

Management District

GASB 75 Disclosures for Fiscal Year Ending June 30, 2022
Based on OPEB Valuation as of June 30, 2022

CONTACT

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GovInvest
The Financial Forecasting Authority

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Actuarial Certification

Mr. Suresh Prasad
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940

GovInvest has been engaged by Monterey Peninsula Water Management District to complete an actuarial valuation of the Monterey Peninsula Water Management District OPEB Plan as of June 30, 2022 which will be used as the basis of the financial accounting disclosure for fiscal year ending June 30, 2022 in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions).

The purpose of this report is to provide the District with the required information needed for financial statement disclosure purposes. The use of this report for any other purpose may not be appropriate. The content of this report may not be modified, reproduced, or provided to third parties, either in whole or in part, without our permission. GovInvest is not responsible for usage, inference, or misinterpretation of this report by third parties.

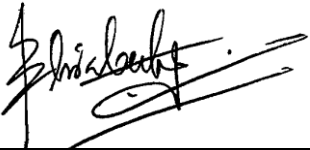
Results presented in this report are based on the census data, substantive plan provisions, and healthcare cost information provided by the District and/or their benefit consultants. All information provided has been reviewed for reasonableness and clarifications or corrections have been requested where appropriate. We have not audited the information at the source, and therefore, do not accept responsibility for the accuracy or completeness of the data on which the information is based. Assumptions made related to missing data have been identified in this report. We are satisfied that the information provided is suitable and sufficient for the purpose of the measurement.

The valuation results were prepared using leased actuarial modeling software that produces results consistent with the purpose of this valuation and meet applicable regulatory requirements. The vendor is responsible for the development, maintenance, and improvement of these models. The models include comprehensive technical documentations that outline how the calculations are performed along with sample life outputs that allow the users to confirm with high degree of accuracy how the programmed benefit is applied to an individual with the proposed decrements and other assumptions. The actuarial team loads the participant data, programs the benefit provisions and proposed assumptions into the model and review sample life outputs and results under the supervision of credentialed actuaries who are proficient users of the software. We are not aware of any material limitations in the model nor any material inconsistencies in the assumptions used within the model.

The discount rate, other economic, and demographic assumptions have been selected by the District with our recommendations and concurrence. We believe each assumption is reasonable based on its own merits and in combination represents reasonable expected experience of the Plan. All calculations have been completed in accordance with generally accepted actuarial principles and practices.

Future actuarial measurements may differ significantly from current measurements due to factors such as actual plan experience that differs from that anticipated by the economic and demographic assumptions as well as changes in future assumptions, substantive plan provisions, and/or applicable law. We have not analyzed the potential range of such differences due to the limited scope of our engagement. To our knowledge, there are no significant events prior to the current year's Measurement Date or as of the date of this report that may materially affect the results presented herein.

The undersigned meets the General Qualification Standards of the American Academy of Actuaries for the purpose of issuing Statement of Actuarial Opinion in the United States. Neither GovInvest nor any of its employees have any relationship with the Plan Sponsor that could impair or appear to impair the objectivity of this report.



Evi Laksana, ASA, MAAA
November 16, 2022

Section 1: Executive Summary

Monterey Peninsula Water Management District (the “District”) sponsors a single-employer defined benefit OPEB plan that provides medical and prescription drug coverage (for those who elect coverage with the District) and District reimbursement (for those who elect to purchase their own health coverage) benefit at retirement. Employees may continue health coverage with the District at retirement for themselves, their spouses, and dependents for life once they meet certain eligibility requirements and as long as required contributions are made.

The results presented in this report are based on the June 30, 2022 valuation with liabilities and assets measured as of June 30, 2022, for use in the District’s accrual-based financial statement for the fiscal year ending June 30, 2022. The June 30, 2022 valuation uses census data of (a) active employees who will be eligible to receive benefits in the future and (b) existing retirees who are currently receiving these benefits as of June 30, 2022, as well as healthcare cost information effective on March 1, 2021 provided by the Plan Sponsor and/or their healthcare consultant.

The actuarial valuation is based on substantive plan provisions outlined in Section 4. The valuation requires assumptions which are listed in Section 5. Results from the June 30, 2022 valuation may be rolled-forward for use in the Plan Sponsor’s accrual-based financial statement disclosure for the fiscal year ending June 30, 2023 assuming that there are no material changes to the substantive plan provisions and/or the covered population.

The Plan Sponsor’s next full valuation is as of June 30, 2024 with liabilities and assets measured as of June 30, 2024 for reporting in the Plan Sponsor’s accrual-based financial statements for the fiscal year ending June 30, 2024.

Changes Since Prior Valuation

The District’s Net OPEB Liability has increased from \$4,533,952 as of June 30, 2021 to \$5,056,238 as of June 30, 2022, which is attributable to a combination of the following factors:

1. Less favorable actual demographic experience that is offset by lower healthcare cost increase than expected that caused a net liability decrease.
2. Assumption changes as outlined in Section 5 that caused a net liability increase.

Summary of Results

Presented below is the summary of results for the current fiscal year compared to the prior fiscal year.

Fiscal Years	2021/22	2020/21
Valuation Date (VD)	June 30, 2022	June 30, 2020
Measurement Date (MD)	June 30, 2022	June 30, 2021
Membership Data as of Valuation Date		
Inactive employees or beneficiaries currently receiving benefits	14	13
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	23	22
Total membership	37	35
Discount Rate at Measurement Date		
Municipal Bond Index Rate	3.69%	1.92%
Long-term Expected Asset Return	N/A	N/A
Year in which Fiduciary Net Position is projected to be depleted	N/A	N/A
Single Equivalent Discount Rate (SEDR)	3.69%	1.92%
Net OPEB Liability as of Measurement Date		
Total OPEB Liability (TOL)	\$ 5,056,238	\$ 4,533,952
Fiduciary Net Position (FNP)	(0)	(0)
Net OPEB Liability (NOL = TOL – FNP)	\$ 5,056,238	\$ 4,533,952
Funded Status (FNP / TOL)	0.0%	0.0%
OPEB Expense / (Income) by Fiscal Year	\$ 290,637	\$ 208,344
Balance of unamortized Deferred Inflows at MD	\$ (419,493)	\$ (415,314)
Balance of unamortized Deferred Outflows at MD	\$ 793,200	\$ 414,717

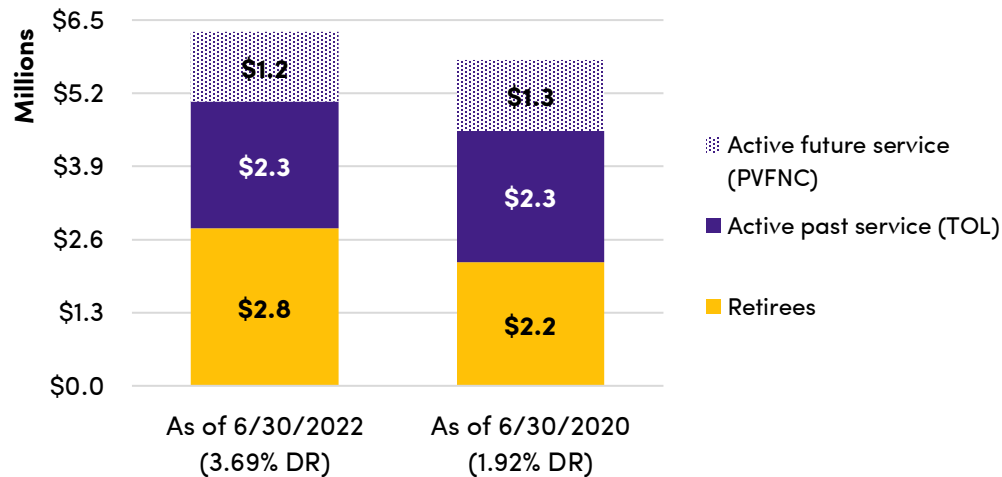
Below is a breakdown of the OPEB liability allocated to past and current service as of the Measurement Date compared to the prior Measurement Date. The liability below includes explicit subsidy (if any) and implicit subsidy. Refer to the Substantive Plan Provisions section for complete information on the District benefit provisions.

Present Value of Future Benefits (PVFB)	As of June 30, 2022	As of June 30, 2021
Active employees	\$ 3,486,817	\$ 3,592,030
Retired employees	2,803,302	2,197,014
Total PVFB	\$ 6,290,119	\$ 5,789,044

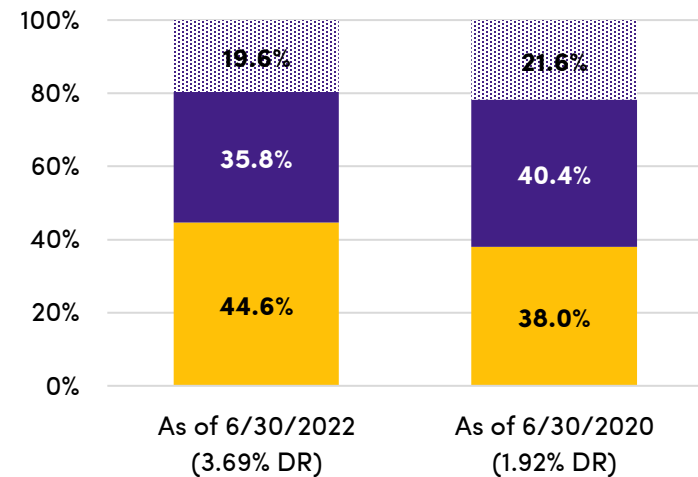
Total OPEB Liability (TOL)	As of June 30, 2022	As of June 30, 2021
Active employees	\$ 2,252,936	\$ 2,336,938
Retired employees	2,803,302	2,197,014
Total TOL	\$ 5,056,238	\$ 4,533,952

	As of June 30, 2022	As of June 30, 2021
Discount Rate	3.69%	1.92%

OPEB Liability Breakdown (\$)



OPEB Liability Breakdown (%)



Section 2: Financial Disclosures

This section provides the necessary accounting disclosures for the District's financial reports as shown in the following tables:

Table 1: Plan Demographics

Table 2: Brief Summary of Assumptions

Table 3: OPEB Expense

Table 4: Net OPEB Liability Sensitivity (Discount Rate)

Table 5: Net OPEB Liability Sensitivity (Healthcare Trend Rates)

Table 6: Historical Deferred Inflows and Outflows

Table 7: Unamortized Balance of Deferred Inflows and Outflows

Table 8: Schedule of Future Amortization of Deferred Inflows and Outflows

Summary of Membership and Assumptions

The table below shows the number of employees covered by the benefit terms as of June 30, 2022.

Table 1 - Plan Demographics

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	0
Active employees	23
Total membership	37

The Total OPEB Liability (TOL) as of June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. For a complete list of assumptions, refer to Section 5.

Table 2 - Brief Summary of Assumptions

Inflation	2.50%
Payroll growth	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Investment rate of return	N/A; OPEB plan is unfunded
Discount rate	3.69%
Medical/prescription drug trend rates	Based on 2022 Getzen model with actual premium increases from 2022 to 2023 ¹ followed by 6.50% decreasing gradually to an ultimate rate of 3.94% by 2075 for non-Medicare and 4.00% for all subsequent years for Medicare
Medicare Part B trend rates	Initial rate of -3.06% followed by projected premium increase based on 2022 Medicare Trustees report for the next eight years then decreasing by 0.25% to an ultimate rate of 4.00%

¹ Actual premium increases from 2022 to 2023 used in the valuation for those assumed to enroll in the Laborers health plans are: (a) Non-Medicare: 6.50% for retiree and 5.20% for spouse and (b) Medicare: -5.60% for retiree and spouse. For those in individual plans, the initial trend rates are 7.00% for Non-Medicare and 4.00% for Medicare.

OPEB Expense

The table below shows a comparison of the OPEB Expense recognized by the District for the current and prior fiscal years.

Table 3 - OPEB Expense

Fiscal Years	2021/22	2020/21
SEDR as of beginning of year	1.92%	2.45%
SEDR as of end of year	3.69%	1.92%
Service Cost	\$ 131,401	\$ 109,547
Interest on TOL and Service Cost	88,212	101,994
Changes of benefit terms	0	0
Projected earnings on OPEB Plan investments	0	0
OPEB Plan administrative expenses net of all revenues	0	0
Current period recognition of Deferred Inflows / Outflows of Resources		
Difference between expected and actual experience in the TOL	\$ (86,258)	\$ (66,146)
Changes of assumptions or other inputs	157,282	62,949
Net difference between the projected and actual earnings on OPEB Plan investments	0	0
Other	0	0
Total current period recognition	\$ 71,024	\$ (3,197)
OPEB Expense	\$ 290,637	\$ 208,344

Schedule of Changes in Net OPEB Liability

Fiscal Year Ending June 30	2022	2021	2020	2019	2018
Measurement Period Ending June 30	2022	2021	2019	2018	2017
Total OPEB Liability (TOL)					
Service Cost	\$ 131,401	\$ 109,547	\$ 148,363	\$ 131,173	\$ 127,662
Interest on TOL and Service Cost	88,212	101,994	144,980	155,268	140,378
Changes of benefit terms	0	0	0	0	0
Difference between expected & actual experience	(120,671)	(5,585)	(411,131)	0	0
Changes of assumptions or other inputs	565,999	337,730	(190,471)	249,320	0
Benefit payments	(142,655) ²	(126,446)	(117,237)	(98,542)	(92,380)
Net change in TOL	\$ 522,286	\$ 417,240	\$ (425,496)	\$ 437,219	\$ 175,660
TOL – beginning	\$ 4,533,952	\$ 4,116,712	\$ 4,542,208	\$ 4,104,989	\$ 3,929,329
TOL – ending	\$ 5,056,238	\$ 4,533,952	\$ 4,116,712	\$ 4,542,208	\$ 4,104,989
Plan Fiduciary Net Position (FNP)					
Contributions – employer	\$ 142,655	\$ 126,446	\$ 117,237	98,542	92,380
Contributions – employees	0	0	0	0	0
Benefit payments	(142,655)	(126,446)	(117,237)	(98,542)	(92,380)
Net investment income	0	0	0	0	0
Trust administrative expenses	0	0	0	0	0
Net change in Plan FNP	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FNP – beginning	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FNP – ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability – ending	\$ 5,056,238	\$ 4,533,952	\$ 4,116,712	\$ 4,542,208	\$ 4,104,989
FNP as % of TOL	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll – measurement period	\$ 2,609,421	\$ 2,574,004	\$ 2,577,148	\$ 2,508,173	\$ 2,441,044
NOL as % of covered payroll	193.8%	176.1%	159.7%	181.1%	168.2%

² Based on the actual explicit benefit payment provided by the District.

Net OPEB Liability Sensitivity

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30, 2022.

Table 4 - Net OPEB Liability Sensitivity (Discount Rate)

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB Liability / (Asset)	\$ 5,756,694	\$ 5,056,238	\$ 4,476,973

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2022.

Table 5 - Net OPEB Liability Sensitivity (Healthcare Trend Rates)

	1% Decrease	Healthcare Trend Rates ³	1% Increase
Net OPEB Liability / (Asset)	\$ 4,438,510	\$ 5,056,238	\$ 5,818,707

³ Comparison of Baseline, 1% Decrease, and 1% Increase in healthcare trend rates assumptions are as shown below:

Periods	1% Decrease	Baseline	1% Increase
Non-Medicare (Laborers plans)	5.50% for retiree / 4.20% for spouse, followed by 5.50% that decreases gradually to an ultimate rate of 2.94%	6.50% for retiree / 5.20% for spouse, followed by 6.50% that decreases gradually to an ultimate rate of 3.94%	7.50% for retiree / 6.20% for spouse, followed by 7.50% that decreases gradually to an ultimate rate of 4.94%
Non-Medicare (Individual plans)	6.00% that decreases gradually to an ultimate rate of 2.94%	7.00% that decreases gradually to an ultimate rate of 3.94%	8.00% that decreases gradually to an ultimate rate of 4.94%
Medicare (Laborers plans)	-6.60% for retiree and spouse, followed by 3.00% for all subsequent years	-5.60% for retiree and spouse, followed by 4.00% for all subsequent years	-4.60% for retiree and spouse, followed by 5.00% for all subsequent years
Medicare (Individual plans)	3.00% for all years	4.00% for all years	5.00% for all years

Deferred Inflows and Deferred Outflows of Resources Related to OPEB

The tables below show changes in the Net OPEB Liability that have not been included in the OPEB expense for the following items:

1. Differences between expected and actual experience of the OPEB plan
2. Changes in assumptions
3. Differences between projected and actual earnings on the OPEB plan investments

The initial amortization base for the first two items above are amortized linearly over the average expected remaining service lives of active and inactive employees. The difference between projected and actual earnings on the OPEB plan investments is amortized linearly over five years.

Table 6 - Historical Deferred Inflows and Outflows

Differences between expected and actual experience

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2018	6/30/2018	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2019	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2020	6/30/2020	\$ (411,131)	6.30	\$ (65,259)	\$ (195,777)	\$ (215,354)
6/30/2021	6/30/2021	\$ (5,585)	6.30	\$ (887)	\$ (1,774)	\$ (3,811)
6/30/2022	6/30/2022	\$ (120,671)	6.00	\$ (20,112)	\$ (20,112)	\$ (100,559)

Changes in assumptions or other inputs

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2018	6/30/2018	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2019	\$ 249,320	6.30	\$ 39,575	\$ 158,300	\$ 91,020
6/30/2020	6/30/2020	\$ (190,471)	6.30	\$ (30,234)	\$ (90,702)	\$ (99,769)
6/30/2021	6/30/2021	\$ 337,730	6.30	\$ 53,608	\$ 107,216	\$ 230,514
6/30/2022	6/30/2022	\$ 565,999	6.00	\$ 94,333	\$ 94,333	\$ 471,666

Differences between projected and actual earnings on OPEB plan investments

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2018	6/30/2018	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2019	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2020	6/30/2020	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2021	6/30/2021	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2022	6/30/2022	\$ 0	5.00	\$ 0	\$ 0	\$ 0

The table below shows the unamortized balance of Deferred Inflows and Outflows of Resources as of June 30, 2022 for financial statement disclosure for the fiscal year ending June 30, 2022.

Table 7 - Unamortized Balance of Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (319,724)
Changes in assumptions or other inputs	793,200	(99,769)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Employer contribution subsequent to the Measurement Date	0	0
Total	\$ 793,200	\$ (419,493)

Schedule of future annual amortizations of Deferred Inflows and Outflows that will be recognized in future OPEB expense is as shown below.

Table 8 - Schedule of Future Deferred Inflows and Outflows Amortization

Measurement Period Ending	Amounts
2023	\$ 71,024
2024	\$ 71,024
2025	\$ 43,319
2026	\$ 98,298
2027	\$ 90,042
Thereafter	\$ 0

Section 3: Projected Benefit Payments

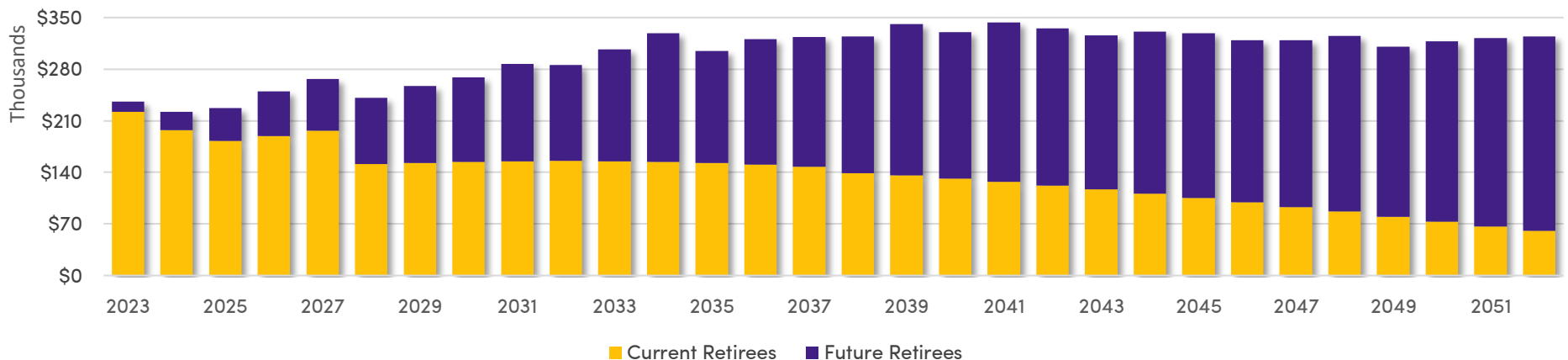
The below table shows the projected benefit payments for the next 30 years for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2022. This exhibit is provided for informational purposes only and is not a required disclosure under GASB 75. Projected benefit payments below include both explicit (if any) and implicit subsidies (as applicable).

FYE	Future Retirees	Current Retirees	Total
2023	\$ 13,545	\$ 222,376	\$ 235,921
2024	\$ 24,918	\$ 197,182	\$ 222,100
2025	\$ 44,280	\$ 182,705	\$ 226,985
2026	\$ 60,804	\$ 189,367	\$ 250,171
2027	\$ 70,701	\$ 196,293	\$ 266,994
2028	\$ 89,715	\$ 151,363	\$ 241,078
2029	\$ 104,567	\$ 152,936	\$ 257,503
2030	\$ 114,706	\$ 154,190	\$ 268,896
2031	\$ 132,474	\$ 154,809	\$ 287,283
2032	\$ 130,119	\$ 155,284	\$ 285,403

FYE	Future Retirees	Current Retirees	Total
2033	\$ 151,980	\$ 155,169	\$ 307,149
2034	\$ 174,062	\$ 154,452	\$ 328,514
2035	\$ 152,067	\$ 152,600	\$ 304,667
2036	\$ 170,368	\$ 150,505	\$ 320,873
2037	\$ 176,047	\$ 147,807	\$ 323,854
2038	\$ 184,925	\$ 139,173	\$ 324,098
2039	\$ 205,314	\$ 135,554	\$ 340,868
2040	\$ 198,673	\$ 131,529	\$ 330,202
2041	\$ 216,222	\$ 127,080	\$ 343,302
2042	\$ 213,049	\$ 122,178	\$ 335,227

FYE	Future Retirees	Current Retirees	Total
2043	\$ 208,963	\$ 116,864	\$ 325,827
2044	\$ 219,666	\$ 111,254	\$ 330,920
2045	\$ 223,104	\$ 105,436	\$ 328,540
2046	\$ 219,713	\$ 99,423	\$ 319,136
2047	\$ 225,735	\$ 93,169	\$ 318,904
2048	\$ 238,136	\$ 86,676	\$ 324,812
2049	\$ 230,283	\$ 80,042	\$ 310,325
2050	\$ 244,503	\$ 73,397	\$ 317,900
2051	\$ 255,081	\$ 66,829	\$ 321,910
2052	\$ 263,758	\$ 60,453	\$ 324,211

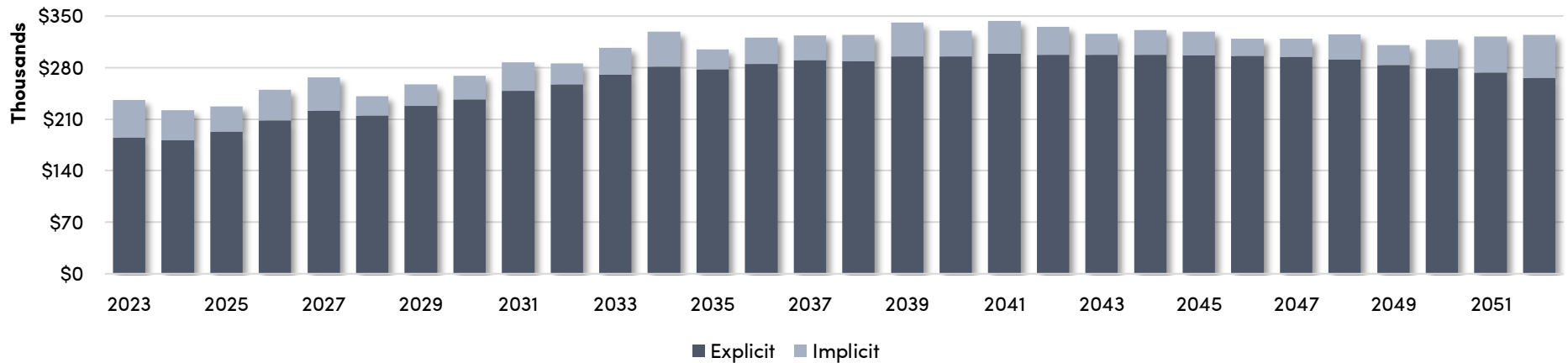
Projected Benefit Payments



The following table splits the projected benefit payments for the next 30 years between the explicit and implicit subsidies for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2022.

FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total
2023	\$ 184,861	\$ 51,060	\$ 235,921	2033	\$ 270,224	\$ 36,925	\$ 307,149	2043	\$ 297,182	\$ 28,645	\$ 325,827
2024	\$ 181,548	\$ 40,552	\$ 222,100	2034	\$ 281,394	\$ 47,120	\$ 328,514	2044	\$ 297,626	\$ 33,294	\$ 330,920
2025	\$ 193,097	\$ 33,888	\$ 226,985	2035	\$ 277,553	\$ 27,114	\$ 304,667	2045	\$ 296,666	\$ 31,874	\$ 328,540
2026	\$ 208,038	\$ 42,133	\$ 250,171	2036	\$ 285,236	\$ 35,637	\$ 320,873	2046	\$ 295,632	\$ 23,504	\$ 319,136
2027	\$ 221,409	\$ 45,585	\$ 266,994	2037	\$ 290,059	\$ 33,795	\$ 323,854	2047	\$ 294,133	\$ 24,771	\$ 318,904
2028	\$ 214,942	\$ 26,136	\$ 241,078	2038	\$ 288,734	\$ 35,364	\$ 324,098	2048	\$ 291,029	\$ 33,783	\$ 324,812
2029	\$ 227,914	\$ 29,589	\$ 257,503	2039	\$ 294,773	\$ 46,095	\$ 340,868	2049	\$ 283,304	\$ 27,021	\$ 310,325
2030	\$ 236,706	\$ 32,190	\$ 268,896	2040	\$ 295,409	\$ 34,793	\$ 330,202	2050	\$ 278,838	\$ 39,062	\$ 317,900
2031	\$ 248,652	\$ 38,631	\$ 287,283	2041	\$ 298,823	\$ 44,479	\$ 343,302	2051	\$ 272,918	\$ 48,992	\$ 321,910
2032	\$ 257,173	\$ 28,230	\$ 285,403	2042	\$ 297,358	\$ 37,869	\$ 335,227	2052	\$ 265,683	\$ 58,528	\$ 324,211

Projected Benefit Payments (Explicit/Implicit)



Section 4: Substantive Plan Provisions

Changes Since Prior Valuation

There are no plan provision changes since the last full valuation. However, liability for Medicare Part B reimbursement is included in this valuation for the first time, which caused an increase in the liability.

Eligibility Employees are eligible for lifetime retiree health benefits upon attainment of age 50. Employer Subsidy varies based on the District service at retirement as shown in the Employer Subsidy section below.

Spouse Benefits Employees are allowed to elect spousal coverage at retirement. Retiree medical coverage continues to surviving spouses upon death of retirees as long as the required contributions are made for one year after retiree death, if applicable. There is no surviving spouse coverage upon the death of active employees.

Ancillary Benefits There is no District-subsidized dental or vision benefit at retirement.

Employer Subsidy District contribution varies based on date of hire and years of service as described below. District contribution is provided whether the retirees purchase their own health coverage or elect District-offered health plans through Laborers of Northern California, Inc. Retirees eligible for Medicare must enroll in a Medicare Supplement plan. Medicare Part B reimbursement is available from unused portion of District subsidy.

Tier	Hire Date	YOS @ Retirement	District Subsidy
1	Before 1/1/2013 or Classic Member under PEPRA	0 – 14	Up to \$540/month, not expected to increase in the future
		15+	Up to \$1,332/month for FYE 6/30/2022, expected to increase by 3% on July 1 st of each successive year
2	After 1/1/2013 or New Member under PEPRA	No Service Requirement	Up to \$540/month, not expected to increase in the future

Retiree Contributions Retirees are required to contribute the portion of premium rates not covered by the Employer Subsidy.

Premium Rates

The District offers health plans through Laborers of Northern California, Inc, which is a pooled health plan. The same health benefit options are available to active employees and pre-Medicare retirees: Laborers Direct Payment Plan and Kaiser Permanente. Upon Medicare eligibility, Laborers Direct Payment Plan, Anthem Blue Cross Medicare Preferred PPO, and Kaiser Permanente Senior Advantage are available.

The monthly premium rates effective on March 1, 2021 and October 1, 2022 are as shown below.

Non-Medicare Plans	Eff. 3/1/2021		Eff. 10/1/2022	
	Single	2-Party ⁴	Single	2-Party ⁴
Direct Payment Plan	\$ 1,176	\$ 2,349	\$ 1,252	\$ 2,486
Kaiser Permanente	\$ 1,196	\$ 2,393	\$ 1,258	\$ 2,516

Medicare Plans	Eff. 3/1/2021		Eff. 10/1/2022	
	Single	2-Party	Single	2-Party
Direct Payment Plan	\$ 375	\$ 734	\$ 354	\$ 692
Anthem BC Medicare Preferred PPO	\$ 319	\$ 637	\$ 316	\$ 631
Kaiser Permanente Senior Advantage	\$ 357	\$ 714	\$ 332	\$ 665

⁴ Also applies to Non-Medicare Family of 3 or more.

Section 5: Actuarial Methods and Assumptions

Changes Since Prior Valuation

The following assumptions have been updated since the prior valuation:

1. Single Equivalent Discount Rate has been updated from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022 based on changes in the municipal bond index, which caused a significant decrease in the liability.
2. Payroll growth, mortality, termination, and retirement rates have been updated from CalPERS Experience Study and Review of Actuarial Assumptions published in December 2017 to the most recent study published in November 2021. The net impact of these changes is a slight decrease in the liability.
3. There was no implicit liability valued in the last valuation. In this year's valuation, implicit liability has been valued for current and future retirees enrolled in Laborers of Northern California health plans to comply with Actuarial Standards of Practice (ASOP) No. 6. According to ASOP No. 6, implicit subsidy⁵ must be valued for a participating employer in a pooled health plan unless it meets the limited exceptions listed in Section 3.7.7(c). It is our opinion that the District's health plans arrangements through Laborers of Northern California, Inc. does not meet any of the limited exceptions. This change caused a significant increase in the liability.
4. Health care trend rates have been updated from (i) an initial rate of 7.00% that decreases gradually to an ultimate rate of 3.84% for non-Medicare and 4.00% for all years for Medicare to (ii) Getzen 2022 table that reflects actual premium increases from 2022 to 2023⁶ for those assumed to enroll in Laborers health plans followed by 6.50% that decreases gradually to an ultimate of 3.94% in 2075 for non-Medicare and 4.00% for all subsequent years for Medicare. This change caused a decrease in the liability.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Reporting Period	Fiscal year ending June 30, 2022

⁵ Implicit subsidy represents the difference between the year's expected age-specific retiree per-capita claims costs (that represents the true retiree healthcare costs) and the plan's current year actual premium rates.

⁶ Actual premium increases from 2022 to 2023 used in the valuation for those assumed to enroll in the Laborers health plans are: (a) Non-Medicare: 6.50% for retiree and 5.20% for spouse and (b) Medicare: -5.60% for retiree and spouse. For those in individual plans, the initial trend rates are 7.00% for Non-Medicare and 4.00% for Medicare.

Discount Rate	<p>For accounting disclosure: 3.69% as of June 30, 2022 and 1.92% as of June 30, 2021</p> <p>Refer to the Discussion of Discount Rate section for additional information on the discount rate setting.</p>
Actuarial Cost Method	<p>Entry Age Normal Level Percentage of Pay; a method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings of the individual between entry age and assumed exit age(s).</p> <ul style="list-style-type: none"> • The portion allocated to a valuation year is called the Normal Cost. • The portion allocated to past periods is called the Actuarial Accrued Liability (AAL) or Total OPEB Liability (TOL).
Census Data	<p>Census information was provided by the District as of June 30, 2022. We have reviewed this data for reasonableness and no material modification was made to the data except for existing retirees' spousal coverage information. All existing retirees were reported as having family coverage this year, which conflicts with the information provided in the last full valuation (as of June 30, 2020). Spousal coverage in this year's valuation was inferred from the FY 2021/22 payment records by retiree provided by the District.</p>
Payroll Growth	<p>2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Refer to the Appendix for sample rates.</p>
Mortality	<p>Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Refer to the Appendix for sample rates.</p>
Termination	<p>Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Refer to the Appendix for sample rates.</p>
Disability	<p>None assumed.</p>
Retirement	<p>Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Refer to the Appendix for sample rates.</p>
Medicare Eligibility	<p>All future and existing retirees (including disabled retirees) are assumed to be eligible for Medicare at age 65.</p>

Spousal Election

For future retirees, 70% of active employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.

For existing retirees, spousal coverage is based on actual data. Husbands are assumed to be three years older than wives as spouse birth date information is unavailable.

Dependent Election

None assumed.

Participation Rate

The percentage of active employees assumed to elect health coverage with the District at retirement is as shown below:

Tiers	<15 YOS at Retirement	15+ YOS at Retirement
1	75%	90%
2	75%	75%

Existing retirees who currently receive District subsidy are assumed to continue receiving this subsidy until death. Upon retiree's death, surviving spouses are assumed to continue receiving District subsidy for one year.

Existing retirees who waived District subsidy are not assumed to re-elect this benefit in the future.

Health Plan Election

80% of active employees are assumed to elect Laborers of Northern California, Inc. health plans at retirement. Since the actual health plan option elected by active employees and existing retirees are not available, for valuation purposes, we have assumed that all active employees and existing retirees (pre-Medicare and Medicare) are enrolled in the Laborers' Direct Payment plan. 20% of active employees are assumed to purchase their own individual health plans at retirement.

For existing retirees reported as enrolled in their own individual plans, they are assumed to continue coverage in these individual plans.

Per Capita Costs

The valuation projects health care costs for employees who remain enrolled in the District's benefit plans after retirement. In accordance with Actuarial Standards of Practice No. 6 (ASOP 6), the actuarial development of health care costs should preferably use the health plan experience that is considered the best predictor of future claims experience assuming it is sufficiently credible. In the absence of credible health plan experience data, the actuary may use other methods such as premiums and normative databases to develop the per capita costs.

Per Capita Costs (Cont'd) As medical/prescription drug costs generally vary by age, age-specific costs should be used in the development of initial per capita costs and projection of future benefit costs, except in very limited circumstances defined in ASOP 6 Section 3.7.7(c). The development of the age-specific costs should be based on the demographics of the group being valued and the group's total expected claims or premiums.

Retiree healthcare costs are, on average, significantly higher than active employees and if the District charges blended premium rates (determined using active employees and retiree claims experience) to the retirees, the District is providing an implicit subsidy for these retirees. Under GASB 75, the implicit subsidy must be included in the post-employment medical benefit obligation. Separate costs should be developed for Medicare-eligible participants due to Medicare being the primary payer for these retirees, which leads to a reduction to the Plan Sponsor's health plan costs.

In developing the initial per capita costs, we have used Laborers Direct Payment plan premium rate effective on March 1, 2021 and aging factors and subscriber enrollments for HMO and PPO plans combined as published in the CalPERS Health Plan (PEMHCA) Implicit Subsidy Data for Calendar 2019. The following table shows the sample initial per capita costs prior to age 65 at select ages for 2022/23 year. All initial per capita costs and premium rates are assumed to increase with health care trend rates.

Age	Male	Female
45	\$9,378	\$12,711
50	\$12,417	\$14,647
55	\$16,172	\$16,628
60	\$20,880	\$19,463
64	\$24,763	\$21,754

For Laborers Direct Payment Plan, we have assumed that the premiums for Medicare eligible retirees are based on Medicare eligible retiree claims experience and represent the expected true cost of retiree coverage. The annual cost used on/after age 65 is \$4,500 for those assumed to enroll in this plan. For retirees indicated as being covered in their own individual plans, the annual premiums used in the valuation for these plans are \$14,112 under age 65 and \$5,440⁷ on/after age 65 per person.

The assumed Medicare Part B reimbursement is \$2,041, increasing with Part B trend rates.

⁷ Inclusive of Medicare Part B reimbursement benefit.

Trend Rates

Historically, health care costs have increased more rapidly than the rate of inflation. In estimating the value of retiree health benefits, assumptions must be made on future increases in healthcare costs. The health care trend rates assumption used in this valuation is based on the Getzen Model of Long-Run Medical Cost Trends, which was first designed by T.E. Getzen for the Society of Actuaries (SOA) in 2007. The model is designed to make long-run forecasts and typically used to select medical trend assumptions for retiree medical valuations to present liabilities disclosed under the appropriate accounting standards, or to determine contributions under a funding policy. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group. The model is updated annually along with updated documentation and recommended input variables by the author of the model. The baseline assumptions used in the Getzen model are as shown in the table below.

Inflation Rate	2.5%
Real GDP Per Capita Growth	1.4%
Excess Medical Cost Growth	1.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

The output of the Getzen Model of Long-Run Medical Cost Trend Model used in the valuation as the basis for the non-Medicare medical/prescription drug trend rates is as shown below.

Year	Medical/Rx		Part B
	Non-Medicare	Medicare	
2022	Actual*	Actual*	-3.06%
2023	6.50%	4.00%	2.94%
2024	6.00%	4.00%	6.17%
2025	5.50%	4.00%	8.07%
2030	5.01%	4.00%	6.21%
2035	4.97%	4.00%	4.00%

Year	Medical/Rx		Part B
	Non-Medicare	Medicare	
2040	4.81%	4.00%	4.00%
2050	4.64%	4.00%	4.00%
2060	4.54%	4.00%	4.00%
2070	4.20%	4.00%	4.00%
2075+	3.94%	4.00%	4.00%

* Actual premium increases from 2022 to 2023 used in the valuation for those assumed to enroll in the Laborers health plans are (a) Non-Medicare: 6.50% for retiree and 5.20% for spouse and (b) Medicare: -5.60% for retiree and spouse. For those in individual plans, the initial trend rates are 7.00% for Non-Medicare and 4.00% for Medicare.

Discussion of Discount Rates

Under GASB 75, the discount rate used in valuing OPEB liabilities as of the Measurement Date is a single rate that reflects 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 rating scale) for an unfunded plan.

For the current year's valuation, the municipal bond index as of the prior and current Measurement Dates are as shown below:

Index	June 30, 2022	June 30, 2021
Fidelity GO AA 20 Years Municipal Index	3.69%	1.92%

The final single equivalent discount rate used for accounting disclosure as of June 30, 2022 is 3.69%.

Section 6: Participant Summary

Active Employees

By Health Plan

Actives with Health Coverage	Single	Family	Total	Avg. Age	Avg. Svc	FY 2021/22 Salary
Total actives with health coverage		23	23	44.0	12.4	\$ 2,609,421

There are no active employees without health coverage reported by the District.

Active Age-Service Distribution

Age	Years of Service with the District										Total
	<1	1 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40+	
<25	1										1
25 – 29	1	1									2
30 – 34	1	1	1								3
35 – 39	1	2		1							4
40 – 44		1									1
45 – 49		1		1	1						3
50 – 54				1		2		1			4
55 – 59			1					2			3
60 – 64				1					1		2
65+											0
Total	4	6	2	4	1	2	0	3	1	0	23

Retired Employees

Retirees with Health Coverage	Single	Family	Total	Avg. Age
Laborers Health Plans	4	6	10	66.1
Individual Health Plans		4	4	70.1
Total retirees with health coverage	4	10	14	67.2

Age	Laborers Plans	Individual Plans	Total
<50			0
50 – 54		1	1
55 – 59	2		2
60 – 64	1		1
65 – 69	6		6
70 – 74		1	1
75 – 79	1	2	3
80 – 84			0
85 – 89			0
90+			0
Total	10	4	14

Comparison of Participant Summary

Below is a comparison of participant summary included in the current valuation and the prior full valuation.

	As of June 30, 2022	As of June 30, 2020
Number of Participants		
Active employees	23	22
Retired employees ⁸	14	13
Total	37	35
Averages		
Active average age	44.0	46.4
Active average service	12.4	14.4
Inactive average age	67.2	68.8

⁸ The enrollments above include retirees and beneficiaries only and exclude spouses and/or dependents who are covered under the District's health plans or individual health plans.

Appendix – Sample Decrement Rates

Mortality Rates

Mortality rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Sample pre-retirement, post-retirement non-disabled, and post-retirement disabled base mortality rates are as shown below. These rates are projected fully generationally using 80% of MP-2020 mortality improvement scale.

Attained Ages	Pre-Retirement ⁹		Post-Retirement Non-Disabled		Post-Retirement Disabled ¹⁰	
	Male	Female	Male	Female	Male	Female
20	0.00039	0.00014	0.00039	0.00014	0.00411	0.00233
25	0.00033	0.00013	0.00033	0.00013	0.00336	0.00187
30	0.00044	0.00019	0.00044	0.00019	0.00452	0.00301
35	0.00058	0.00029	0.00058	0.00029	0.00603	0.00504
40	0.00075	0.00039	0.00075	0.00039	0.00779	0.00730
45	0.00093	0.00054	0.00093	0.00054	0.01120	0.01019
50	0.00134	0.00081	0.00271	0.00199	0.01727	0.01439
55	0.00198	0.00123	0.00391	0.00325	0.02217	0.01734
60	0.00287	0.00179	0.00575	0.00455	0.02681	0.01962
65	0.00403	0.00250	0.00856	0.00612	0.03332	0.02276
70	0.00594	0.00404	0.01340	0.00996	0.04056	0.02910
75	0.00933	0.00688	0.02400	0.01783	0.05465	0.04160
80	0.01515	0.01149	0.04380	0.03403	0.08044	0.06112
85	0.00000	0.00000	0.08274	0.06166	0.11695	0.09385
90	0.00000	0.00000	0.14539	0.11086	0.16770	0.14396

⁹ Pre-Retirement rates for all groups are based on the sum of non-industrial death and industrial death rates.

¹⁰ Post-Retirement Disabled rates are based on non-industrially disabled rates for Miscellaneous participants.

Salary Increases

The seniority, merit and promotional salary increases used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Sample rates are as shown below.

Service	Miscellaneous						
	Entry Ages						
	20	25	30	35	40	45	50
0	0.0764	0.0764	0.0621	0.0621	0.0521	0.0521	0.0521
2	0.0576	0.0576	0.0449	0.0449	0.0346	0.0346	0.0346
4	0.0435	0.0435	0.0324	0.0324	0.0229	0.0229	0.0229
6	0.0328	0.0328	0.0234	0.0234	0.0152	0.0152	0.0152
8	0.0248	0.0248	0.0170	0.0170	0.0101	0.0101	0.0101
10	0.0201	0.0201	0.0126	0.0126	0.0108	0.0108	0.0108
12	0.0181	0.0181	0.0116	0.0116	0.0092	0.0092	0.0092
14	0.0163	0.0163	0.0106	0.0106	0.0078	0.0078	0.0078
16	0.0147	0.0147	0.0098	0.0098	0.0066	0.0066	0.0066
18	0.0132	0.0132	0.0090	0.0090	0.0055	0.0055	0.0055
20	0.0119	0.0119	0.0083	0.0083	0.0047	0.0047	0.0047

Termination Rates

This assumption is used to project terminations (voluntary and involuntary) prior to meeting the minimum eligibility requirements to retire. The rates are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Sample rates are as shown below.

Service	Miscellaneous (Male)							Miscellaneous (Female)						
	Entry Ages													
	20	25	30	35	40	45	50	20	25	30	35	40	45	50
0	0.1851	0.1769	0.1631	0.1493	0.1490	0.1487	0.1509	0.1944	0.1899	0.1824	0.1749	0.1731	0.1713	0.1741
2	0.1218	0.1125	0.0970	0.0815	0.0771	0.0726	0.0750	0.1381	0.1307	0.1183	0.1058	0.0998	0.0938	0.0941
4	0.0672	0.0616	0.0524	0.0431	0.0392	0.0352	0.0366	0.0801	0.0752	0.0670	0.0587	0.0523	0.0459	0.0457
6	0.0669	0.0641	0.0575	0.0509	0.0453	0.0397	0.0383	0.0869	0.0847	0.0757	0.0666	0.0580	0.0494	0.0464
8	0.0470	0.0453	0.0410	0.0366	0.0311	0.0255	0.0218	0.0613	0.0601	0.0545	0.0488	0.0394	0.0299	0.0294
10	0.0377	0.0366	0.0337	0.0309	0.0245	0.0181	0.0032	0.0502	0.0491	0.0446	0.0401	0.0308	0.0215	0.0046
12	0.0307	0.0300	0.0282	0.0263	0.0200	0.0137	0.0027	0.0423	0.0413	0.0368	0.0322	0.0244	0.0165	0.0037
14	0.0251	0.0246	0.0226	0.0207	0.0156	0.0014	0.0017	0.0352	0.0343	0.0292	0.0241	0.0181	0.0019	0.0023
16	0.0173	0.0173	0.0152	0.0132	0.0101	0.0000	0.0000	0.0235	0.0235	0.0193	0.0151	0.0112	0.0000	0.0000
18	0.0159	0.0159	0.0129	0.0100	0.0067	0.0000	0.0000	0.0202	0.0202	0.0158	0.0113	0.0075	0.0000	0.0000
20	0.0141	0.0141	0.0110	0.0079	0.0000	0.0000	0.0000	0.0175	0.0175	0.0131	0.0087	0.0000	0.0000	0.0000

Retirement Rates

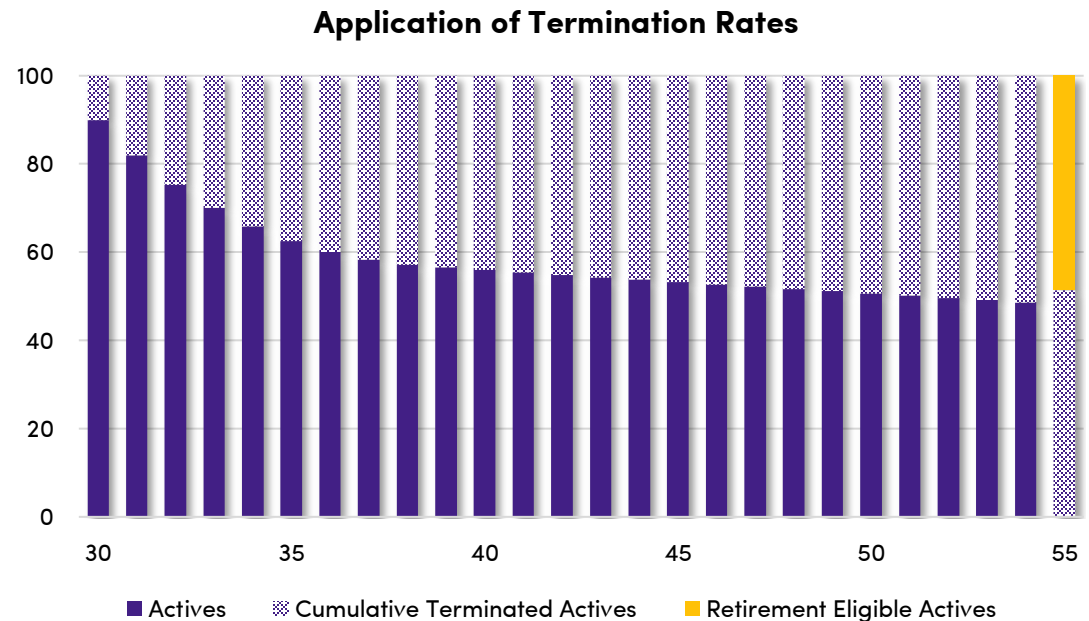
Retirement rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Sample rates are as shown below.

Service	Miscellaneous 2% at 55						Miscellaneous 2% at 62					
	Attained Ages											
	50	55	60	65	70	75	50	55	60	65	70	75
5	0.0140	0.0450	0.0590	0.1670	0.2290	1.0000	0.0000	0.0100	0.0310	0.1080	0.1200	1.0000
10	0.0140	0.0420	0.0640	0.1870	0.2290	1.0000	0.0000	0.0190	0.0510	0.1410	0.1560	1.0000
15	0.0170	0.0530	0.0830	0.2100	0.2290	1.0000	0.0000	0.0280	0.0710	0.1730	0.1930	1.0000
20	0.0210	0.0860	0.1150	0.2620	0.2290	1.0000	0.0000	0.0360	0.0910	0.2060	0.2290	1.0000
25	0.0230	0.0980	0.1540	0.2880	0.2290	1.0000	0.0000	0.0610	0.1110	0.2390	0.2650	1.0000
30	0.0240	0.1230	0.1700	0.2910	0.2290	1.0000	0.0000	0.0960	0.1380	0.3000	0.3330	1.0000
35	0.0240	0.1640	0.1860	0.2910	0.2290	1.0000	0.0000	0.1520	0.1830	0.3480	0.3870	1.0000
40	0.0000	0.1840	0.1880	0.2910	0.2290	1.0000	0.0000	0.1800	0.2040	0.3600	0.4000	1.0000

Decrements Illustration

The table below illustrates how decrements are applied in the valuation and how the decrements affect the liabilities valued. Assuming the Plan Sponsor has 100 employees aged 30 as of the valuation date, only 48.6 employees will be projected to be employed at age 55 (assumed retirement eligibility age) using the assumed illustrative termination rates.

Age	# Actives BOY	Annual Termination %	# Terminated Actives / Year
30	100.0	10%	10.0
31	90.0	9%	8.1
32	81.9	8%	6.6
33	75.3	7%	5.3
34	70.1	6%	4.2
35	65.9	5%	3.3
36	62.6	4%	2.5
37	60.1	3%	1.8
38	58.3	2%	1.2
39	57.1	1%	0.6
40	56.5	1%	0.6
41	56.0	1%	0.6
42	55.4	1%	0.6
43	54.9	1%	0.5
44	54.3	1%	0.5
45	53.8	1%	0.5
46	53.2	1%	0.5
47	52.7	1%	0.5
48	52.2	1%	0.5
49	51.6	1%	0.5
50	51.1	1%	0.5
51	50.6	1%	0.5
52	50.1	1%	0.5
53	49.6	1%	0.5
54	49.1	1%	0.5
55	48.6	0%	0.0



Notes:

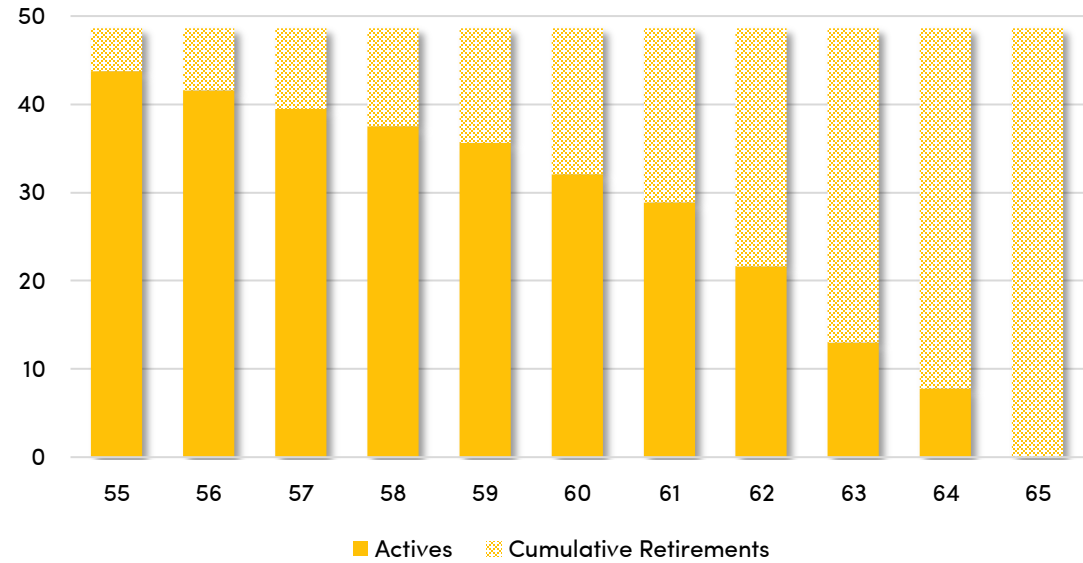
1. The annual termination percentages shown in the table are for illustrative purposes only, not the actual termination rates used in the valuation.
2. For simplification, only termination decrement is assumed to be applicable while actively employed. Actuarial valuation typically applies pre-retirement death decrement during employment as well.

Decrements Illustration (Continued)

The table below illustrates the number of active employees assumed to retire at each age based on the illustrative retirement rates.

Age	# Actives BOY	Annual Retirement %	# Retirements / Year
55	48.6	10%	4.9
56	43.8	5%	2.2
57	41.6	5%	2.1
58	39.5	5%	2.0
59	37.5	5%	1.9
60	35.6	10%	3.6
61	32.1	10%	3.2
62	28.9	25%	7.2
63	21.7	40%	8.7
64	13.0	40%	5.2
65	7.8	100%	7.8

Application of Retirement Rates



Notes:

1. The annual retirement percentages shown in the table are for illustrative purposes only, not the actual retirement rates used in the valuation.
2. For simplification, only retirement decrement is assumed to be applicable once the employee is retirement eligible. Actuarial valuation typically applies pre-retirement death decrement once an employee is eligible to retire.
3. The illustration above assumes that all active employees who are projected to be employed at age 55 elect health coverage with the Plan Sponsor at retirement.

| Appendix – Glossary

1. **Active Employees** – Individuals employed at the end of the reporting or measurement period, as applicable.
2. **Actuarial Cost Method** – A method to allocate the Actuarial Present Value of Future Benefits into portions attributed to past service (Total OPEB Liability) and future service (Normal Cost).
3. **Actuarial Present Value of Future Benefits** – Projected benefit payments estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service, discounted to reflect the expected effects of time value (present value) of money and the probabilities of payment (which is contingent on events such as death, termination, retirement, etc). In other words, this is the amount that would have been invested as of the Valuation Date so that it is sufficient to pay for benefit payments when due.
4. **Deferred Inflows** – Gains in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
5. **Deferred Outflows** – Losses in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
6. **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
7. **Entry Age Actuarial Cost Method** – A method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).
 - The portion allocated to a valuation year is called the Normal Cost.
 - The portion allocated to past periods is called the Total OPEB Liability.
 - The portion allocated to future periods after the valuation year is called the present value of future normal costs.
8. **Fiduciary Net Position** – OPEB plan assets in a secure Trust that meet the following criteria:
 - Contributions from employers to the OPEB plan and earnings on those contributions are irrevocable.
 - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
 - OPEB Plan assets are legally protected from the creditors of employers, OPEB plan administrator, and creditors of the plan members.
9. **Funded Ratio** – The value of the asset expressed as a percentage of the Total OPEB Liability.

10. **Healthcare Cost Trend Rates** – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
11. **Inactive Employees** – Individuals no longer employed by an employer in the OEPB plan or the beneficiaries of those individuals. Inactive employees also include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits.
12. **Net OPEB Liability** – The difference between the Total OPEB Liability and the Fiduciary Net Position.
13. **Payroll Growth** – An actuarial assumption on the rate of future increase in the total coverage payroll attributable to wage inflation and productivity increase; used in the Actuarial Cost Method to determine the Total OPEB Liability.
14. **Plan Members** – Individuals covered by the terms of the OPEB plan, which would typically include employees in active service, terminated employees who have terminated service but are not yet receiving benefit payments, and retired employees who are currently receiving benefits.
15. **Other Postemployment Benefits (OPEB)** – Benefits such as death benefits, life insurance, disability, and long-term care, as well as healthcare benefits (medical, prescription drug, dental, vision, and other health-related benefits), that are paid in the period after employment and that are provided separately from a pension plan regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
16. **Service Cost (Normal Cost)** – The portion of actuarial present value of projected benefit payments that are attributed to a 12-month period after a valuation date as determined by the Actuarial Cost Method.
17. **Total OPEB Liability** – The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service as of the valuation date as determined by the Actuarial Cost Method.



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