

City of Moreno Valley

GASB 75 OPEB Valuation Report Measured as of June 30, 2021 for Disclosures for the Fiscal Year Ending June 30, 2022

August 9, 2022



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August 9, 2022

Brigitta Bartha
Principal Accountant
City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92553

Re: City of Moreno Valley Retiree Health Benefits Plan GASB 75 OPEB Valuation Report Measured as of June 30, 2021

Dear Ms. Bartha:

At your request, we completed an actuarial valuation of the retiree health and welfare benefits measured as of June 30, 2021, for the City of Moreno Valley. This is a roll-forward of the valuation produced for the fiscal year ending June 30, 2021. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2022. This valuation is based on input from the City and from CalPERS, as well as our understanding of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75).

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

Best Regards,

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

Roger T. Burton, FSA, MAAA, FCA



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Purpose of the Report

Precision Actuarial prepared this report to meet employer financial accounting requirements under GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” (GASB 75), issued in June 2015, as amended by GASB Statement No. 85. This report includes information with respect to the obligation to provide future retiree health and welfare benefits for the fiscal year ending June 30, 2022.

Valuation Date: June 30, 2020

Measurement Date: June 30, 2021

Report Date: June 30, 2022

Application to Financials

This report provides assets, liabilities, and expenses for use in the City's 2022 financial reports.

The City should use the liabilities, assets, and expense measured as of June 30, 2021, for its financial statements for the year ending June 30, 2022.

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

The report also provides the actuarially determined contributions for funding purposes for reporting for the fiscal years ending June 30 for 2021, 2022, and 2023.

Changes Since the Prior Valuation

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

- Benefit payments
- Contributions
- Salary Merit Scale
- Assets

Actuarial Certification

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

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

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

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

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

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

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



Roger T. Burton, FSA, MAAA, FCA
Chief Actuary



Christian M. Boughner, ASA, MAAA
Senior Consulting Actuary

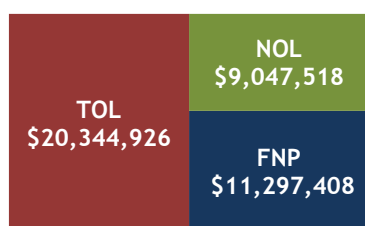
Executive Summary

Accounting Summary

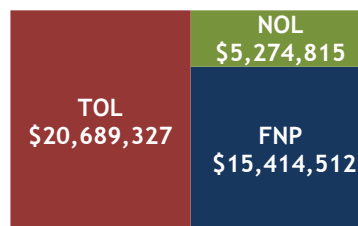
A summary of the key valuation results follows.

	<i>Prior Report</i>	<i>Current Report</i>
Valuation Date:	June 30, 2020	June 30, 2020
Measurement Date:	June 30, 2020	June 30, 2021
Report Date:	June 30, 2021	June 30, 2022
Present Value of Future Benefits		
Active Employees	\$ 10,029,076	\$ 9,877,763
Retirees	+ 13,847,001	14,061,978
Total Present Value of Future Benefits	= 23,876,077	23,939,741
Total Present Value of Future Normal Costs	- 3,531,151	3,250,414
Total OPEB Liability (TOL)	= \$ 20,344,926	\$ 20,689,327
OPEB Liability		
Active Employees	\$ 6,497,925	\$ 6,627,349
Retirees	+ 13,847,001	14,061,978
Total OPEB Liability (TOL)	= 20,344,926	20,689,327
Fiduciary Net Position (FNP)	- 11,297,408	15,414,512
Net OPEB Liability (NOL)	= \$ 9,047,518	\$ 5,274,815
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	55.53%	74.50%
Covered-Employee Payroll	\$ 24,421,260	\$ 23,236,495
Net OPEB Liability as a Percentage of Covered-Employee Payroll	37.05%	22.70%
	Measurement Period:	2019-2020
	Reporting Period:	2020-2021
Expense	\$ 1,159,329	\$ 795,079
Actuarially Determined Contribution (ADC)*	1,114,937	1,367,308

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



2021



2022

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

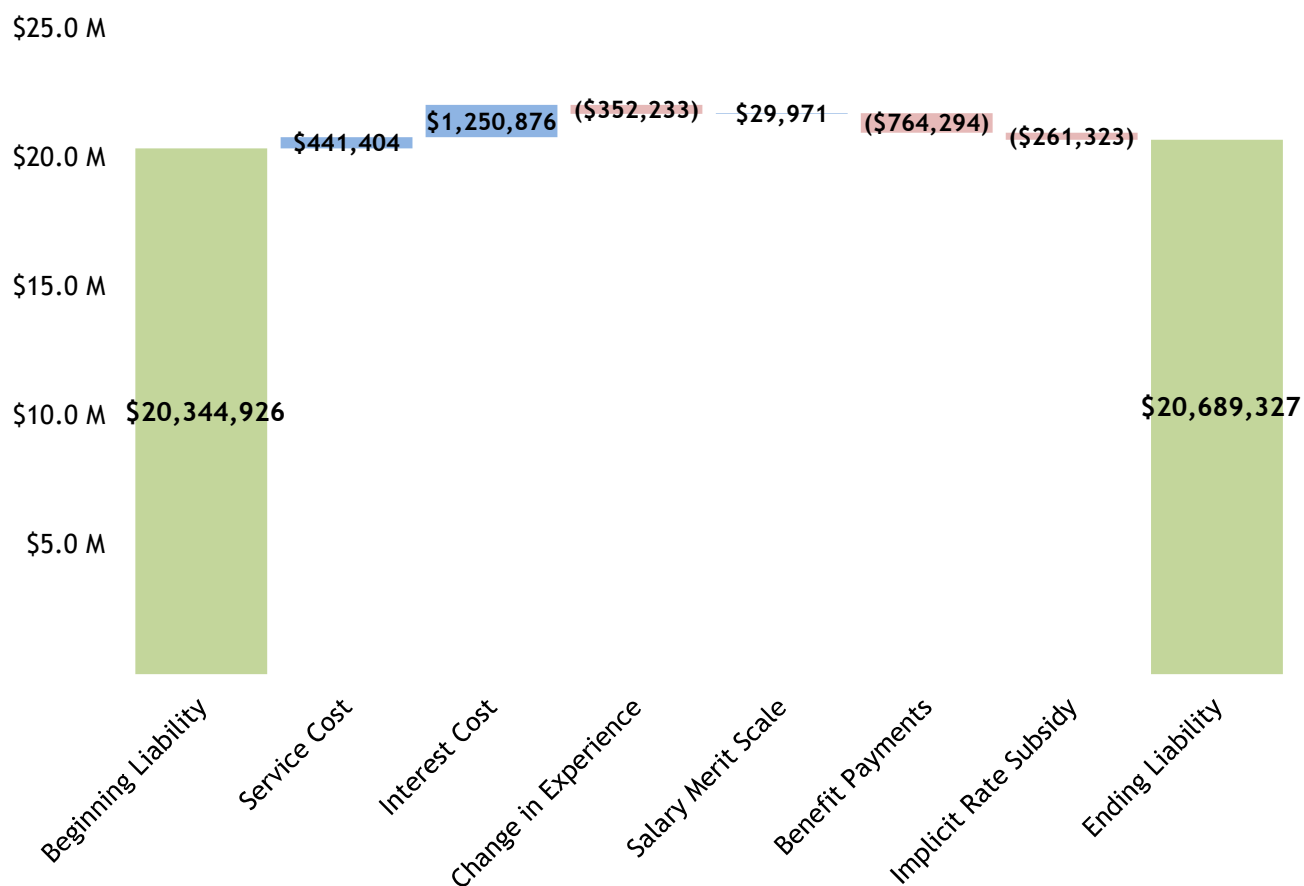
Executive Summary

Reconciliation of the Change in the Total OPEB Liability

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

Total OPEB Liability as of Measurement Date June 30, 2020 / Report Date June 30, 2021	\$ 20,344,926
Service Cost	441,404
Interest Cost	1,250,876
Differences Between Expected and Actual Experience	(352,233)
Changes of Assumptions	
<i>Change in Salary Merit Scale</i>	<i>29,971</i>
Total Changes of Assumptions	29,971
Benefit Payments	(764,294)
Implicit Subsidy Credit	(261,323)
Total OPEB Liability as of Measurement Date June 30, 2021 / Report Date June 30, 2022	\$ 20,689,327

Reconciliation of the Change in the Total OPEB Liability



Accounting Information

Statement of Fiduciary Net Position

Measurement Date: June 30, 2021

Report Date: June 30, 2022

Assets

Cash and Deposits	\$	-
Securities Lending Cash Collateral		-
Total Cash		-
Receivables:		
Contributions		-
Due from Broker for Investments Sold		-
Investment Income (Interest on Investments)		-
Other		-
Total Receivables		-
Investments:		
Domestic Fixed Income Securities		-
Domestic Equities		-
Investment Funds		15,414,512
International Equities		-
Real Estate		-
Total Investments		<u>15,414,512</u>
Total Assets	\$	<u>15,414,512</u>

Liabilities

Payables:

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

Net Position Restricted for Postemployment Benefits Other than Pensions \$ 15,414,512

Accounting Information

Statement of Changes to the Fiduciary Net Position

	Measurement Date: Report Date:	June 30, 2020 June 30, 2021	June 30, 2021 June 30, 2022
Additions			
Investment Income:			
Net Appreciation in the Fair Value of Investments		\$ 421,628	\$ 3,309,203
Interest and Dividends		-	-
Less Investment Expense, Other than from Securities Lending	-	-	-
Net Income from Investing, Other than from Securities Lending		421,628	3,309,203
Securities Lending Income		-	-
Less Securities Lending Expense	-	-	-
Net Income from Securities Lending		-	-
Other Income/(Expense)		-	-
Net Investment Income (a)		421,628	3,309,203
Contributions:			
Employer – City's Contribution		631,564	1,576,755
Employer – Implicit Subsidy		302,476	261,323
Total Contributions (b)		934,040	1,838,078
Total Additions (c) = (a) + (b)		1,355,668	5,147,281
Deductions			
Benefit Payments		718,916	764,294
Implicit Subsidy Credit		302,476	261,323
Administrative Expense		5,640	4,560
Total Deductions (d)		1,027,032	1,030,177
Net Increase in Net Position = (c) – (d)		328,636	4,117,104
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of Year		10,968,772	11,297,408
Net Increase in Net Position		328,636	4,117,104
End of Year		\$ 11,297,408	\$ 15,414,512

Accounting Information

Changes in the Net OPEB Liability

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

	<i>Increase / (Decrease)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) – (b)
Balance as of:			
Measurement Date June 30, 2020 /			
Report Date June 30, 2021	\$ 20,344,926	\$ 11,297,408	\$ 9,047,518
Changes for the year:			
Service Cost	441,404		441,404
Interest	1,250,876		1,250,876
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(352,233)		(352,233)
Changes of Assumptions	29,971		29,971
Net Investment Income		3,309,203	(3,309,203)
Contributions			
Employer – City's Contribution		1,576,755	(1,576,755)
Employer – Implicit Subsidy		261,323	(261,323)
Benefit Payments	(764,294)	(764,294)	-
Implicit Subsidy Credit	(261,323)	(261,323)	-
Administrative Expense		(4,560)	4,560
Other Changes	-	-	-
Net Changes	344,401	4,117,104	(3,772,703)
Balance as of:			
Measurement Date June 30, 2021 /			
Report Date June 30, 2022	\$ 20,689,327	\$ 15,414,512	\$ 5,274,815

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2021 / Report Date June 30, 2022

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

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2021 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018*	-	-	-	-	-
2018**	135,598	-	79,764	55,834	-
2019	-	(200,112)	(88,287)	-	(111,825)
2020	475,121	-	155,778	319,343	-
2021	-	(352,233)	(57,744)	-	(294,489)
Total				\$ 375,177	\$ (406,314)

Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date – June 30:	Increase in Total Liability (a)	Decrease in Total Liability (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2021 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018*	-	-	-	-	-
2018**	-	(854,050)	(502,384)	-	(351,666)
2019	1,961,763	-	865,485	1,096,278	-
2020	109,418	-	35,876	73,542	-
2021	29,971	-	4,914	25,057	-
Total				\$ 1,194,877	\$ (351,666)

*Report Year Ending June 30, 2018

**Report Year Ending June 30, 2019

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2021 / Report Date June 30, 2022

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

Measurement Date – June 30:	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2021 (c)	Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)	Net (f) = (d) + (e)
2017	\$ -	\$ (854,695)	\$ (854,695)	\$ -	\$ -	
2018*	266,057	-	266,057	-	-	
2018**	72,538	-	58,032	14,506	-	
2019	-	(34,388)	(20,634)	-	(13,754)	
2020	252,276	-	100,912	151,364	-	
2021	-	(2,624,674)	(524,935)	-	(2,099,739)	
Total				\$ 165,870	\$ (2,113,493)	\$ (1,947,623)

*Report Year Ending June 30, 2018

**Report Year Ending June 30, 2019

Accounting Information

Expense and Deferred Outflows and Inflows

	Measurement Period: Reporting Period:	2019-2020 2020-2021	2020-2021 2021-2022
Expense			
Service Cost	\$	459,956	\$ 441,404
Interest on Total OPEB Liability		1,178,040	1,250,876
Changes of Benefit Terms		-	-
Recognized Differences Between Expected and Actual Experience		68,401	10,657
Recognized Changes of Assumptions		180,837	185,751
Projected Earnings on OPEB Plan Investments		(673,904)	(684,529)
Recognized Differences Between Projected and Actual Earnings		(59,641)	(413,640)
Administrative Expense		5,640	4,560
Other Miscellaneous (Income)/Expense		-	-
Total Expense	\$	1,159,329	\$ 795,079

	Report Year Ending June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 375,177	\$ (406,314)
Changes of Assumptions	1,194,877	(351,666)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(1,947,623)
Contributions Subsequent to the Measurement Date	2,005,598	-
Total	\$ 3,575,652	\$ (2,705,603)

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

	Report Year Ending June 30:	Amount
	2023	\$ (270,443)
	2024	(284,947)
	2025	(256,942)
	2026	(274,682)
	2027	(43,253)
	Remaining	(5,282)

Accounting Information

Impact on the Statement of Net Position

Impact on the Statement of Net Position

	Measurement Date: Report Date:	June 30, 2020 June 30, 2021	June 30, 2021 June 30, 2022	Change During Period
Total OPEB Liability		\$ 20,344,926	\$ 20,689,327	\$ 344,401
Fiduciary Net Position		11,297,408	15,414,512	4,117,104
Net OPEB Liability / (Asset)		<u>9,047,518</u>	<u>5,274,815</u>	<u>\$ (3,772,703)</u>
Deferred (Outflows) / Inflows Due To:				
Differences between Expected and Actual Experience		(331,753)	31,137	362,890
Changes of Assumptions		(998,991)	(843,211)	155,780
Differences between Projected and Actual Investment Earnings		(263,411)	1,947,623	2,211,034
(Contributions Subsequent to the Measurement Date)		(1,838,078)	(2,005,598)	(167,520)
Net Deferred (Outflows) / Inflows		<u>(3,432,233)</u>	<u>(870,049)</u>	<u>2,562,184</u>
Impact on the Statement of Net Position		<u><u>5,615,285</u></u>	<u><u>4,404,766</u></u>	<u><u>(1,210,519)</u></u>

Change in Net Position During Fiscal Year

	Measurement Date: Report Date:	June 30, 2021 June 30, 2022
Impact on the Statement of Net Position, Fiscal Year Ending June 30, 2021		5,615,285
OPEB Expense / (Income) (Employer Contributions During Fiscal Year)		<u>795,079</u> <u>(2,005,598)</u>
Impact on the Statement of Net Position for the Fiscal Year Ending June 30, 2022		<u><u>4,404,766</u></u>

OPEB Expense

	Measurement Date: Report Date:	June 30, 2021 June 30, 2022
Deterioration / (Improvement) in Net Position		(1,210,519)
Employer Contributions During the Fiscal Year		<u>2,005,598</u>
OPEB Expense / (Income) for the Fiscal Year Ending June 30, 2022		<u><u>795,079</u></u>

Accounting Information

Reconciliation of Expense

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net OPEB Liability plus Net Deferrals	Annual Expense
Balance as of: Measurement Date June 30, 2020 / Report Date June 30, 2021	\$ (20,344,926)	\$ 11,297,408	\$ (9,047,518)	\$ (618,516)	\$ 3,787,338	\$ 263,411	\$ 3,432,233	\$ (5,615,285)	
Service Cost	(441,404)		(441,404)						\$ 441,404
Interest on Total OPEB Liability	(1,250,876)		(1,250,876)						1,250,876
Effect of Changes of Benefit Terms	-		-						-
Effect of Liability Gains or Losses	352,233		352,233	(352,233)	-		(352,233)		
Effect of Assumption Changes or Inputs	(29,971)		(29,971)	-	29,971		29,971		
Expected Investment Income (Net of Investment Expenses)		684,529	684,529						(684,529)
Investment Gains or Losses on Expected Return Contributions		2,624,674	2,624,674			(2,624,674)	(2,624,674)		
Employer – City's Contribution		1,576,755	1,576,755					1,576,755	
Employer – Implicit Subsidy		261,323	261,323					261,323	
Benefit Payments	764,294	(764,294)	-						
Implicit Subsidy Credit	261,323	(261,323)	-						
Administrative Expenses		(4,560)	(4,560)						4,560
Other Income/(Expense)		-	-						-
Recognition of Liability Gains or Losses				87,173	(97,830)		(10,657)		10,657
Recognition of Assumption Changes or Inputs				125,596	(311,347)		(185,751)		185,751
Recognition of Investment Gains or Losses						413,640	413,640		(413,640)
Change in Contributions Subsequent to the Measurement Date					167,520		167,520	167,520	
Annual Expense								(795,079)	\$ 795,079
Balance as of: Measurement Date June 30, 2021 / Report Date June 30, 2022	\$ (20,689,327)	\$ 15,414,512	\$ (5,274,815)	\$ (757,980)	\$ 3,575,652	\$ (1,947,623)	\$ 870,049	\$ (4,404,766)	

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2022

Beginning Balance	Debit (Outflow)	Credit (Inflow)
Net OPEB Liability/Asset	\$ -	\$ 9,047,518
Differences between Expected and Actual Experience	473,007	141,254
Changes of Assumptions	1,476,253	477,262
Differences between Projected and Actual Investment Earnings	263,411	-
Contributions Subsequent to the Measurement Date	1,838,078	-
Impact on Statement of Net Position	5,615,285	-
Ending Balance	Debit (Outflow)	Credit (Inflow)
Net OPEB Liability/Asset	\$ -	\$ 5,274,815
Differences between Expected and Actual Experience	375,177	406,314
Changes of Assumptions	1,194,877	351,666
Differences between Projected and Actual Investment Earnings	-	1,947,623
Contributions Subsequent to the Measurement Date	2,005,598	-
Impact on Statement of Net Position	4,404,766	-
OPEB-Expense Journal Entries	Debit	Credit
Net OPEB Liability/Asset	\$ 3,772,703	\$ -
Differences between Expected and Actual Experience	Deferred Outflows - Deferred Inflows -	97,830 265,060
Changes of Assumptions	Deferred Outflows - Deferred Inflows 125,596	281,376 -
Differences between Projected and Actual Investment Earnings	Deferred Outflows - Deferred Inflows -	263,411 1,947,623
Contributions Subsequent to the Measurement Date	Deferred Outflows 167,520	-
OPEB Expense/Credit	-	1,210,519
Total	4,065,819	4,065,819
Change to the Impact on the Statement of Net Position	-	1,210,519

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2022

Journal Entries – Deferred Outflows

	Debit	Credit
Net OPEB Liability/Asset	\$ 1,838,078	\$ -
Contributions Subsequent to the Measurement Date: Fiscal Year 2020-2021	-	1,838,078
Contributions Subsequent to the Measurement Date: Fiscal Year 2021-2022	2,005,598	-
Contributions Expense	-	2,005,598

Journal Entries – Benefits Paid Outside of the Trust¹

	Debit	Credit
OPEB Expense	\$ 764,294	\$ -
Employer Contributions for Retiree Benefits During the Fiscal Year	-	764,294

Journal Entries – Implicit Subsidy²

	Debit	Credit
OPEB Expense	\$ 261,323	\$ -
Premium Expense During the Fiscal Year	-	261,323

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

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

Accounting Information

Amortization of the Net OPEB Liability

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

The City is amortizing the net OPEB liability using a level-percent-of-pay method on a closed basis. Remaining years of amortization as of the report date of June 30, 2022:

14

		<i>Historical</i>		<i>Estimated</i>
	Measurement Period:	2020-2021	2021-2022	2022-2023
	Report Date (June 30):	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB Liability		\$ 20,344,926	\$ 20,659,357	\$ 21,360,942
Fiduciary Net Position	-	<u>11,297,408</u>	<u>13,613,897</u>	<u>17,201,172</u>
Net OPEB Liability	=	\$ <u>9,047,518</u>	\$ <u>7,045,460</u>	\$ <u>4,159,770</u>

All values measured at the beginning of the measurement period.

Amortization Type		Closed	Closed	Closed
Interest Rate Used to Determine Amortization		6.17%	6.17%	6.17%
Assumed Rate of Payroll Growth		2.750%	2.750%	2.750%
Amortization Period		15 years	14 years	13 years
Amount Recognized, Beginning of Year	\$	751,002	\$ 617,213	\$ 386,537

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

Accounting Information

Actuarially Determined Contribution (ADC)

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

	<i>Historical</i>		<i>Estimated</i>
Measurement Period:	2020-2021	2021-2022	2022-2023
Report Date (June 30):	<u>2022</u>	<u>2023</u>	<u>2024</u>
Service Cost	\$ 441,404	\$ 453,543	\$ 466,145
Amortization of the Net OPEB Liability	751,002	617,213	386,537
Interest to the End of the Year	<u>73,572</u>	<u>66,066</u>	<u>52,610</u>
Service Cost and Amortization (with Interest)	\$ 1,265,978	\$ 1,136,822	\$ 905,292
Service Cost and Amortization (with Interest) as a Percentage of Payroll	5.45%	4.76%	3.79%
Discount Rate for ADC Calculation	6.17%	6.17%	6.17%
ADC Components			
City's Contribution to the Trust Fund	\$ -	\$ -	\$ -
Credit for Retiree Benefit Payments Outside of the Trust	1,105,985	1,146,635	1,187,259
Credit for Implicit Subsidy	<u>261,323</u>	<u>258,562</u>	<u>256,733</u>
Total ADC	\$ <u>1,367,308</u>	\$ <u>1,405,197</u>	\$ <u>1,443,992</u>
ADC as a Percentage of Payroll	5.88%	5.89%	6.05%

City's Funding Policy

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

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

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

Accounting Information

Interest on Liability and Earnings and Investment Gain/Loss

	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total OPEB Liability (d) = (a) × (b) × (c)
Interest on Total OPEB Liability				
Beginning Total OPEB Liability	\$ 20,344,926	100%	6.17%	\$ 1,255,282
Service Cost	441,404	100%	6.17%	27,235
Benefit Payments	(764,294)	50%	6.17%	(23,578)
Implicit Subsidy	(261,323)	50%	6.17%	(8,062)
Total Interest on Total OPEB Liability				<u>\$ 1,250,877</u>

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (d) = (a) × (b) × (c)
Projected Earnings on Plan Investments				
Beginning Plan Fiduciary Net Position excluding Receivables	\$ 11,297,408	100%	6.17%	\$ 660,898
Employer Contributions	812,461	50%	6.17%	23,764
Benefit Payments from Trust	-	50%	6.17%	-
Administrative Expense	(4,560)	50%	6.17%	(133)
Other Miscellaneous Income / (Expense)	-	100%	6.17%	-
Total Projected Earnings (Investment Expense)				<u>684,529</u>
Net Projected Earnings				<u>\$ 684,529</u>

	Amount
Investment Gain / Loss	
Net Projected Earnings	\$ 684,529
Actual Net Earnings	- 3,309,203
Investment (Gain) / Loss	<u>\$ (2,624,674)</u>

Accounting Information

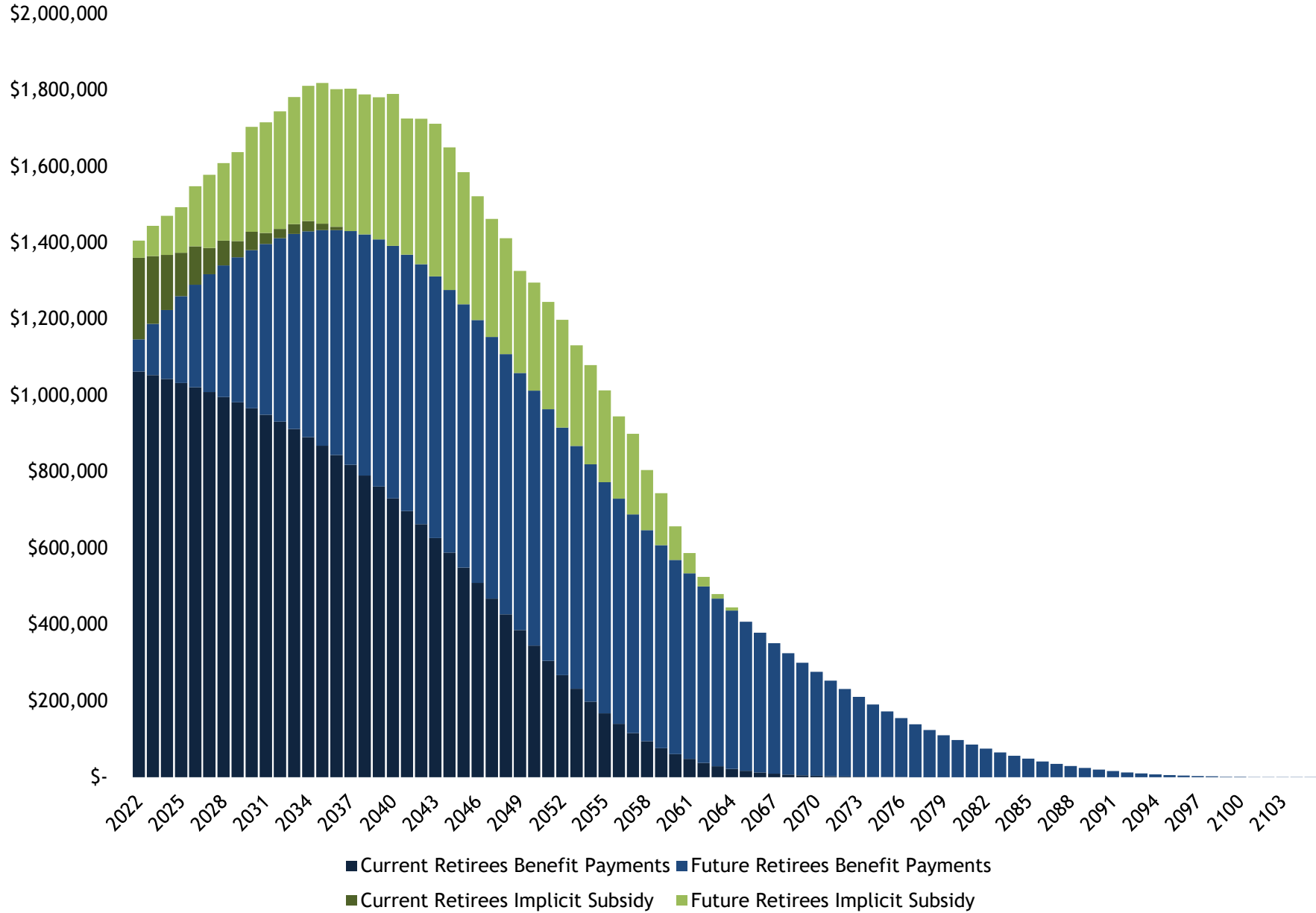
Projection of Benefit Payments

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

Measurement Period Ending	Projected Retiree Benefit Payments			Implicit Subsidy			Grand Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
June 30:							
2022	\$ 1,062,139	\$ 84,496	\$ 1,146,635	\$ 213,761	\$ 44,801	\$ 258,562	\$ 1,405,197
2023	1,052,941	134,318	1,187,259	177,468	79,265	256,733	1,443,992
2024	1,043,090	180,544	1,223,634	144,359	102,125	246,484	1,470,118
2025	1,032,551	227,068	1,259,619	113,993	119,196	233,189	1,492,808
2026	1,021,266	268,324	1,289,590	100,574	157,427	258,001	1,547,591
2027	1,009,020	308,149	1,317,169	68,886	191,496	260,382	1,577,551
2028	995,889	344,537	1,340,426	64,759	202,967	267,726	1,608,152
2029	981,560	380,232	1,361,792	42,098	233,288	275,386	1,637,178
2030	966,137	414,488	1,380,625	47,753	275,273	323,026	1,703,651
2031	949,323	447,191	1,396,514	28,629	290,130	318,759	1,715,273
2032	931,195	480,217	1,411,412	24,796	308,063	332,859	1,744,271
2033	911,666	511,090	1,422,756	25,922	332,622	358,544	1,781,300
2034	890,642	539,154	1,429,796	27,090	353,682	380,772	1,810,568
2035	868,033	564,799	1,432,832	17,082	368,263	385,345	1,818,177
2036	843,814	588,985	1,432,799	8,955	360,414	369,369	1,802,168
2037	817,937	612,535	1,430,472	-	373,012	373,012	1,803,484
2038	790,393	631,178	1,421,571	-	366,627	366,627	1,788,198
2039	761,097	647,336	1,408,433	-	372,398	372,398	1,780,831
2040	730,018	661,328	1,391,346	-	398,459	398,459	1,789,805
2041	697,147	671,512	1,368,659	-	356,529	356,529	1,725,188
2042	662,511	681,023	1,343,534	-	381,338	381,338	1,724,872
2043	626,176	685,528	1,311,704	-	399,592	399,592	1,711,296
2044	588,282	688,110	1,276,392	-	373,171	373,171	1,649,563
2045	549,033	689,599	1,238,632	-	345,789	345,789	1,584,421
2046	508,717	688,750	1,197,467	-	324,412	324,412	1,521,879
2047	467,670	685,566	1,153,236	-	308,912	308,912	1,462,148
2048	426,305	681,783	1,108,088	-	303,413	303,413	1,411,501
↓	↓	↓	↓	↓	↓	↓	↓

Accounting Information

Projected Benefit Payments for Current Participants



Accounting Information

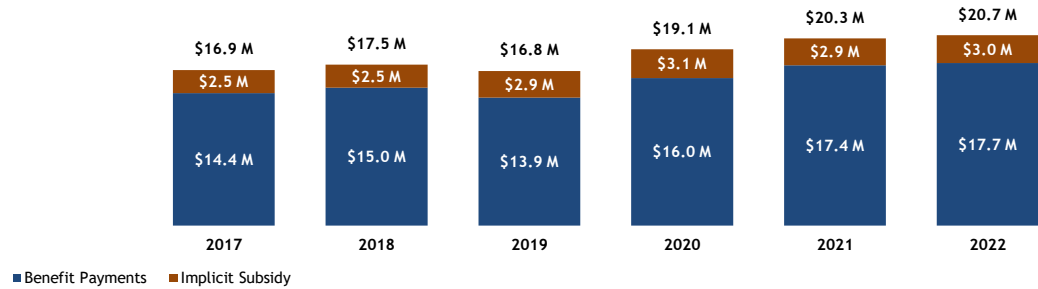
Schedule of Implicit Subsidy Liability

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

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

Measurement Date (June 30):	2017	2018	2018	2019	2020	2021
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Benefit Payments	\$ 14,401,313	\$ 15,003,730	\$ 13,916,285	\$ 16,020,470	\$ 17,408,719	\$ 17,655,593
Implicit Subsidy	<u>2,511,028</u>	<u>2,481,151</u>	<u>2,876,610</u>	<u>3,123,313</u>	<u>2,936,207</u>	<u>3,033,734</u>
Total OPEB Liability	\$ <u>16,912,341</u>	\$ <u>17,484,881</u>	\$ <u>16,792,895</u>	\$ <u>19,143,783</u>	\$ <u>20,344,926</u>	\$ <u>20,689,327</u>
Discount Rate	7.00%	7.00%	7.28%	6.17%	6.17%	6.17%

Retiree Benefit Payments and Implicit Subsidy



Accounting Information

Schedule of Deferred Outflows and Inflows of Resources

Schedule of Deferred Outflows and Inflows of Resources

	Measurement Period	Base Amount	Amount Previously Recognized	Recognition Period	Remaining Period	Increase/(Decrease) in Expense: Measurement / Report Years Ending June 30:						Remaining
						2021 2022	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027	
Differences Between Expected and Actual Experience	2016-2017	\$ -	\$ -	6.8	1.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2017-2018*	-	-	6.8	2.8	-	-	-	-	-	-	-
	2017-2018**	135,598	59,823	6.8	3.8	19,941	19,941	19,941	15,952	-	-	-
	2018-2019	(200,112)	(58,858)	6.8	4.8	(29,429)	(29,429)	(29,429)	(29,429)	(23,538)	-	-
	2019-2020	475,121	77,889	6.1	5.1	77,889	77,889	77,889	77,889	77,889	7,787	-
	2020-2021	(352,233)	-	6.1	6.1	(57,744)	(57,744)	(57,744)	(57,744)	(57,744)	(57,744)	(5,769)
Changes of Assumptions	2016-2017	-	-	6.8	1.8	-	-	-	-	-	-	-
	2017-2018*	-	-	6.8	2.8	-	-	-	-	-	-	-
	2017-2018**	(854,050)	(376,788)	6.8	3.8	(125,596)	(125,596)	(125,596)	(100,474)	-	-	-
	2018-2019	1,961,763	576,990	6.8	4.8	288,495	288,495	288,495	288,495	230,793	-	-
	2019-2020	109,418	17,938	6.1	5.1	17,938	17,938	17,938	17,938	17,938	1,790	-
	2020-2021	29,971	-	6.1	6.1	4,914	4,914	4,914	4,914	4,914	4,914	487
Differences Between Projected and Actual Earnings	2016-2017	(854,695)	(854,695)	5.0	0.0							
	2017-2018*	266,057	212,848	5.0	1.0	53,209						
	2017-2018**	72,538	43,524	5.0	2.0	14,508	14,506					
	2018-2019	(34,388)	(13,756)	5.0	3.0	(6,878)	(6,878)	(6,876)				
	2019-2020	252,276	50,456	5.0	4.0	50,456	50,456	50,456	50,452			
	2020-2021	(2,624,674)	-	5.0	5.0	(524,935)	(524,935)	(524,935)	(524,935)	(524,934)		

Summary of Deferred Outflows and Inflows of Resources

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

Fiscal Reporting Period: July 1, 2021 - June 30, 2022

	Measurement Years Ending June 30:						Remaining
	2021	2022	2023	2024	2025	2026	
	Report Years Ending June 30:						
	2022	2023	2024	2025	2026	2027	
Differences Between Expected and Actual Experience	\$ 10,657	\$ 10,657	\$ 10,657	\$ 6,668	\$ (3,393)	\$ (49,957)	\$ (5,769)
Changes of Assumptions	185,751	185,751	185,751	210,873	253,645	6,704	487
Differences Between Projected and Actual Earnings	(413,640)	(466,851)	(481,355)	(474,483)	(524,934)	-	-
Total	\$ (217,232)	\$ (270,443)	\$ (284,947)	\$ (256,942)	\$ (274,682)	\$ (43,253)	\$ (5,282)

*Report Year Ending June 30, 2018

**Report Year Ending June 30, 2019

Accounting Information

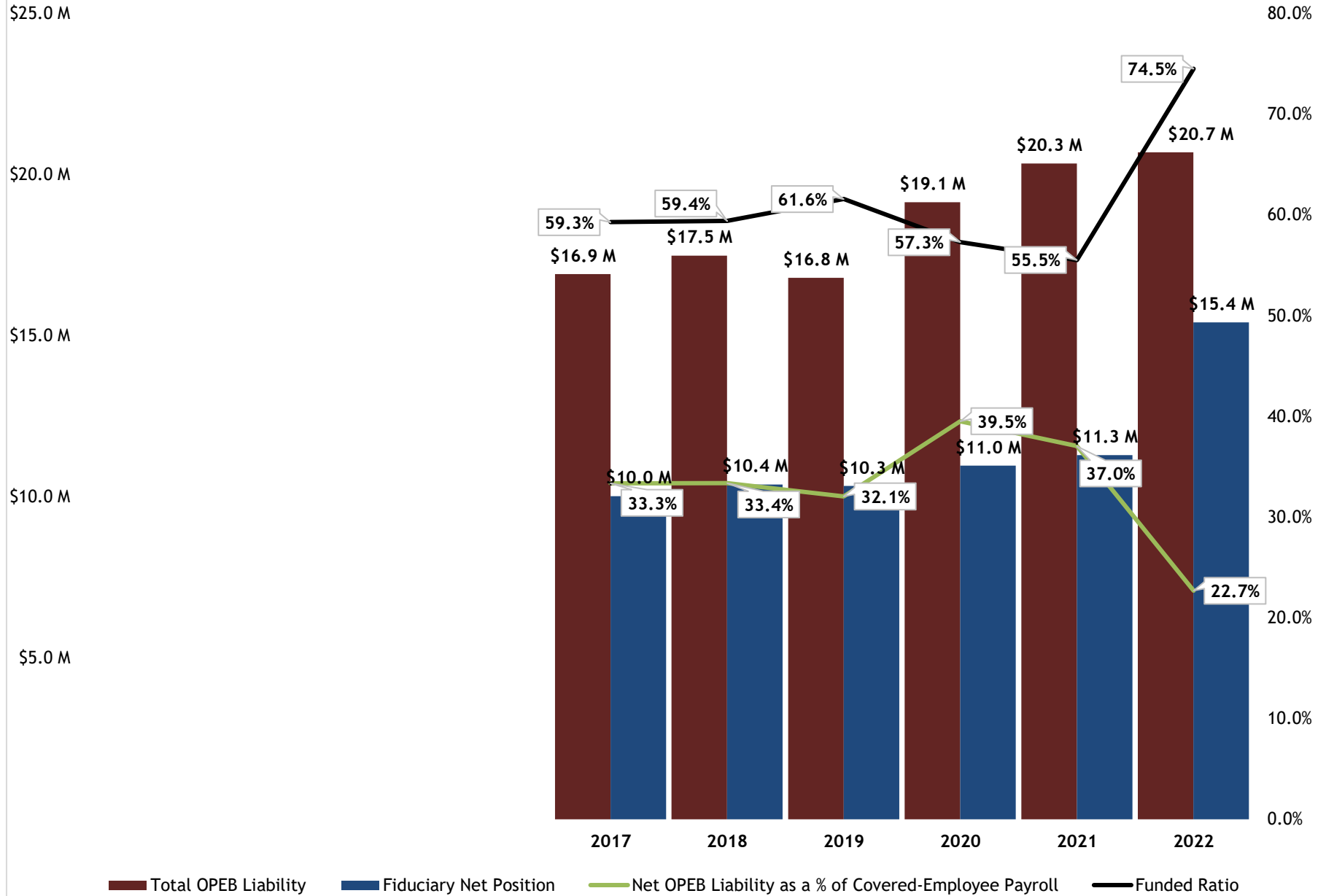
Schedule of Changes in the Net OPEB Liability and Related Ratios

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

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

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

Schedule of Changes in the Net OPEB Liability and Related Ratios



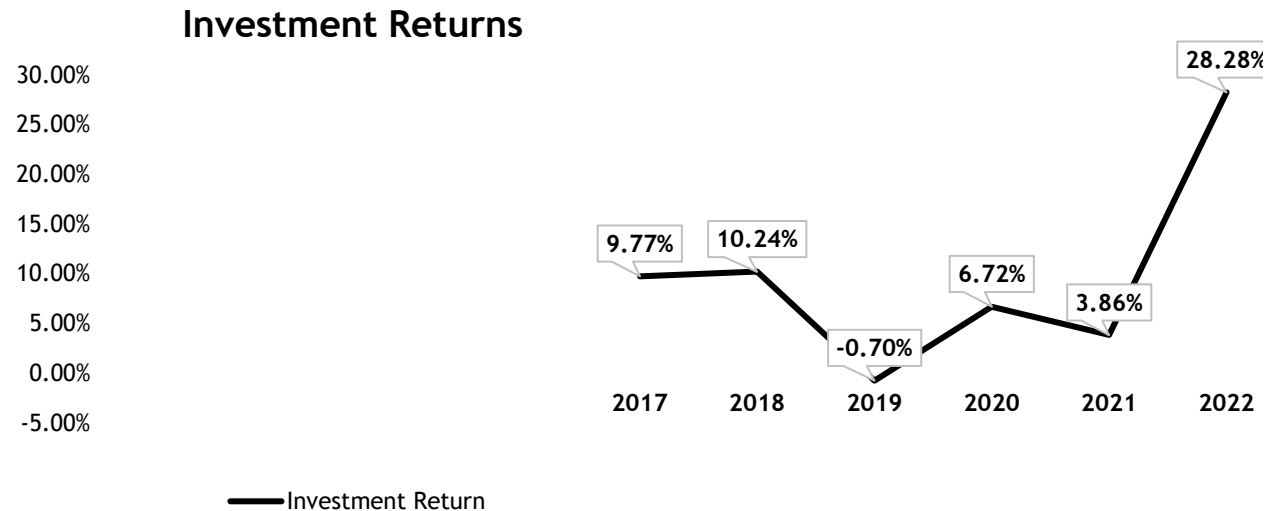
Accounting Information

Schedule of Investment Returns

A schedule of investment returns for the last ten fiscal years, or for as many years as are available if less than ten years are available, follows.

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

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



Accounting Information

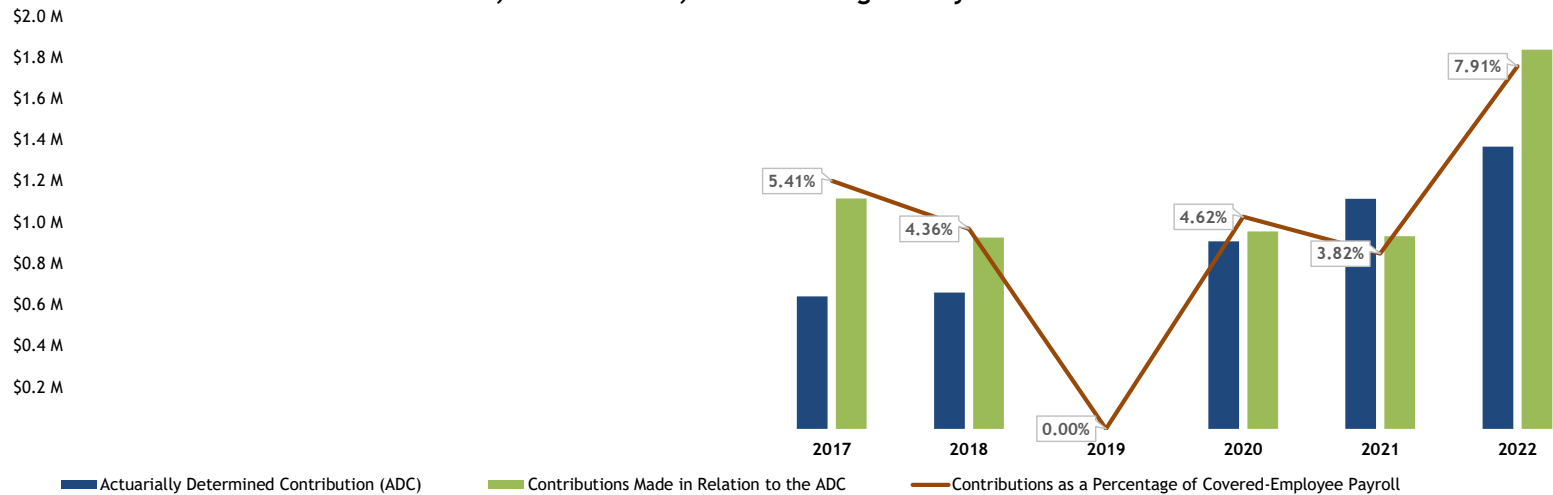
Schedule of Contributions

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

Measurement Period:	2016-2017	2017-2018	2017-2018	2018-2019	2019-2020	2020-2021
Reporting Period:	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Report Date (June 30):	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution (ADC)	\$ 642,132	\$ 659,902	\$ -	\$ 908,656	\$ 1,114,937	\$ 1,367,308
Less: Contributions Made in Relation to the ADC	1,116,747	927,877	-	956,519	934,040	1,838,078
Contribution Deficiency (Excess)	(474,615)	(267,975)	-	(47,863)	180,897	(470,770)
Covered-Employee Payroll	\$ 20,650,038	\$ 21,269,539	\$ 20,129,158	\$ 20,682,710	\$ 24,421,260	\$ 23,236,495

Contributions as a Percentage of Covered-Employee Payroll	5.41%	4.36%	0.00%	4.62%	3.82%	7.91%
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ADC, Contributions, and Percentage of Payroll



Notes to Schedule:

Assumptions and Methods

- Actuarial Cost Method: Entry-age normal, level percent of pay
- Amortization Method: Closed period, level percent of pay
- Amortization Period: 20 years
- Inflation: 2.50%
- Assumed Payroll Growth: 2.750%
- Healthcare Trend Rates: 7.00%, trending down to 4.04%
- Rate of Return on Assets: 5.85%
- Mortality Rate: CalPERS Rates. See appendix.
- Retirement Rates: CalPERS Rates. See appendix.

Accounting Information

Draft Notes to the Financial Statements

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

Notes to the Financial Statements for the Year Ended June 30, 2022

Summary of Significant Accounting Policies

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City's Retiree Health Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note X – Other Post-Employment Benefits (OPEB)

Plan Description

The City administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

The PEMHCA minimum amount for retirees participating in PEMHCA is \$139/month in 2020 & \$143/month in 2021. PEMHCA amounts are adjusted on an annual basis. An additional \$318.73 per month will be paid for medical, dental, and vision for full-time employees hired and for City Council elected before September 30, 2011. The total subsidy will not be greater than the premium for the retiree and spouse. Coverage is allowed under any medical plan. The City Council of the City of Moreno Valley holds the authority under which benefit terms are established or may be amended.

Employees Covered by Benefit Terms

At June 30, 2020 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	147
Inactive employees entitled to but not yet receiving benefit payments:	134
Active employees:	320
Total	601

Accounting Information

Draft Notes to the Financial Statements

Contributions

The City makes contributions based on an actuarially determined rate.

Contribution rate: 3.79% for 15 years,
2.07% thereafter.

Reporting period contributions: \$1,838,078 (Includes implicit subsidy credit.)

Financial Report

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

Net OPEB Liability

The City's total OPEB liability was valued as of June 30, 2020, and was used to calculate the net OPEB liability measured as of June 30, 2021.

Actuarial Assumptions

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

Measurement Date:	June 30, 2020	June 30, 2021
Discount Rate	6.17%	6.17%
Investment Rate of Return	6.17%	5.85%
Inflation	2.50%	2.50%
Healthcare Cost Trend Rates		
Pre-Medicare	7.00%	6.50% *
Medicare	5.40%	5.40% *
Salary Increases	2.75%	2.75% **
Mortality Rates	Based on CalPERS tables.	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the CalPERS Pension Assumption Model, revised May 14, 2018.
- Inactive employees (retirees) pay the cost of benefits in excess of the City's contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.
- There were no changes between the measurement date and the report date that are expected to have a significant effect on the total OPEB liability.

Discount Rate

GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 6.17%.

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

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

Accounting Information

Draft Notes to the Financial Statements

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by the CalPERS Investment Office in their report dated May 14, 2018.

Asset Class	Target Allocation	Compound Expected Return	Volatility	Arithmetic Expected Return
Global Equity	59%	6.80%	17.00%	8.14%
Fixed Income	25%	3.10%	7.83%	3.40%
TIPS	5%	2.25%	5.46%	2.40%
Commodities	3%	3.50%	21.50%	5.71%
REITs	8%	5.50%	17.28%	6.90%
Total/Average	100%			
Expected Compound Return (1-10 Years)				5.85%
Expected Compound Return (11+ Years)				8.07%
Blended Compound Return*				6.17%
Expected Volatility				11.83%

Uses an expected long-term inflation rate of 2.75%

<i>Current Liability</i>	Amount
Current OPEB Liability	\$ 1,321,936
Non-Current OPEB Liability	19,367,391
Total OPEB Liability	\$ 20,689,327

Expected Average Remaining Service Lives (EARSL)

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1.0 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 6.1 years

*We used the same discount rate as the prior report.

Accounting Information

Draft Notes to the Financial Statements

<i>Changes in the Net OPEB Liability</i>	<i>Increase/(Decrease)</i>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance as of Report Date June 30, 2021	\$ 20,344,926	\$ 11,297,408	\$ 9,047,518
Changes for the Year:			
Service Cost	441,404		441,404
Interest	1,250,876		1,250,876
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(352,233)		(352,233)
Changes of Assumptions	29,971		29,971
Contributions			
Employer – City's Contribution		1,576,755	(1,576,755)
Employer – Implicit Subsidy		261,323	(261,323)
Net Investment Income		3,309,203	(3,309,203)
Benefit Payments	(764,294)	(764,294)	-
Implicit Subsidy Credit	(261,323)	(261,323)	-
Administrative Expenses		(4,560)	4,560
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes	344,401	4,117,104	(3,772,703)
Balance as of Report Date June 30, 2022	\$ 20,689,327	\$ 15,414,512	\$ 5,274,815

Accounting Information

Draft Notes to the Financial Statements

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

Sensitivity of the total and net OPEB liability to changes in the discount rate. The total and net OPEB liability of the City, as well as what the City's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower (5.17%) or one percentage point higher (7.17%) follows:

	1% Decrease 5.17%	Discount Rate 6.17%	1% Increase 7.17%
Total OPEB Liability (Asset)	\$ 22,853,673	\$ 20,689,327	\$ 18,844,202
Increase (Decrease)	2,164,346		(1,845,125)
% Change	10.5%		-8.9%
Net OPEB Liability (Asset)	\$ 7,439,161	\$ 5,274,815	\$ 3,429,690
Increase (Decrease)	2,164,346		(1,845,125)
% Change	41.0%		-35.0%

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

	1% Decrease 5.50%	Trend Rate 6.50%	1% Increase 7.50%
Total OPEB Liability (Asset)	\$ 20,389,722	\$ 20,689,327	\$ 21,035,661
Increase (Decrease)	(299,605)		346,334
% Change	-1.4%		1.7%
Net OPEB Liability (Asset)	\$ 4,975,210	\$ 5,274,815	\$ 5,621,149
Increase (Decrease)	(299,605)		346,334
% Change	-5.7%		6.6%

Accounting Information

Draft Notes to the Financial Statements

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

For the report year ended June 30, 2022, the City recognized an OPEB expense of \$795,079. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 375,177	\$ (406,314)
Changes of Assumptions	1,194,877	(351,666)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(1,947,623)
Contributions Subsequent to the Measurement Date	<u>2,005,598</u>	<u>-</u>
Total	\$ 3,575,652	\$ (2,705,603)

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

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2023	\$ (270,443)
2024	(284,947)
2025	(256,942)
2026	(274,682)
2027	(43,253)
Remaining	(5,282)

Basis of Valuation

Substantive Plan

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

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

Management hired/elected before September 30, 2011 and Non-Management hired before July 1, 2009	
Eligibility for additional retiree benefits	Age 50 with 5 years of service.
Eligibility for PEMHCA-only benefits	Age 50 with 5 years of service.
Employer monthly contributions (full benefits)	
• Additional amount	\$318.73 monthly, no future increases.
• PEMHCA amount	\$139 monthly (2020 amount) with annual increase.

Non-Management Full-Time Employees Hired between July 1, 2009 and September 30, 2011	
Eligibility for additional retiree benefits	Age 50 with 10 years of service.
Eligibility for PEMHCA-only benefits	Age 50 with 5 years of service.
Employer monthly contributions (full benefits)	
• Additional amount	\$318.73 monthly, no future increases.
• PEMHCA amount	\$139 monthly (2020 amount) with annual increase.

All Full-Time Employees hired after September 30, 2011	
Eligibility for PEMHCA-only benefits	Age 50 with 5 years of service.
Employer monthly contributions (full benefits)	
• Retiree only	\$139 monthly (2020 amount) with annual increase.

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

Basis of Valuation

Participant Summary

Census Date: June 30, 2020
Age and service determined as of the census date.

Active Participants											
Age	Years of Service										Total
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 25	3	2									5
25-29	7	15	2								24
30-34	6	17	4	3							30
35-39	2	17	9	7	2						37
40-44	4	21	6	3	6	4					44
45-49		14	6	22	8	4					54
50-54		12	6	9	15	8	3	1			54
55-59	2	2	5	7	9	2	2				29
60-64		4	2	1	9	6	1	4			27
65-69			1		2	3		2			8
70+				5	2	1					8
Total	24	104	41	57	53	28	6	7			320

Average Active Participant Age: 46.5

Average Years of Service: 10.2

Inactive Participants			
Age	Retiree*	Spouse	Total
< 50		10	10
50-54	1	12	13
55-59	30	17	47
60-64	65	3	68
65-69	61	2	63
70-74	35	2	37
75-79	20		20
80-84	14		14
85-89	6		6
90+	3		3
Total	235	46	281

Average Inactive Participant Age: 67.8

Basis of Valuation

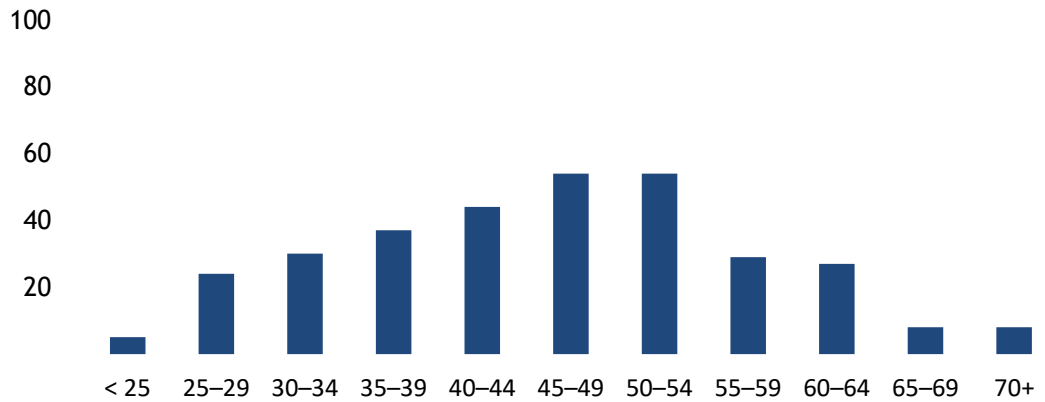
Participant Summary Charts

Census Date: June 30, 2020

Age and service determined as of the census date.

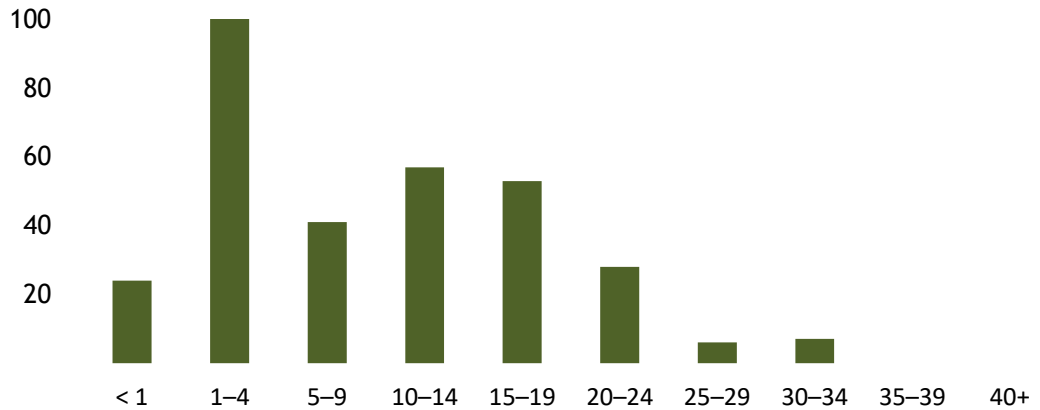
Actives by Age Bracket

Average Employee Age: 46.5



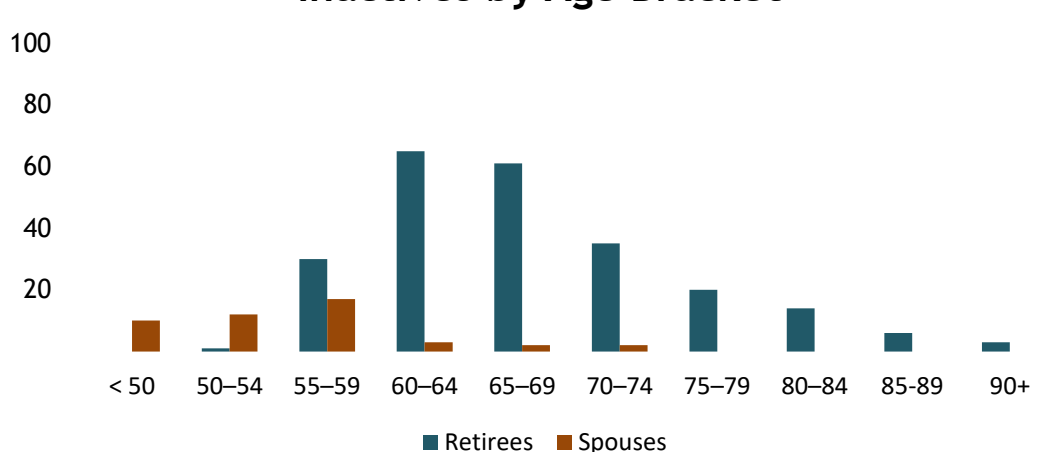
Actives by Years of Service

Average Years of Service: 10.2



Inactives by Age Bracket

Average Inactive Age: 67.8



Basis of Valuation

Actuarial Assumptions

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

Assumption	Rates												
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary												
Valuation Date	June 30, 2020												
Measurement Date	June 30, 2021												
Report Date	June 30, 2022												
Discount Rate	GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 6.17%.												
Mortality	Same as CalPERS. See appendix.												
Termination Rates	Same as CalPERS. See appendix. Also known as "turnover".												
Disability	Same as CalPERS. See appendix.												
Retirement	Same as CalPERS. See appendix.												
Annual Per Capita Claims Cost	Developed using CalPERS experience to calculate age-related risk scores, but using the City's actual premiums for all other purposes. Assumed annual per capita claims costs follow:												
	<table border="1"> <thead> <tr> <th>Age</th> <th>Males</th> <th>Females</th> </tr> </thead> <tbody> <tr> <td>50</td> <td>\$ 9,806</td> <td>\$ 10,166</td> </tr> <tr> <td>55</td> <td>11,093</td> <td>10,696</td> </tr> <tr> <td>60-64</td> <td>13,437</td> <td>11,977</td> </tr> </tbody> </table>	Age	Males	Females	50	\$ 9,806	\$ 10,166	55	11,093	10,696	60-64	13,437	11,977
Age	Males	Females											
50	\$ 9,806	\$ 10,166											
55	11,093	10,696											
60-64	13,437	11,977											
Average Per Capita Cost for Implicit Subsidy Calculation	Developed based on premiums for the City's enrollment by plan, family demographics from CalPERS plans, and risk scores (both HMO and PPO) for the CalPERS population.												

Basis of Valuation

Actuarial Assumptions

Assumption	Rates												
Aging or Morbidity Factors	Based on actual CalPERS HMO and PPO population data.												
Participant Contributions	Based on service at retirement and employee group.												
Salary Increases	2.750% The salary increase is used to determine the growth in the aggregate payroll. Individual Salary Increases: 2022 CalPERS Merit Salary Increases.												
Inflation Rate	2.50%												
Marital Status	Current Retirees: Actual spouse coverage is used. Future retirees: 50% assumed to be married.												
Spouse Gender	Assumes spouse of opposite gender for current and future retirees.												
Spouse Age Difference	Actual spouse age is used for current retirees. Assumes males are three years older than females for future retirees.												
Participation	Current Retirees: Assume current elections continue until decrement. Future Retiree election assumptions summarized below: *Assumed all covered spouses elect survivor spouse benefits.												
	<table border="1"> <thead> <tr> <th>Condition</th> <th>Hired Before 9/30/2011</th> <th>Hired On/After 9/30/2011</th> </tr> </thead> <tbody> <tr> <td>PEMHCA</td> <td>60%</td> <td>70%</td> </tr> <tr> <td>Non-PEMHCA</td> <td>30%</td> <td>0%</td> </tr> <tr> <td>Waived</td> <td>10%</td> <td>30%</td> </tr> </tbody> </table>	Condition	Hired Before 9/30/2011	Hired On/After 9/30/2011	PEMHCA	60%	70%	Non-PEMHCA	30%	0%	Waived	10%	30%
Condition	Hired Before 9/30/2011	Hired On/After 9/30/2011											
PEMHCA	60%	70%											
Non-PEMHCA	30%	0%											
Waived	10%	30%											
PEMHCA	<table border="1"> <thead> <tr> <th>Category</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Admin Fee % of Retiree Premiums</td> <td>0.27%</td> <td>0.24%</td> </tr> <tr> <td>PEMHCA Min (Calendar Yr)</td> <td>\$139.00</td> <td>\$143.00</td> </tr> </tbody> </table>	Category	2020	2021	Admin Fee % of Retiree Premiums	0.27%	0.24%	PEMHCA Min (Calendar Yr)	\$139.00	\$143.00			
Category	2020	2021											
Admin Fee % of Retiree Premiums	0.27%	0.24%											
PEMHCA Min (Calendar Yr)	\$139.00	\$143.00											

Basis of Valuation

Actuarial Assumptions

Assumption	Rates		
Premiums	Premiums used to develop aged claims		
	Grouping	Employee	Two-Party
	Pre-Medicare	\$ 7,720	\$ 15,440
	Medicare	\$ 4,087	\$ 8,174

Trend Rates Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2019_b" using baseline assumptions. Applied to both claims and premiums.

Calendar Year	Pre-Medicare Trend	Medicare Trend	PEMHCA Trend
2020	7.00%	4.00%	3.00%
2021	6.50%	4.00%	3.00%
2022	6.00%	4.00%	3.00%
2023	5.50%	4.00%	3.00%
2024	5.45%	4.00%	3.00%
2025	5.39%	4.00%	3.00%
2026	5.34%	4.00%	3.00%
2027	5.29%	4.00%	3.00%
2028-2075
2076+	4.04%	4.00%	3.00%

Inactives Not Currently Receiving Benefits: Inactive individuals not receiving a contribution toward CalPERS premiums or outside health coverage by the City are assumed to receive a contribution of \$318.73/month with a 20% probability.

Benefit Reimbursement Assumptions: Employees enrolled in a health plan outside of CalPERS are assumed to continue to receive the same benefit reimbursement amount per month as they did from July 1, 2019 through June 30, 2020. Employees enrolled in a CalPERS health plan are assumed to receive the benefit cap, \$318.73 per month.

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

About GASB 75

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

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

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

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

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

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

About GASB 75 (continued)

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

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

Key Terminology

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

Key Terminology (continued)

Defined-Benefit OPEB	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation, or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums. OPEB that does not have all of the terms of defined contribution OPEB is classified as defined-benefit OPEB.
Discount Rate	The single rate of return that reflects the following: a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return. b. A yield or index rate for 20-year, tax-exempt general-obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions in (a) are not met.
Fiduciary Net Position	The market value of assets as of the Measurement Date .
Implicit Subsidy	The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.
Net OPEB Liability	The Total OPEB Liability minus the Fiduciary Net Position .
Normal Cost	See Service Cost .
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payment for sick leave.
Projected Benefit Payments	All benefits estimated to be payable through OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

Key Terminology (continued)

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

Appendix

Decrement Tables

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

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

Appendix

Sample Mortality and Disability Rates

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

Notes:

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

Appendix

Sample Termination Rates

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

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

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

Appendix

Sample Salary Scale Rates

Service	Entry Ages										Public Agency Miscellaneous			
	15	20	25	30	35	40	45	50	55	60	65	70	75	79
0	0.07637	0.07637	0.07637	0.06206	0.06206	0.05210	0.05210	0.05210	0.05210	0.05210	0.0521	0.0521	0.0521	0.0521
5	0.03777	0.03777	0.03777	0.02757	0.02757	0.01867	0.01867	0.01867	0.01867	0.01867	0.0187	0.0187	0.0187	0.0187
10	0.02011	0.02011	0.02011	0.01257	0.01257	0.01084	0.01084	0.01084	0.01084	0.01084	0.0108	0.0108	0.0108	0.0108
15	0.01546	0.01546	0.01546	0.01020	0.01020	0.00712	0.00712	0.00712	0.00712	0.00712	0.0071	0.0071	0.0071	0.0071
20	0.01188	0.01188	0.01188	0.00827	0.00827	0.00468	0.00468	0.00468	0.00468	0.00468	0.0047	0.0047	0.0047	0.0047
25	0.00913	0.00913	0.00913	0.00671	0.00671	0.00307	0.00307	0.00307	0.00307	0.00307	0.0031	0.0031	0.0031	0.0031
30	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
35	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
40	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
45	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020
50	0.00701	0.00701	0.00701	0.00544	0.00544	0.00202	0.00202	0.00202	0.00202	0.00202	0.0020	0.0020	0.0020	0.0020

Appendix

Matrix of Sample Service Retirement Assumption Rates

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

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

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