

March 4, 2024

PERSONAL & CONFIDENTIAL

Ms. Tina Whitt
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, 2023. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 74 (GASB 74) Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and Statement No. 75 (GASB 75) Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

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

Sincerely,



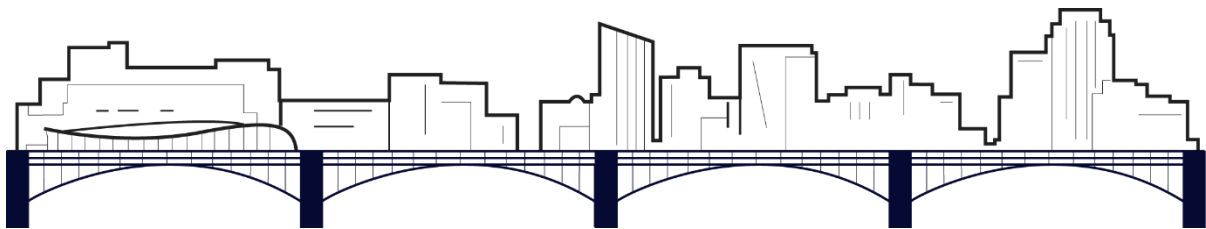
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Montmorency County Road Commission Retiree Health Care Plan

Accounting Report

for the Period Ending December 31, 2023
under GASB Statement 74 & 75



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

Report presented by:



March 2024

CONTENTS

INTRODUCTION AND CERTIFICATION	1
COMMENTS	2
PLAN DESCRIPTION	3
ASSUMPTIONS AND METHODS	4
RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY	5
Changes in the Net OPEB Liability	5
Net OPEB Liability – Discount and Trend Rate Sensitivities	5
OPEB Expense	6
OPEB Plan Fiduciary Net Position	6
Deferred Inflows and Outflows of Resources Related to OPEB Plan	6
Reconciliation of Net OPEB Liability	7
Total OPEB Liability by Participant Status	7
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION	8
Description of Actuarially Determined Contributions	8
State of Michigan Public Acts 530 and 202 Information	9
Changes in Net OPEB Liability and Related Ratios	10
Changes in Net OPEB Liability and Related Ratios	11
Assumptions and Methods for Calculation of Actuarially Determined Contribution	12
Assumptions used for PA 202 Reporting	13
Schedule of Difference between Actual and Expected Experience	14
Schedule of Changes in Assumptions	14
Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments	14
Total Deferred Outflow/(Inflow) of Resources	14
TRUSTEE AND FORM 5720 INFORMATION	15
SUMMARY OF PLAN PROVISIONS	16
GLOSSARY	17

INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared 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 the management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 74 and 75 and may be inappropriate for other purposes.

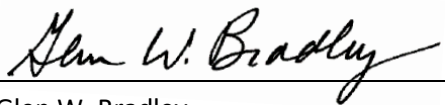
The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However,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

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

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

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

Reviewed by:



Glen W. Bradley
Senior Pension Analyst

Prepared & Certified by:



Joseph Shackelford, ASA, MAAA
Actuary

COMMENTS

Purpose of Governmental Accounting Standards Board (GASB) Reporting

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

State of Michigan Public Act 202

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

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

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

Actuarial Experience Study – Not Applicable; the plan has fewer than 100 members

Changes in Actuarial Assumptions, Plan Changes and Expected Actuarial Experience

There was an actuarial loss (increase in liability) of \$70,193, due primarily to retirement rates higher than expected, a lower mortality rate than expected, and actual benefit payments for the year higher than projected. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated an increase in liability of \$1,426.

Because an historical pattern of consistent gains or consistent losses hasn't occurred, a change in retirement assumption is not recommended currently. However, this and other assumptions will continue to be monitored for potential revision.

Peer Review and rotation of Certifying Actuary

Current year Certifying Actuary: Joey Shackelford

Peer reviewed/change in Actuary: December 31, 2023

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, 2023, Retirement Plan membership consisted of the following:

Active members	21
Inactive members	0
Retirees and beneficiaries	<u>14</u>
Total members	35

Contributions

The Montmorency County Road Commission Retiree Health Care Plan was established and is being funded under the authority of the Road Commission and under agreements with unions representing various classes of employees. The plan's funding policy is to pay plan benefits from general operating funds while contributing amounts that based on actuarially recommended amounts. There are no long-term contracts for contributions to the plan.

ASSUMPTIONS AND METHODS

The Montmorency County Road Commission's OPEB liability was measured as of December 31, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. 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	4.00%
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	IRS 2024 Adjusted Scale MP-2021

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap US	25.0%	8.35%	US Fixed Income	11.0%	3.80%
Mid Cap US	7.0	8.60	Int'l Fixed Income	2.0	3.60
Small Cap US	5.0	7.80	Inflation-Linked Income	2.0	4.90
Int'l Equities	20.0	7.20	High Yield Fixed Income	2.0	5.40
Emerging Market Equities	10.0	8.60	Limited Partnerships	3.0	7.60
Short Term Fixed Income	10.0	3.40	Commodities	3.0	3.90

The sum of each target allocation times its long-term expected real 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% funding 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. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. 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, 2022 the discount rate used to value OPEB liabilities was 6.76%.

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, 2022	\$743,337	\$370,992	\$372,345
Changes during the Year			
Service Cost	12,989		12,989
Interest	48,588		48,588
Experience (Gains)/Losses	70,193		70,193
Change in plan terms	0		0
Change in actuarial assumptions	1,426		1,426
Contributions to OPEB trust		67,000	(67,000)
Contributions/benefit from general operating funds		75,148	(75,148)
Employee Contributions		0	0
Net Investment Income		59,271	(59,271)
Benefit Payments; Including Refunds of Employee Contributions	(75,148)	(75,148)	0
Administrative Expenses		(4,559)	4,559
Other Changes		0	0
Total Changes	58,048	121,712	(63,664)
Balance at December 31, 2023	\$801,385	\$492,704	\$308,681

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	\$867,630	\$801,385	\$743,399
Plan Fiduciary Net Position	492,704	492,704	492,704
Net OPEB Liability	\$374,926	\$308,681	\$250,695

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$792,810	\$801,385	\$811,079
Plan Fiduciary Net Position	492,704	492,704	492,704
Net OPEB Liability	\$300,106	\$308,681	\$318,375

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 12/31/2023
Service Cost	\$12,989
Interest on Total OPEB Liability	48,588
Experience (Gains)/Losses	(1,703)
Changes in Plan Terms	0
Changes in Assumptions	(33,722)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(27,190)
Investment Earnings (Gains)/Losses	(6,615)
Administrative Expenses	4,559
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$(3,094)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2023 is \$492,704.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	75,046	73,033
Changes of Assumptions	1,262	140,572
Investment Earnings (Gains)/Losses	0	11,024
Total	\$76,308	\$224,629

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

Year Ended December 31,	Amount Recognized
2024	\$(41,357)
2025	(35,880)
2026	(33,645)
2027	(38,938)
2028	(4,761)
Thereafter	6,260

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability December 31, 2022	\$372,345
Total OPEB expense	(3,094)
Contributions	(142,148)
Change in deferred outflows of resources	45,654
Change in deferred inflows of resources	35,924
Net OPEB Liability December 31, 2023	\$308,681

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$282,948
Inactive participants	0
Retirees and beneficiaries	518,437
Total OPEB Liability	\$801,385

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

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

Actuarially Determined Contribution (ADC) ¹	Fiscal Year Ending December 31,	
	2024	2023
Discount rate	6.76%	6.76%
Amortization period	14 years	14 years
Amortization method	Level % of pay	Level % of pay
Normal cost	16,092	12,989
Amortization of Net OPEB Liability	27,547	33,228
Interest to end of year	2,950	3,124
Total ADC	\$46,589	\$49,341

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, \$49,341, 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 normal cost is \$4,677 for 2023 and is projected to be \$9,291 for 2023. Because past contributions have been sufficient to cover the past service liability and normal cost for those hired after June 30, 2018, this contribution requirement has been met.

¹ ADC for 2023 and 2024 is based on actuarial assumptions consistent with reporting as of December 31, 2022 and December 31, 2023, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2023
Assets (Fiduciary net position)	492,704
Liabilities (Total OPEB Liability)	801,385
Funded ratio for the Plan Year	61.48%
Actuarially Determined Contribution	\$49,341
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2023
Number of active members	21
Number of inactive members	0
Number of retirees and beneficiaries	14
Premiums paid on behalf of the retirants	\$75,148

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2023
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	7.25%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2023
Actuarial value of assets using uniform assumptions	492,704
Actuarial accrued liability using uniform assumptions	799,122
Funded ratio using uniform assumptions	61.66%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$47,374

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2023	12/31/2022	12/31/2021
Total OPEB Liability			
Service Cost	\$12,989	\$12,876	\$12,630
Interest	48,588	48,918	51,360
Changes of Benefit Terms	0	0	0
Difference between Expected and Actual Experience	70,193	(4,040)	(80,197)
Change of Assumptions	1,426	0	(25,925)
Benefit Payments (Including Refunds of Employee Contributions)	(75,148)	(50,400)	(49,000)
Net Change in Total OPEB Liability	58,048	7,354	(91,132)
Total OPEB Liability – Beginning	743,337	735,983	827,115
Total OPEB Liability – Ending (a)	\$801,385	\$743,337	\$735,983
Plan Fiduciary Net Position			
Contributions to OPEB trust	\$67,000	\$67,000	\$67,000
Contributions/benefit payments made from general operating funds	75,148	50,400	49,000
Net Investment Income	59,271	(71,303)	31,008
Benefit Payments (Including Refunds of Employee Contributions)	(75,148)	(50,400)	(49,000)
Administrative Expenses	(4,559)	(3,894)	Not available
Other	0	0	0
Net Change in Fiduciary Net Position	121,712	(8,197)	98,008
Plan Fiduciary Net Position – Beginning	370,992	379,189	281,181
Plan Fiduciary Net Position – Ending (b)	492,704	370,992	379,189
Net OPEB Liability – Ending (a)-(b)	\$308,681	\$372,345	\$356,794
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	61.48%	49.91%	51.52%
Covered Employee Payroll	\$909,112	\$1,050,533	\$962,714
Net OPEB Liability as Percentage of Payroll	34.0%	35.4%	37.1%
Actuarially Determined Contribution	\$49,341	\$45,996	\$62,447
Employer Contribution/benefit payments	(142,148)	(117,400)	(116,000)
Contribution Deficiency/(Excess)	\$(92,807)	\$(71,404)	\$(53,553)
ADC as a Percentage of Covered Payroll	5.4%	4.4%	6.5%
Employer Contribution as a Percentage of Covered Payroll	15.6%	11.2%	12.0%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability			
Service Cost	\$12,420	\$26,664	\$23,063
Interest	51,558	31,788	33,988
Changes of Benefit Terms	0	0	0
Difference between Expected and Actual Experience	(14,405)	29,265	(21,747)
Change of Assumptions	(3,228)	(264,792)	(11,314)
Benefit Payments (Including Refunds of Employee Contributions)	(50,400)	(49,350)	(44,663)
Net Change in Total OPEB Liability	(4,055)	(226,425)	(20,673)
Total OPEB Liability – Beginning	831,170	1,057,595	1,078,268
Total OPEB Liability – Ending (a)	\$827,115	\$831,170	\$1,057,595
Plan Fiduciary Net Position			
Contributions to OPEB trust	\$67,000	\$130,000	\$0
Contributions/benefit payments made from general operating funds	50,400	49,350	44,663
Net Investment Income	40,428	10,306	(2,259)
Benefit Payments (Including Refunds of Employee Contributions)	(50,400)	(49,350)	(44,663)
Administrative Expenses	Not available	(468)	(182)
Other	0	0	0
Net Change in Fiduciary Net Position	107,428	139,838	(2,441)
Plan Fiduciary Net Position – Beginning	173,753	33,915	36,356
Plan Fiduciary Net Position – Ending (b)	281,181	173,753	33,915
Net OPEB Liability – Ending (a)-(b)	\$545,934	\$657,417	\$1,023,680
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	34.00%	20.90%	3.21%
Covered Employee Payroll	\$980,471	\$1,073,227	\$1,019,524
Net OPEB Liability as Percentage of Payroll	55.7%	61.3%	100.4%
Actuarially Determined Contribution	\$68,991	\$91,004	\$92,844
Employer Contribution/benefit payments	(117,400)	(179,350)	(44,663)
Contribution Deficiency/(Excess)	\$(48,409)	\$(88,346)	\$48,181
ADC as a Percentage of Covered Payroll	7.0%	8.5%	9.1%
Employer Contribution as a Percentage of Covered Payroll	12.0%	16.7%	4.4%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date December 31, 2023

Measurement date December 31, 2023

Reporting date December 31, 2023

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 6.76% for the 2023 contribution, December 31, 2023, liability and 2024 contribution
Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.00% (S&P Municipal Bond 20-Year High Grade Rate Index)
Rationale – Bond rate (based on information from the S&P Municipal Bond index as of December 31, 2023)

Salary Scale – 3.00% (for purpose of allocating liability)
Rationale – Per employer expectations

Return on Plan Assets – 6.76% (including inflation)
Rationale – Provided by investment manager

Mortality Rates – Public General 2010 Employee and Healthy Retiree, Headcount weighted, IRS 2024 Adjusted Scale MP-2021
Rationale – Most current mortality rates available for municipalities

Utilization – 100% of future retirees 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 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	\$892.47
61	924.04
62	944.76
63	970.74
64	986.52

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

Rationale – Age-graded premiums in effect in 2023

Implicit Subsidy – Not applicable; premiums are age-graded

Medical Trend – Medical premiums: Pre-Medicare 7.25% 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 were 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 to IRS 2024 Adjusted Scale MP-2021
- Medical Trend Rates updated to those prescribed by PA 202 for year 2023

Assumptions used for PA 202 Reporting

Salary Scale – 3.25%

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
			2023	2024	2025	2026	2027	2028	2029+		
2018	(21,747)	9.40	(2,314)	(2,314)	(2,314)	(2,314)	(921)			-	(7,863)
2019	29,265	8.97	3,263	3,263	3,263	3,263	3,160			12,949	-
2020	(14,405)	8.57	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)	(957)		-	(7,681)
2021	(80,197)	9.31	(8,614)	(8,614)	(8,614)	(8,614)	(8,614)	(8,614)	(11,285)	-	(54,355)
2022	(4,040)	8.91	(453)	(453)	(453)	(453)	(453)	(453)	(869)	-	(3,134)
2023	70,193	8.67	8,096	8,096	8,096	8,096	8,096	8,096	21,617	62,097	-
Net recognized in OPEB expense			\$ (1,703)	\$ (1,703)	\$ (1,703)	\$ (1,703)	\$ (413)	\$ (1,928)	\$ 9,463	\$ 75,046	\$ (73,033)

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
			2023	2024	2025	2026	2027	2028	2029+		
2018	(11,314)	9.40	(1,204)	(1,204)	(1,204)	(1,204)	(478)			-	(4,090)
2019	(264,792)	8.97	(29,520)	(29,520)	(29,520)	(29,520)	(28,632)				(117,192)
2020	(3,228)	8.57	(377)	(377)	(377)	(377)	(377)	(212)		-	(1,720)
2021	(25,925)	9.31	(2,785)	(2,785)	(2,785)	(2,785)	(2,785)	(2,785)	(3,645)	-	(17,570)
2022	-	8.91					-	-	-	-	-
2023	1,426	8.67	164	164	164	164	164	164	442	1,262	-
Net recognized in OPEB expense			\$ (33,722)	\$ (33,722)	\$ (33,722)	\$ (33,722)	\$ (32,108)	\$ (2,833)	\$ (3,203)	\$ 1,262	\$ (140,572)

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
			2023	2024	2025	2026	2027	2028	2029+		
2019	(3,405)	5.00	(681)	-						-	-
2020	(27,388)	5.00	(5,478)	(5,476)						-	(5,476)
2021	(11,189)	5.00	(2,238)	(2,238)	(2,237)					-	(4,475)
2022	40,988	5.00	8,198	8,198	8,198	8,196				24,592	-
2023	(32,081)	5.00	(6,416)	(6,416)	(6,416)	(6,416)	(6,417)			-	(25,665)
Net recognized in OPEB expense			\$ (6,615)	\$ (5,932)	\$ (455)	\$ 1,780	\$ (6,417)			\$ 24,592	\$ (35,616)

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended December 31,					
	2024	2025	2026	2027	2028	2029+
Total Deferred Outflow/(Inflow) of Resources	(41,357)	(35,880)	(33,645)	(38,938)	(4,761)	6,260

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.

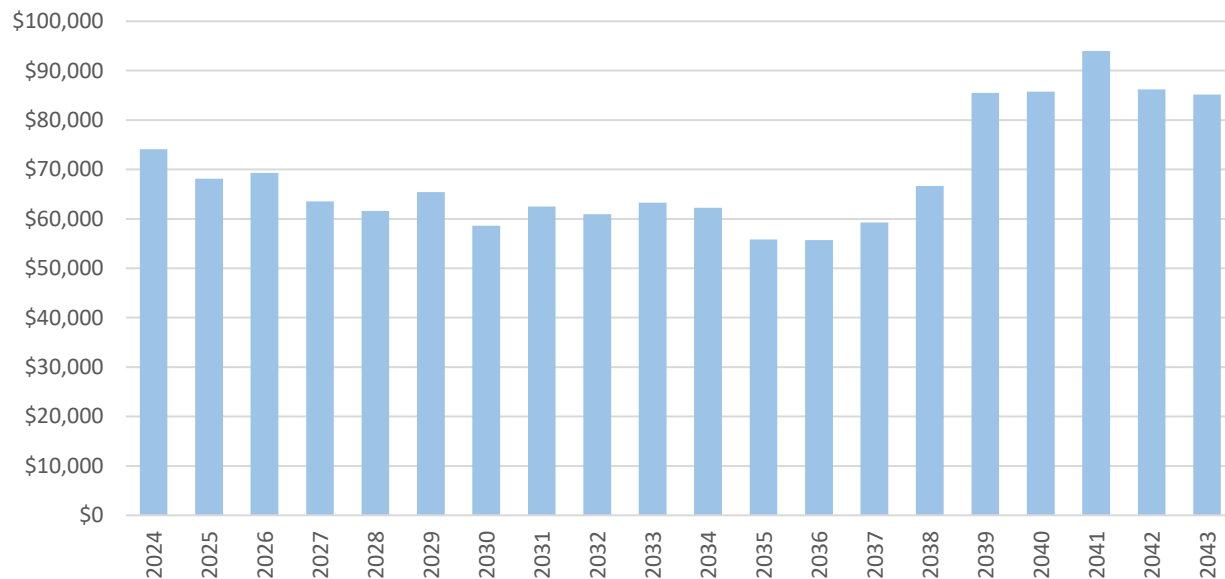
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next four. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the 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)
2023	\$75,148	\$67,000
2024	74,130	
2025	68,149	
2026	69,316	
2027	63,508	

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. 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.