - DEFINITIONS & GLOSSARY

Other Post Employment Benefits (OPEB)	Medical, dental, vision, life and other health benefits provided to terminated or retired employees including their dependents and beneficiaries.
Actuarial Present Value of Future Benefits (PVFB)	Present value of all benefits expected to be paid by the employer, net of expected retiree contributions, based on actuarial assumptions used in the valuation.
Accrued Liability (AL)	This is the past service liability or present value of all benefits earned to date. Since retiree medical benefits are not accrued based on a specific formula like a pension plan, the accounting standard requires the benefits to be earned ratably from date of hire to date of full eligibility for benefits. For retirees and actives that are immediately eligible to retire and receive full benefits, the AL equals the PVFB. For actives not yet eligible to retire, it equals a pro-rata portion of the PVFB based on past service to total service to retirement eligibility for that employee. This is consistent with the Total OPEB Liability under GASB 74 & 75 reporting.
Unfunded Accrued Liability (UAL)	This is the excess of the AL over Plan Fiduciary Net Position (OPEB trust assets). This would also be referred to as the Total Net OPEB Liability, reflecting the Total OPEB Liability less the Plan Fiduciary Net Position.
Actuarial Cost Method	A procedure for allocating the Actuarial Present Value of Future Benefits (PVFB) to time periods, usually in the form of Normal Cost and an Accrued Liability (AL). This actuarial cost method is prescribed under GASB 74 & 75.
Service Cost (Normal Cost)	The proportion of the PVFB of a plan's benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method used in the valuation. This is the cost of OPEB attributed to the current year of service.
Pay-As-You-Go	This is a method of financing a postretirement benefit plan under which the contributions to the plan are generally made at about the same time and amount as benefits and expenses become due.
Plan Fiduciary Net Position	The current market value of assets placed in an irrevocable OPEB trust.
Closed Group Valuation	This means that it does not consider the Actuarial PVFB associated with future entrants.
Decrement Rates	This includes mortality, turnover, disability and retirement rate assumptions. This is used to determine the likelihood of an employee qualifying for OPEB and when benefits will commence. Mortality is also used to determine probability of individuals to live and continue to receive benefits.
Covered Payroll	The payroll of the active employees that are provided OPEB benefits.
Discount Rate	Assumption used for converting present value of future benefits less future contributions into today's dollar amounts.
Projected Unit Credit	This is an actuarial cost method whereby the costs of benefits earned is funded each year and the value of the accrued liability reflects the benefits earned to date. This was the most common method used under GASB No. 45.
Individual Entry Age Normal	This is an actuarial cost method whereby costs are determined as of the entry age of the employee until his/her exiting of active service. This allocation can be done on a level dollar or level percentage of pay. This method is prescribed under GASB No. 75.
Deferred Inflows/Outflows of Resources	This reflects amounts resulting from experience gains/losses that have not been recognized in the current OPEB expense calculations, but will be potentially reflected in future years.
Plan Members	The individuals covered by the terms of an OPEB plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.
Substantive Plan	The terms of the OPEB plan as understood by the employer and its plan members. The plan is assumed to be a single employer plan unless noted otherwise in the report.
Recognition Year for GASB No. 74 & 75	The effective date for reporting GASB No. 74 is for fiscal years beginning after June 15, 2016. The effective date for reporting GASB No. 75 is for fiscal years beginning after June 15, 2017. GASB No. 74 & 75 replaced GASB No 43 & 45.



SECTION VI: SUMMARY OF CLAIM COST ASSUMPTIONS

Summary of Plan Costs by Year - Monthly Fully Insured Rates

Retiree Group	Tier	Plan Year	Plan Year	Plan Year	% Change	% Change
		8/18 to 7/19	8/19 to 7/20	8/20 to 7/21	8/18 to 8/19	8/19 to 8/20
<u>Pre-65 Medical/Rx Plans:</u>						
Blue Cross/Blue Shield	Single	\$ 671.69	\$ 805.98	\$ 805.91	19.99%	-0.01%
	Dual	1,617.98	1,918.11	1,955.50	18.55%	1.95%
	Family	2,040.33	2,438.24	2,436.32	19.50%	-0.08%
<u>Post-65 Medical/Rx Plans:</u>						
		Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	% Change 2019 to 2020	% Change 2020 to 2021
Medicare Advantage	Single	\$ 611.00	\$ 577.00	\$ 514.01	-5.56%	-10.92%
	Dual	1,209.86	1,154.00	1,028.02	-4.62%	-10.92%
<u>Pre-65/Post-65 Dental Plan:</u>						
		Plan Year 8/18 to 7/19	Plan Year 8/19 to 7/20	Plan Year 8/20 to 7/21	% Change 8/18 to 8/19	% Change 8/19 to 8/20
Blue Cross/Blue Shield	Single	\$ 36.19	\$ 36.19	\$ 36.19	0.00%	0.00%
	Dual	72.38	72.38	72.38	0.00%	0.00%
	Family	130.11	130.11	130.11	0.00%	0.00%

Notes:

1. Pre-65 and post-65 retiree premium rates, as provided by the City, are based on the fully insured premium rates for the effective date indicated above and are based on 100% before retiree contributions. These premium rates are assumed to include all administrative costs and PPACA fees required at this time. The above premium rates are illustrated before adjustments for aging or implicit subsidies. It is assumed that there are no cross subsidies between the pre-65 and post-65 retiree costs. The pre-65 costs are assumed to be a blend of active and pre-65 retirees, and not stand-alone pre-65 rates.
2. The City does not reimburse for Medicare Part B premium rates, so these rates were not illustrated in the report.
3. Dental rates above are the current rates and assumed to be the rates for prior years.
4. Coverage for pre-65 and post-65 medical is fully insured. The plan year for pre-65 is August 1 to July 31, while the plan year for post-65 are calendar year basis.



SECTION VII: TWENTY (20) YEAR FORECAST OF PAY-AS-YOU-GO COSTS AND TOTAL OPEB LIABILITY FOR CURRENT POPULATION

			[A]=[E(n-1)]	[B]=[B(n-1)]*(1+3%)	[C]=[Input]	[D]=2.09%*(A)-[C]/2	[E]=[A]+[B]-[C]+[D]	
<u>Fiscal Year</u>			<u>Total OPEB Liability at Beginning of Year</u>	<u>Annual Service Cost with Interest</u>	<u>Annual Projected PAYGO</u>	<u>Annual Interest Cost</u>	<u>Total OPEB Liability at End of Year</u>	
1. Fiscal Year	July 1, 2020	to	June 30, 2021	\$ 114,546,612	\$ 780,949	\$ 3,123,924	\$ 2,361,379	\$ 114,565,016
2. Fiscal Year	July 1, 2021	to	June 30, 2022	114,565,016	804,377	2,946,867	2,363,614	114,786,140
3. Fiscal Year	July 1, 2022	to	June 30, 2023	114,786,140	828,508	3,164,292	2,365,963	114,816,319
4. Fiscal Year	July 1, 2023	to	June 30, 2024	114,816,319	853,363	3,355,587	2,364,595	114,678,690
5. Fiscal Year	July 1, 2024	to	June 30, 2025	114,678,690	878,964	3,482,850	2,360,389	114,435,193
6. Fiscal Year	July 1, 2025	to	June 30, 2026	114,435,193	905,333	3,701,019	2,353,020	113,992,527
7. Fiscal Year	July 1, 2026	to	June 30, 2027	113,992,527	932,493	3,810,593	2,342,623	113,457,050
8. Fiscal Year	July 1, 2027	to	June 30, 2028	113,457,050	960,468	4,019,000	2,329,254	112,727,772
9. Fiscal Year	July 1, 2028	to	June 30, 2029	112,727,772	989,282	4,212,059	2,311,994	111,816,989
10. Fiscal Year	July 1, 2029	to	June 30, 2030	111,816,989	1,018,960	4,534,515	2,289,589	110,591,023
11. Fiscal Year	July 1, 2030	to	June 30, 2031	110,591,023	1,049,529	4,721,415	2,262,014	109,181,151
12. Fiscal Year	July 1, 2031	to	June 30, 2032	109,181,151	1,081,015	4,651,534	2,233,278	107,843,910
13. Fiscal Year	July 1, 2032	to	June 30, 2033	107,843,910	1,113,445	4,661,804	2,205,222	106,500,773
14. Fiscal Year	July 1, 2033	to	June 30, 2034	106,500,773	1,146,848	4,661,272	2,177,156	105,163,505
15. Fiscal Year	July 1, 2034	to	June 30, 2035	105,163,505	1,181,253	4,624,711	2,149,589	103,869,636
16. Fiscal Year	July 1, 2035	to	June 30, 2036	103,869,636	1,216,691	4,541,536	2,123,416	102,668,207
17. Fiscal Year	July 1, 2036	to	June 30, 2037	102,668,207	1,253,192	4,436,807	2,099,401	101,583,993
18. Fiscal Year	July 1, 2037	to	June 30, 2038	101,583,993	1,290,788	4,395,000	2,077,178	100,556,959
19. Fiscal Year	July 1, 2038	to	June 30, 2039	100,556,959	1,329,512	4,339,937	2,056,288	99,602,822
20. Fiscal Year	July 1, 2039	to	June 30, 2040	99,602,822	1,369,397	<u>4,208,608</u>	2,037,719	98,801,330
21. Subtotal - Projected Pay-As-You-Go for Twenty Years: (1) + ... + (20)						\$ 81,593,330		

Notes:

1. Projections are based on the current census population and valuation assumptions. Group is assumed to be closed group with no new hires.
2. The above costs are net of retiree contribution rates.
3. Service cost is assumed for illustrative purposes to increase based on the assumed salary increase assumption on a year-over-year basis.
4. Plan fiduciary net position (assets) is zero so not illustrated in the projections.
5. Projections based on end of year discount rate of 2.09%.
6. Projections for the current fiscal year are based on the current projected pay-as-you-go, not actual amounts.



SECTION VIII: ACTUARIALLY DETERMINED CONTRIBUTION

Summary of Financial Results as of July 1, 2020

	<u>Fiscal Year 2020/21</u>
1 Discount Rate (See Page 1, Section A, Line 1 of Report)	2.09%
2 Net OPEB Liability Amortization Factor (PV 30 yrs at 2.09%, BOY)	22.5841
3 Net OPEB Liability as of July 1, 2020 (See Page 6, Line 5 of Report)	\$ 114,546,612
4 Service Cost with Interest - July 1, 2020 to June 30, 2021 (See Page 1, Section B, Line 1 of Report)	\$ 780,949
5 30 Year Amortization of Net OPEB Liability (3) / (2) * [1 + (1)]	\$ 5,178,007
6 Actuarially Determined Contribution (4) + (5)	\$ 5,958,956
7 Projected Pay-As-You-Go (See Page 1, Section B, Line 2c of Report)	\$ 2,877,490
8 Total Annual Payroll (See Page 1, Section A, Line 7 of Report)	\$ 7,542,399