

April 15, 2022

PERSONAL & CONFIDENTIAL

Ms. Tina Whitt, Clerk
Montmorency County Road Commission
11445 M-32 West
Atlanta, MI 49709

RE: Montmorency County Road Commission Retiree Health Care Plan

Dear Tina:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending December 31, 2021. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 74 (GASB 74) Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and Statement No. 75 (GASB 75) Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The State of Michigan under Public Act (PA) 202 requires that Other Post-Employment Benefit (OPEB) Plans covering 100 or more members have a peer review or change of actuaries once every 8 years. In addition, the Act requires an actuarial study be performed once every 5 years. Watkins Ross satisfies those requirements by virtue of having three credentialed OPEB actuaries on staff providing peer review for each other and, when necessary, rotating certification of our OPEB actuarial valuations. Additionally, Watkins Ross completes full actuarial valuations for all of our OPEB Plan clients once every two years including an analysis of the sources of actuarial gains and losses (actuarial experience study) and evaluates whether or not changes in assumptions are warranted (see Comments section of this report for more detail).

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

Sincerely,



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

Enclosure

Montmorency County Road Commission Retiree Health Care Plan

Accounting Report

for the Period Ending December 31, 2021
under GASB Statement 74 & 75



WATKINS ROSS | 200 OTTAWA AVE N.W. | SUITE 600 | GRAND RAPIDS, MI 49503 | 616.456.9696

Report presented by:



April 2022

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INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared in order to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. This information may, at the discretion of management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 74 and 75, and may be inappropriate for other purposes.

The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate and their use would produce different results.

This report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared on the basis of participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted, and has no reason to believe that any information, which would have a material effect on the results of this valuation, was not considered in the preparation of the report.

The actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Reviewed by:



Glen W. Bradley
Senior Pension Analyst

Prepared & Certified by:



Joseph Shackelford, ASA, MAAA
Actuary

COMMENTS

Purpose of Governmental Accounting Standards Board (GASB) Reporting

The objective of GASB is to provide guidelines and requirements for accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources and methods and assumptions that are required to be used to project benefit payments and discount those payments to their actuarial present value.

State of Michigan Public Act 202

Public Act 202 (PA 202) was drafted to address the underfunded status of pension and retiree healthcare plans of local governments in Michigan. Accordingly, PA 202 included transparency and funding requirements. In addition, in order that the plans' funded status be reported on a consistent basis, Uniform Assumptions were published. While all of the Uniform Assumptions have a sound and reasonable basis, some might not be appropriate for each plan and therefore may be different than what is used for funding. Additionally, some of the assumptions may differ from what is required for reporting under GASB.

PA 202 further requires that plans covering 100 or more Plan Members – active and inactive:

- 1. At least every 5 years, the local unit of government (city, village, township, county, county road commission or other districts, authorities created by the state or 1 or more these entities) shall have an actuarial experience study conducted by the plan actuary for each retirement system of the local unit of government and**
- 2. At least every 8 years, the local unit of government shall do at least 1 of the following:**
 - a. Have a peer actuarial audit conducted by an actuary that is not the plan actuary**
 - b. Replace the plan actuary**

Actuarial Experience Study – N/A; the plan has fewer than 100 participants

Actuarial Analysis

There was an actuarial gain (decrease in liability) of \$80,197, of which \$15,960 is due to the actual benefit payments being lower than expected, and \$64,237 is primarily due to four terminations since the last valuation. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated a decrease in liability of \$25,925.

Peer Review and rotation of Certifying Actuary

Current year Certifying Actuary: Joey Shackelford

Peer reviewed/change in Actuary: 12/31/2018

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Montmorency County Road Commission Retiree Health Care Plan and additions to/deductions from the Road Commission's fiduciary net position have been determined on the same basis as they are reported by the Montmorency County Road Commission. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Montmorency County Road Commission Retiree Health Care Plan is a single employer plan established and administered by **Montmorency County Road Commission** and can be amended at its discretion.

Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

Summary of Plan Participants

As of December 31, 2021, Retirement Plan membership consisted of the following:

Active members	20
Inactive members	0
Retirees and beneficiaries	12
Total members	32

Contributions

The Montmorency County Road Commission Retiree Health Care Plan was established and is being funded under the authority of the Employer's governing body and under agreements with the unions representing various classes of employees. The Plan's funding policy is to pay plan benefits from general operating funds – pay-as-you-go while committing to contributing \$67,000 annually through 2023 to a dedicated OPEB trust as part of a Corrective Action Plan (CAP). Active participants do not make contributions to pre-fund the Plan. There are no long-term contracts for contributions to the plan other than those outlined in the CAP.

ASSUMPTIONS AND METHODS

The Montmorency County Road Commission's OPEB liability was measured as of December 31, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. The following actuarial assumptions were used in the measurement:

Inflation	Included in the investment rate of return
Salary increases	3.00% (for purpose of allocating liability)
Investment rate of return	6.76% (including inflation)
20-year Aa Municipal bond rate	2.25% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	MP-2021

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap US	25.00%	8.35%	US Fixed Income	11.00%	3.80%
Mid Cap US	7.00	8.60	Int'l Fixed Income	2.00	3.60
Small Cap US	5.00	7.80	Inflation-Linked Income	2.00	4.90
Int'l Equities	20.00	7.20	High Yield Fixed Income	2.00	5.40
Emerging Market Equities	10.00	8.60	Limited Partnerships	3.00	7.60
Short Term Fixed Income	10.00	3.40	Commodities	3.00	3.90

The sum of each target allocation times its long-term expected rate, plus inflation, is 6.76%.

Discount Rate

The discount rate used to measure the total OPEB liability was **6.76%**. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make contributions to the OPEB Trust of \$67,000 annually, through 2023, pursuant to their Corrective Action Plan in addition to paying retiree benefits from general operating funds. In addition, prorated expected benefit payments, as a function of the number of active lives, are used as a contribution once 40% funded is attained, until the last active member is expected to decrement out. Based on these assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. There is no cross-over point or depletion date. The discount rate that yields the same present value of benefits is equal to the expected Rate of Return, including inflation, shown above. This discount rate is used to determine the Total OPEB Liability. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2020 the discount rate used to value OPEB liabilities was 6.30%.

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2020	\$827,115	\$281,181	\$545,934
Changes during the Year			
Service Cost	12,630		12,630
Interest	51,360		51,360
Experience (Gains)/Losses	(80,197)		(80,197)
Change in plan terms	0		0
Change in actuarial assumptions	(25,925)		(25,925)
Contributions to OPEB trust		67,000	(67,000)
Contributions/benefit from general operating funds		49,000	(49,000)
Employee Contributions		0	0
Net Investment Income		31,014	(31,014)
Benefit Payments; Including Refunds of Employee Contributions	(49,000)	(49,000)	0
Administrative Expenses		(6)	6
Other Changes		0	0
Total Changes	(91,132)	98,008	(189,140)
Balance at December 31, 2021	\$735,983	\$379,189	\$356,794

Net OPEB Liability – Discount and Trend Rate Sensitivities

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

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$800,752	\$735,983	\$679,252
Plan Fiduciary Net Position	379,189	379,189	379,189
Net OPEB Liability	\$421,563	\$356,794	\$300,063

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$727,143	\$735,983	\$745,985
Plan Fiduciary Net Position	379,189	379,189	379,189
Net OPEB Liability	\$347,954	\$356,794	\$366,796

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 12/31/2021
Service Cost	\$12,630
Interest on Total OPEB Liability	51,360
Experience (Gains)/Losses	(9,346)
Changes in Plan Terms	0
Changes in Assumptions	(33,886)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(19,825)
Investment Earnings (Gains)/Losses	(7,439)
Administrative Expenses	6
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$(6,500)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2021 is \$379,189.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	19,475	95,117
Changes of Assumptions	0	208,344
Investment Earnings (Gains)/Losses	0	25,786
Total	\$19,475	\$329,247

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

Year Ended December 31,	Amount Recognized
2022	\$(50,670)
2023	(51,629)
2024	(50,946)
2025	(45,469)
2026	(43,232)
Thereafter	(67,826)

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability December 31, 2020	\$545,934
Total OPEB expense	(6,500)
Contributions	(116,000)
Change in deferred outflows of resources	(3,263)
Change in deferred inflows of resources	(63,377)
Net OPEB Liability December 31, 2021	\$356,794

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$317,696
Inactive participants	0
Retirees and beneficiaries	418,287
Total OPEB Liability	\$735,983

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

Although not required as part of GASB reporting, we have included an Actuarially Determined Contribution in order to provide information for funding. This recommended contribution is designed to eventually fund your plan enough that you can pay retiree benefits directly from the trust instead of general operating funds. The amortization period is based on average future working years for active employees.

Actuarially Determined Contribution (ADC)	Fiscal Year Ending December 31,	
	2022	2021
Discount rate	6.76%	6.30%
Amortization period	15 years	14 years
Amortization method	Level \$	Level % of pay
Normal cost	12,876	12,630
Amortization of Net OPEB Liability	36,139	46,116
Interest to end of year	3,313	3,701
Total ADC	\$52,328	\$62,447

PA 202 was issued by the State of Michigan and requires the calculation of other “contribution” amounts. These are

1. The Actuarially Determined Contribution (ADC) using Assumptions for financial reporting and
2. The minimum required amount to be deposited into an OPEB trust

The first of these contributions as shown above, \$62,447, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn’t yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the normal cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. This amount for 2021 is \$969 and is projected to be \$4,677 for 2022. Because the planned trust deposits of \$67,000 for both 2021 and 2022 exceed these minimum amounts in addition to benefit payments being made from general operating funds, no additional contribution is required under PA 202.

In addition, you may not draw on the trust until employees hired after June 30, 2018 begin to retire if the only amount deposited is the minimal amount noted above. Accordingly, you must continue to pay retiree OPEB benefits from general operating funds. That amount was \$49,000 for 2021.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2021
Assets (Fiduciary net position)	379,189
Liabilities (Total OPEB Liability)	735,983
Funded ratio for the Plan Year	51.52%
Actuarially Determined Contribution	\$62,447
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2021
Number of active members	20
Number of inactive members	0
Number of retirees and beneficiaries	12
Premiums paid on behalf of the retirants	\$49,000

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2021
Actuarially assumed rate of investment return	6.76%
Discount rate	6.76%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	14 years
Is each division closed to new employees	No
Healthcare inflation assumption next year	7.50%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2021
Actuarial value of assets using uniform assumptions	379,189
Actuarial accrued liability using uniform assumptions	737,611
Funded ratio using uniform assumptions	51.41%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$63,027

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability				
Service Cost	\$12,630	\$12,420	\$26,664	\$23,063
Interest	51,360	51,558	31,788	33,988
Changes of Benefit Terms	0	0	0	0
Difference between Expected and Actual Experience	(80,197)	(14,405)	29,265	(21,747)
Change of Assumptions	(25,925)	(3,228)	(264,792)	(11,314)
Benefit Payments (Including Refunds of Employee Contributions)	(49,000)	(50,400)	(49,350)	(44,663)
Net Change in Total OPEB Liability	(91,132)	(4,055)	(226,425)	(20,673)
Total OPEB Liability – Beginning	827,115	831,170	1,057,595	1,078,268
Total OPEB Liability – Ending (a)	\$735,983	\$827,115	\$831,170	\$1,057,595
Plan Fiduciary Net Position				
Contributions to OPEB trust	\$67,000	\$67,000	\$130,000	\$0
Contributions/benefit payments made from general operating funds	49,000	50,400	49,350	44,663
Net Investment Income	31,014	40,444	10,306	(2,259)
Benefit Payments (Including Refunds of Employee Contributions)	(49,000)	(50,400)	(49,350)	(44,663)
Administrative Expenses	(6)	(16)	(468)	(182)
Other	0	0	0	0
Net Change in Fiduciary Net Position	98,008	107,428	139,838	(2,441)
Plan Fiduciary Net Position – Beginning	281,181	173,753	33,915	36,356
Plan Fiduciary Net Position – Ending (b)	379,189	281,181	173,753	33,915
Net OPEB Liability – Ending (a)-(b)	\$356,794	\$545,934	\$657,417	\$1,023,680
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	51.52%	34.00%	20.90%	3.21%
Covered Employee Payroll	\$962,714	\$980,471	\$1,073,227	\$1,019,524
Net OPEB Liability as Percentage of Payroll	37.1%	55.7%	61.3%	100.4%
Actuarially Determined Contribution	\$62,447	\$68,991	\$91,004	\$92,844
Employer Contribution/benefit payments	(116,000)	(117,400)	(179,350)	(44,663)
Contribution Deficiency/(Excess)	\$(53,553)	\$(48,409)	\$(88,346)	\$48,181
ADC as a Percentage of Covered Payroll	6.5%	7.0%	8.5%	9.1%
Employer Contribution as a Percentage of Covered Payroll	12.0%	12.0%	16.7%	4.4%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date December 31, 2021

Measurement date December 31, 2021

Reporting date December 31, 2021

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 6.30% for the 2021 contribution, 6.76% for 2021 liability and 2022 contribution

Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 2.25%

Rationale – 20-year bond rate (based on information published by Bartel Associates, LLC as of December 31, 2021)

Salary Scale – 3.00%

Rationale – Statewide assumption for purposes of allocating active liability

Return on Plan Assets – 6.76%

Rationale – Per investment advisor

Mortality Rates – 2010 Public General Employees and Healthy Retirees, Headcount weighted, MP-2021

Rationale – Most current mortality rates available for municipalities

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

Rationale – historical

Termination Rates – See sample rates below:

Age	Rate	Age	Rate
20	7.8%	35	3.2%
25	6.8	40	2.2
30	4.7	45	1.6

Rationale – Based on past employer experience

Retirement Rates – See sample rates below:

Age	Rate	Age	Rate
60-61	5%	66	30%
62	15	67	40
63-64	10	68	50
65	20	69	90
		70	100

Rationale – These rates were chosen based on this plan's historical experience

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Marital Assumption – Not applicable; no coverage provided to spouses or dependents

Claims Costs – see rates (monthly) below:

Age	Rate
60	\$874.51
61	905.44
62	925.74
63	951.19
64	966.36

Medicare support – \$350 per month pre-paid quarterly

Rationale – Age graded premiums in effect in 2021

Implicit Subsidy – Not applicable; premiums are age-graded

Medical Trend – Medical premiums: Pre-Medicare 7.5% graded down to 4.5% by 0.25% per year

Rationale – Based on State of Michigan trend survey

Data Collection

Date and form of data - All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Assumption changes since prior valuation

- Mortality Improvement Scale updated from MP-2020 to MP-2021
- Trend rates updated to those prescribed by PA 202 for year 2021
- Salary scale updated from 3.5% to 3.0%
- Discount rate updated from 6.30% to 6.76%

Assumptions used for PA 202 Reporting

Mortality Improvement Scale – MP-2019

All other assumptions are the same as used for GASB

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2021	2022	2023	2024	2025	2026	2027+		
2018	(21,747)	9.40	(2,314)	(2,314)	(2,314)	(2,314)	(2,314)	(2,314)	(921)	-	(12,491)
2019	29,265	8.97	3,263	3,263	3,263	3,263	3,263	3,263	3,160	19,475	-
2020	(14,405)	8.57	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)	(2,638)	-	(11,043)
2021	(80,197)	9.31	(8,614)	(8,614)	(8,614)	(8,614)	(8,614)	(8,614)	(28,513)	-	(71,583)
Net recognized in OPEB expense			<u>\$ (9,346)</u>	<u>\$ (9,346)</u>	<u>\$ (9,346)</u>	<u>\$ (9,346)</u>	<u>\$ (9,346)</u>	<u>\$ (9,346)</u>	<u>\$ (28,912)</u>	<u>\$ 19,475</u>	<u>\$ (95,117)</u>

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2021	2022	2023	2024	2025	2026	2027+		
2018	(11,314)	9.40	(1,204)	(1,204)	(1,204)	(1,204)	(1,204)	(1,204)	(478)	-	(6,498)
2019	(264,792)	8.97	(29,520)	(29,520)	(29,520)	(29,520)	(29,520)	(29,520)	(28,632)	-	(176,232)
2020	(3,228)	8.57	(377)	(377)	(377)	(377)	(377)	(377)	(589)	-	(2,474)
2021	(25,925)	9.31	(2,785)	(2,785)	(2,785)	(2,785)	(2,785)	(2,785)	(9,215)	-	(23,140)
Net recognized in OPEB expense			<u>\$ (33,886)</u>	<u>\$ (33,886)</u>	<u>\$ (33,886)</u>	<u>\$ (33,886)</u>	<u>\$ (33,886)</u>	<u>\$ (33,886)</u>	<u>\$ (38,914)</u>	<u>\$ -</u>	<u>\$ (208,344)</u>

Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Difference between expected and actual earnings on OPEB assets	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2021	2022	2023	2024	2025	2026	2027+		
2018	4,791	5	958	959						959	-
2019	(3,405)	5	(681)	(681)	(681)	-				-	(1,362)
2020	(27,388)	5	(5,478)	(5,478)	(5,478)	(5,476)				-	(16,432)
2021	(11,189)	5.00	(2,238)	(2,238)	(2,238)	(2,238)	(2,237)			-	(8,951)
Net recognized in OPEB expense			<u>\$ (7,439)</u>	<u>\$ (7,438)</u>	<u>\$ (8,397)</u>	<u>\$ (7,714)</u>	<u>\$ (2,237)</u>			<u>\$ 959</u>	<u>\$ (26,745)</u>

Total Deferred Outflow/(Inflow) of Resources

Amount Recognized in Year Ended December 31,						
	2022	2023	2024	2025	2026	2027+
Total Deferred Outflow/(Inflow) of Resources	(50,670)	(51,629)	(50,946)	(45,469)	(43,232)	(67,826)

TRUSTEE AND FORM 5720 INFORMATION

Projected benefit payments and contributions

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

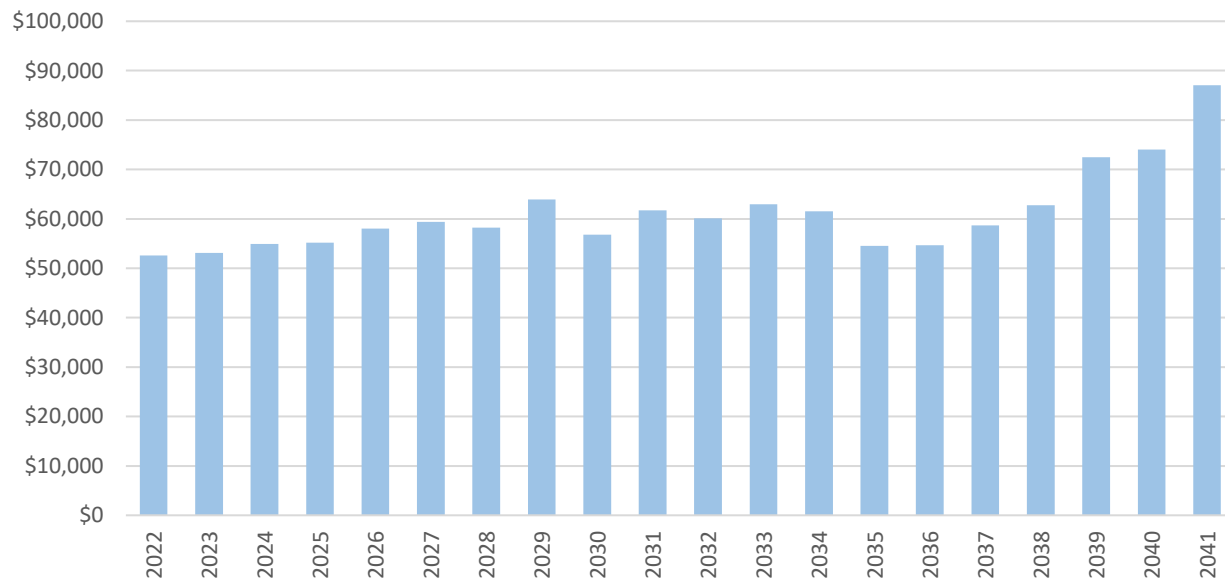
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next four. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the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

Fiscal Year	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)
2021	\$49,000	\$67,000
2022	52,591	67,000
2023	53,116	67,000
2024	54,898	
2025	55,189	

In addition to the benefit payments shown above, a graphic illustration of 20 years of projected benefit payments for the current group of covered lives is shown below. Plans open to new participants could see higher than expected payments if new members are hired and are eligible to retire during the projection period.

The chart below reflects expected cash flows to pay benefits for current plan participants.

20-Year Expected Payouts



SUMMARY OF PLAN PROVISIONS

Plan name	Montmorency County Road Commission Retiree Health Care Plan
Benefit eligibility	Age 60 with 15 years of service
Benefit	Retirees will receive health insurance benefits until attaining age 65; Upon reaching age 65, the Road Commission will pay each eligible retiree well-being payment of \$350 per month, to be pre-paid quarterly, beginning at the signing of the addendum and ending 03/31/2022, at which time it will be reviewed by the board. Spouse and dependents - Retiree spouses and children are not eligible for coverage through the Road Commission
Changes since prior valuation	None

GLOSSARY

A number of special terms and concepts are used in connection with OPEB plans and the OPEB accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Actuarially Determined Contribution (ADC) – A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Cost Method – This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability are determined.

Net OPEB Liability (NOL) – The Total OPEB Liability less the Plan Fiduciary Net Position.

Normal Cost – For GASB 74/75 purposes, normal cost is the equivalent of service cost (see definition of service cost).

Other Post-Employment Benefits (OPEB) – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

OPEB Expense (OE) – The change in the Net OPEB Liability (NOL) recognized in the current measurement period. Changes to the NOL not fully recognized in a given year's OPEB expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the OPEB expense over time.

GLOSSARY

Plan assets – Stocks, bonds and other investments that have been segregated and restricted (usually in a trust) to provide for post-retirement benefits. Assets not segregated in a trust, or otherwise effectively restricted so that they cannot be used by the employer for other purposes, are not plan assets, even though it may be intended that those assets be used to provide post-retirement benefits.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Present Value – The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive participants as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Reporting Date – The date that represents the fiscal year end for the plan or employer.

Service Cost – The value of portion of Total OPEB Liability earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total OPEB Liability (TOL) – The actuarial present value of the accrued benefit determined under the Entry Age actuarial cost method calculated using the blended Single Equivalent Discount Rate.

Valuation Date – The date as of which an actuarial valuation is performed.