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February 5, 2021

PERSONAL & CONFIDENTIAL

Andrea Herman  
Wexford County Road Commission  
85 West Highway M-115  
Boon, Michigan 49618

RE: Wexford County Road Commission Retiree Health Care Plan

Dear Andrea:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending December 31, 2020. 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,

A handwritten signature in blue ink, appearing to read "Christian R. Veenstra".

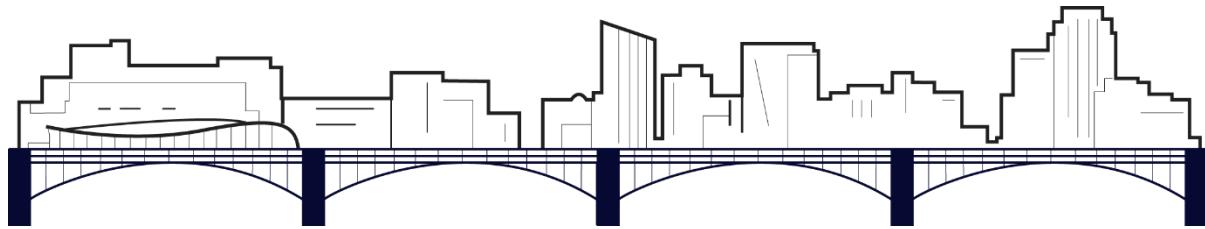
Christian R. Veenstra, FCA, ASA, MAAA  
President / Enrolled Actuary

Enclosure

# Wexford County Road Commission Retiree Health Care Plan

Accounting Report

for the Period Ending December 31, 2020  
under GASB Statement 74 & 75



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

Report presented by:



February 2021

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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.

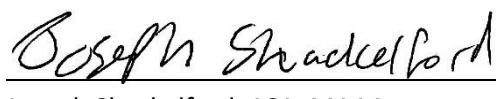
The actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

**Prepared by:**



Glen W. Bradley  
Senior Pension Analyst

**Certified by:**



Joseph Shackelford, ASA, MAAA  
Health 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.

The methods and assumptions may or may not be an appropriate measure of the plan's liability for funding purposes or for reporting liabilities under Public Act 202 of the State of Michigan. Thus, liabilities and other values calculated for those purposes may differ from the ones used for GASB reporting.

### **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.

### **Actuarially Determined Contribution for GASB reporting**

GASB reporting includes a 10-year history of actual annual amounts contributed by an employer on behalf of the OPEB plan and an Actuarially Determined Contribution (ADC). In addition, the report includes a summary of assumptions used to determine the ADC. This reporting requirement presumes a separate funding report is completed. However, for many employers, separate funding studies have not been solicited. We have included a contribution section in this report (Schedules of Required Supplementary Information: Description of Actuarially Determined Contribution) that provides this information. The assumptions and methods used for these calculations are derived from those used for GASB reporting and are not necessarily consistent with PA 202. This report includes an ADC determined using an amortization of the unfunded liability over a 10 years for GASB reporting purposes.

### **Actuarially Determined Contribution under Public Act 202**

Public Act 202 requires a calculation of an ADC using the Uniform Assumptions prescribed under PA 202. This ADC differs from the one used for the 10-year reporting history noted in the paragraph above. (Schedules of Required Supplementary Information: State of Michigan Public Acts 530 and 202 Information)

### **Changes in Actuarial Assumptions, Plan Changes and Expected Actuarial Experience**

There was an overall actuarial gain (decrease in liability) of \$23,102, of which \$14,154 was due to actual benefit payments lower than expected, and \$8,948 was due primarily to higher mortality (3 deaths) than expected. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated an actuarial loss (increase in liability) of \$2,176.

## 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 Wexford County Road Commission Other Post-Employment Benefit (OPEB) 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 Wexford 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

**Wexford County Road Commission Retiree Health Care Plan** is a single employer plan established and administered by **Wexford 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, 2020, Retirement Plan membership consisted of the following:

Retirement Plan membership	
Active members	0
Inactive members	0
Retirees and beneficiaries	15
Total members	15

### Contributions

The Wexford County Road Commission Retiree Health Care Plan was established and is being funded under the authority of the County Commission and under agreements with the unions representing various classes of employees. The plan's funding policy is that the employer will consider amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan.

## ASSUMPTIONS AND METHODS

The Wexford County Road Commission's OPEB liability was measured as of December 31, 2020.

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary increases	None; the plan is closed to active employees
Investment rate of return	7.35% (including inflation)
20-year Aa Municipal bond rate	1.93% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Healthy Retirees, Headcount weighted
Improvement Scale	MP-2020

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
Global Equity	60.0%	7.75%
Global Fixed Income	20.0%	3.75%
Private Assets	20.0%	9.75%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.35%.

### Discount Rate

The discount rate used to measure the total OPEB liability was **7.35%**. The projection of cash flows used to determine the discount rate assumed that Employer contributions will be made at rates equal to the most recent recommended contribution. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members indefinitely – there is no cross-over point or depletion date. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. 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. 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, 2019, the discount rate used to value OPEB liabilities was 7.35%.

## RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

### Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Plan Net OPEB Liability (a) - (b)
<b>Balance at December 31, 2019</b>	\$458,819	\$139,295	\$319,524
<b>Changes during the Year</b>			
Service Cost	0	0	0
Interest	31,981		31,981
Experience (Gains)/Losses	(23,102)		(23,102)
Change in plan terms	0		0
Change in actuarial assumptions	(2,176)		(2,176)
Contributions to OPEB trust		105,865	(105,865)
Contributions/benefit paid from general operating funds		47,400	(47,400)
Employee Contributions		0	0
<b>Net Investment Income</b>	<b>44,332</b>	<b>(44,332)</b>	
Benefit Payments;			
Including Refunds of Employee Contributions	(47,400)	(47,400)	0
Administrative Expenses		(400)	400
Other Changes		0	0
<b>Total Changes</b>	<b>(40,697)</b>	<b>149,797</b>	<b>(190,494)</b>
<b>Balance at December 31, 2020</b>	<b>\$418,122</b>	<b>\$289,092</b>	<b>\$129,030</b>

### Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the Employer, calculated using discount rates 1% higher and lower than base assumptions. The benefit is a fixed monthly payment, so the liability is unaffected by trend.

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$441,430	\$418,122	\$397,203
Plan Fiduciary Net Position	289,092	289,092	289,092
Net OPEB Liability	\$152,338	\$129,030	\$108,111

## RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

### OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 12/31/2020
Service Cost	\$0
Interest on Total OPEB Liability	31,981
Experience (Gains)/Losses	(23,102)
Changes in Plan Terms	0
Changes in Assumptions	(2,176)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(14,114)
Investment Earnings (Gains)/Losses	(6,513)
Administrative Expenses	400
Other Changes in Fiduciary Net Position	0
<b>Total OPEB Expense</b>	<b>\$(13,524)</b>

### OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2020 is \$289,092.

### Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	0
Changes of Assumptions	0	0
Investment Earnings (Gains)/Losses	0	26,043
<b>Total</b>	<b>\$0</b>	<b>\$26,043</b>

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
2021	\$(6,513)
2022	(6,513)
2023	(6,975)
2024	(6,042)
2025	0
Thereafter	0

## RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

### Reconciliation of Net OPEB Liability

	<b>Net OPEB Liability</b>
Net OPEB Liability December 31, 2019	\$319,524
Total OPEB expense	(13,524)
Contributions	(153,265)
Change in deferred outflows of resources	0
Change in deferred inflows of resources	(23,705)
<b>Net OPEB Liability December 31, 2020</b>	<b>\$129,030</b>

### Total OPEB Liability by Participant Status

	<b>Total OPEB Liability</b>
Active participants	\$0
Inactive participants	0
Retirees and beneficiaries	418,122
<b>Total OPEB Liability</b>	<b>\$418,122</b>

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Description of Actuarially Determined Contributions

Previously, under Governmental Accounting Standards Board (GASB) Statement Nos. 43 and 45, an Annual Required Contribution (ARC) was provided in order that an OPEB plan sponsor could either contribute such amount to an OPEB trust or book the balance on the employer's financial pages as an OPEB Obligation.

GASB Nos. 74 and 75, however, eliminate the ARC as a component of the financial statement and, instead, separately identify an accounting expense that must be recorded on the financial pages - whether or not a contribution was actually made to an OPEB trust. Although a recommended contribution is no longer necessary as part of GASB reporting, we have included one along with the accounting entries in this report 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 that 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,	
	<u>2021</u>	<u>2020</u>
Discount rate	7.35%	7.35%
Amortization period	9 years	10 years
Amortization method	Level \$	Level \$
Normal cost	0	0
Amortization of Net OPEB Liability	18,724	43,066
Interest to end of year	1,376	3,165
Total ADC	\$20,100	\$46,231

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, \$46,231, 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, shown in the last table on the following page of this report 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. The intent of this contribution requirement is to pre-fund the liability for those hired after June 30, 2018. Because the plan is closed to employees retiring after January 1, 2011 this requirement is not applicable.

It is recommended that the plan sponsor continue to pay retiree OPEB benefits from general operating funds until plan assets are sufficient to pay benefits from the trust.

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### State of Michigan Public Acts 530 and 202 Information

<b>Financial information</b>	<b>2020</b>
Assets (Fiduciary net position)	289,092
Liabilities (Total OPEB Liability)	418,122
Funded ratio for the Plan Year	69.14%
Actuarially Determined Contribution	\$46,231
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

<b>Membership</b>	<b>2020</b>
Number of active members	0
Number of inactive members	0
Number of retirees and beneficiaries	15
Premiums paid on behalf of the retirants	\$47,400

### Investment Performance

This information is available from the Investment Manager

<b>Actuarial Assumptions</b>	<b>2020</b>
Actuarially assumed rate of investment return	7.35%
Discount rate	7.35%
Amortization method used for funding unfunded liability	Level \$
Amortization period used for funding unfunded liability	10 years
Is each division closed to new employees	Yes
Healthcare inflation assumption next year	0%
Healthcare inflation assumption - long term	0%

<b>Uniform Assumptions</b>	<b>2020</b>
Actuarial value of assets using uniform assumptions	289,092
Actuarial accrued liability using uniform assumptions	430,332
Funded ratio using uniform assumptions	67.18%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$46,221

<b>Information for Summary Report (minimum required contribution)<sup>1</sup></b>	<b>2020</b>
Retiree insurance premiums for the year (1)	47,400
Normal cost as a percent of covered payroll (2)	0.00%
Covered payroll for employees hired after June 30, 2018 (3)	0
Normal cost for employees hired after June 30, 2018 (4) = (2)X(3)	0
Minimum required contribution under PA 202 (1) + (4)	\$47,400

<sup>1</sup> Senate Bill 686 requires that a local unit must contribute at least both of the following – Normal cost for employees first hired after June 30, 2018 and retiree premiums due to retirants in the retirement system; In order to obtain 40% funding, higher contributions may be needed.

## 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
<b>Total OPEB Liability</b>			
Service Cost	\$0	\$0	\$0
Interest	31,981	57,770	57,765
Changes of Benefit Terms	0	(322,174)	-
Difference between Expected and Actual Experience	(23,102)	(5,817)	3,479
Change of Assumptions	(2,176)	13,115	-
Benefit Payments (Including Refunds of Employee Contributions)	(47,400)	(59,010)	(63,313)
Net Change in Total OPEB Liability	(40,697)	(316,116)	(2,069)
Total OPEB Liability – Beginning	458,819	774,935	777,004
<b>Total OPEB Liability – Ending (a)</b>	<b>\$418,122</b>	<b>\$458,819</b>	<b>\$774,935</b>
<b>Plan Fiduciary Net Position</b>			
Contributions to OPEB trust	\$105,865	\$103,773	\$26,380
Contributions/benefit payments made from general operating funds	47,400	59,010	63,313
Net Investment Income	44,332	10,611	(1,324)
Benefit Payments (Including Refunds of Employee Contributions)	(47,400)	(59,010)	(63,313)
Administrative Expenses	(400)	(127)	(19)
Other	0	-	-
Net Change in Fiduciary Net Position	149,797	114,257	25,037
Plan Fiduciary Net Position – Beginning	139,295	25,037	-
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>289,092</b>	<b>139,294</b>	<b>25,037</b>
<b>Net OPEB Liability – Ending (a)-(b)</b>	<b>\$129,030</b>	<b>\$319,525</b>	<b>\$749,898</b>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	69.14%	30.36%	3.23%
Covered Employee Payroll	\$0	\$0	\$0
Net OPEB Liability as Percentage of Payroll	Not applicable	Not applicable	Not applicable
<b>Actuarially Determined Contribution</b>			
Employer Contribution/benefit payments	(153,265)	(59,010)	(63,313)
Contribution Deficiency/(Excess)	\$(107,034)	\$44,763	\$38,460
ADC as a Percentage of Covered Payroll	Not applicable	Not applicable	Not applicable
Employer Contribution as a Percentage of Covered Payroll	Not applicable	Not applicable	Not applicable

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Assumptions and Methods for Calculation of Actuarially Determined Contribution

<b>Valuation date</b>	December 31, 2020
<b>Measurement date</b>	December 31, 2020
<b>Reporting date</b>	December 31, 2020
<b>Actuarial Methods</b>	
Cost method	Entry Age Normal (level percentage of compensation)
Asset valuation method	Market value

### Actuarial Assumptions

**Discount Rate** – 7.35% for 2020 contribution, OPEB liability and 2021 contribution

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

**20-year Aa Municipal Bond Rate** – 1.93%

Rationale – Bond rate (based on information published by Bartel Associates, LLC as of December 31, 2020)

**Salary Scale** – Not applicable

Rationale – The plan is closed to future retirees

**Return on Plan Assets** – 7.35%

Rationale – Consistent with plan investment experience

**Mortality Rates** – 2010 Public General Healthy Retirees, Headcount weighted with 2020 Mortality Improvement Scale

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** – None

Rationale – All participants are retired

**Retirement Rates** – None

Rationale – All participants are retired

**Claims Costs** – \$300 per retiree per month; per benefit provisions

Rationale – Sponsor provided stipend

**Medical Trend** – None

Rationale – Not applied because the benefit is fixed

### 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

## **SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

### **Assumption changes since prior valuation**

- Mortality Improvement Scale changed from MP-2019 to MP-2020

### **Assumptions used for PA 202 Reporting**

**Discount rate - 7.00%**

**Mortality** – 2010 Public General Healthy Retirees, Headcount weighted with 2018 Mortality Improvement Scale

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
			2020	2021	2022	2023	2024	2025	2026+		
2020	(23,102)	1.00	(23,102)	-	-	-	-	-	-	-	-
Net recognized in OPEB expense			\$ (23,102)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### 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
			2020	2021	2022	2023	2024	2025	2026+		
2020	(2,176)	1.00	(2,176)	-	-	-	-	-	-	-	-
Net recognized in OPEB expense			\$ (2,176)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### 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
			2020	2021	2022	2023	2024	2025	2026+		
2018	2,312	5.00	462	462	462					924	-
2019	(4,655)	5.00	(931)	(931)	(931)	(931)	(931)			-	(2,793)
2020	(30,218)	5.00	(6,044)	(6,044)	(6,044)	(6,044)	(6,042)			-	(24,174)
Net recognized in OPEB expense			\$ (6,513)	\$ (6,513)	\$ (6,513)	\$ (6,975)	\$ (6,042)			\$ 924	\$ (26,967)

### Total Deferred Outflow/(Inflow) of Resources

Total Deferred Outflow/(Inflow) of Resources	Amount Recognized in Year Ended December 31,						
	2021	2022	2023	2024	2025	2026+	
Total Deferred Outflow/(Inflow) of Resources	(6,513)	(6,513)	(6,975)	(6,042)	-	-	

## **SUMMARY OF PLAN PROVISIONS**

**Plan name** – Wexford County Road Commission Retiree Health Care Plan

<b>Benefit eligibility</b>	Retired prior to January 1, 2011
<b>Benefit</b>	\$300 per month for the life of the retiree
<b>Spouse</b>	No benefit
<b>Changes since prior valuation</b>	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.