

November 22, 2024

PERSONAL & CONFIDENTIAL

Kerry Hewitt
Newaygo County Road Commission
935 E 1 Mile Road
White Cloud, MI 49349

RE: Newaygo County Road Commission Other Post-Employment Benefit Plan

Dear Kerry:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending September 30, 2024. 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 actuarial values shown in this report are based on September 30, 2023 results rolled forward to September 30, 2024.

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

Sincerely,



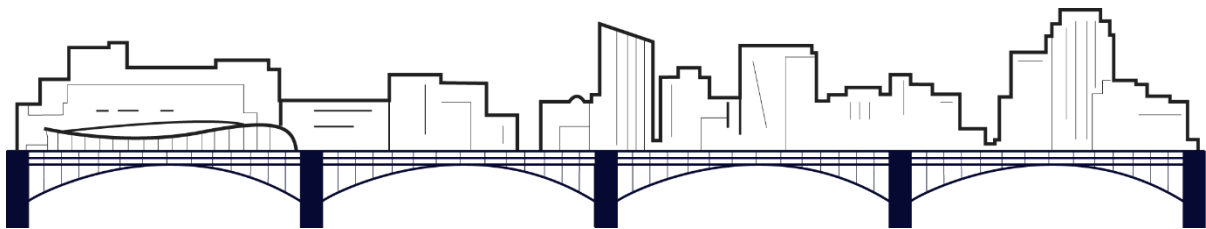
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Newaygo County Road Commission Other Post-Employment Benefit Plan

Accounting Report

for the Period Ending September 30, 2024
under GASB Statement 74 & 75



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

Report presented by:



November 2024

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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 herself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared and Certified by:



Leah A. Dudley, FCA, ASA, MAAA
Health Actuary

Reviewed by:



Lisa J. Hayes
Senior OPEB Analyst

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 participants

Changes in Actuarial Assumptions, Plan Changes and Expected Actuarial Experience

There was a gain to the plan of \$19,672, due to the retiree benefit payments being lower 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 \$48,019.

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 Newaygo County Road Commission Other Post-Employment Benefit 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 Newaygo 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

Newaygo County Road Commission Other Post-Employment Benefit Plan is a single employer plan established and administered by **Newaygo 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 September 30, 2023, Retirement Plan membership consisted of the following:

Active members	46
Inactive members	0
Retirees and beneficiaries	8
Total members	54

Contributions

The Newaygo County Road Commission Other Post-Employment Benefit 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 that the Road Commission will contribute \$300,000 per year into the trust in addition to paying retiree OPEB benefits from general operating funds. There are no long-term contracts for contributions to the plan.

ASSUMPTIONS AND METHODS

The Newaygo County Road Commission's OPEB liability was measured as of September 30, 2024.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023 rolled forward to September 30, 2024. The following actuarial assumptions were used in the measurement:

Inflation	2.5%
Salary increases	3.0% (for purpose of allocating liability)
Investment rate of return	6.93% (including inflation)
20-year Aa Municipal bond rate	4.06%
Mortality	Public General 2010 Employee and Healthy Retiree, 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 Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.16%
Private Assets	20.0%	6.50%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 6.93%.

Discount Rate

The discount rate used to measure the total OPEB liability was **6.93%**. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make annual contributions of \$300,000 into the OPEB trust, in addition to paying current benefits from general operating funds. 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. 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 September 30, 2023 the discount rate used to value OPEB liabilities was 7.00%.

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 September 30, 2023	\$2,705,512	\$1,980,793	\$724,719
Changes during the Year			
Service Cost	99,968		99,968
Interest	191,175		191,175
Experience (Gains)/Losses	(19,672)		(19,672)
Change in plan terms	0		0
Change in actuarial assumptions	48,019		48,019
Contributions to OPEB trust		300,000	(300,000)
Contributions/benefit from general operating funds		148,829	(148,829)
Employee Contributions		0	0
Net Investment Income		375,271	(375,271)
Benefit Payments;			
Including Refunds of Employee Contributions	(148,829)	(148,829)	0
Administrative Expenses		(4,872)	4,872
Other Changes		0	0
Total Changes	170,661	670,399	(499,738)
Balance at September 30, 2024	\$2,876,173	\$2,651,192	\$224,981

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	\$3,127,517	\$2,876,173	\$2,655,901
Plan Fiduciary Net Position	2,651,192	2,651,192	2,651,192
Net OPEB Liability	\$476,325	\$224,981	\$4,709

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$2,607,482	\$2,876,173	\$3,189,485
Plan Fiduciary Net Position	2,651,192	2,651,192	2,651,192
Net OPEB Liability	\$(43,710)	\$224,981	\$538,293

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 09/30/2024
Service Cost	\$99,968
Interest on Total OPEB Liability	191,175
Experience (Gains)/Losses	(301,008)
Changes in Plan Terms	0
Changes in Assumptions	(210,267)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(148,985)
Investment Earnings (Gains)/Losses	(20,079)
Administrative Expenses	4,872
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$(384,324)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of September 30, 2024 is \$2,651,192.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	580,046
Changes of Assumptions	79,667	227,361
Investment Earnings (Gains)/Losses	0	114,286
Total	\$79,667	\$921,693

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 September 30,	Amount Recognized
2025	\$(328,515)
2026	(160,674)
2027	(176,961)
2028	(164,086)
2029	(11,790)
Thereafter	0

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability September 30, 2023	\$724,719
Total OPEB expense	(384,324)
Contributions	(448,829)
Change in deferred outflows of resources	(71,191)
Change in deferred inflows of resources	404,606
Net OPEB Liability September 30, 2024	\$224,981

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$1,894,223
Inactive participants	0
Retirees and beneficiaries	981,950
Total OPEB Liability	\$2,876,173

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 September 30,	
	2025	2024
Discount rate	6.93%	7.00%
Amortization period	6 years	7 years
Amortization method	Level % of pay	Level % of pay
Service cost	90,081	99,968
Amortization of Net OPEB Liability	41,093	115,731
Interest to end of year	9,091	15,099
Total ADC	\$140,265	\$230,798

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, \$230,798, 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 service cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. The minimum required contribution for these new hires for 2024 was \$34,985 and for 2025 the amount is \$35,927. Given that 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 for 2024 and 2025.

¹ ADC for 2024 and 2025 is based on actuarial assumptions consistent with reporting as of September 30, 2023 and September 30, 2024, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2024
Assets (Fiduciary net position)	2,651,192
Liabilities (Total OPEB Liability)	2,876,173
Funded ratio for the Plan Year	92.18%
Actuarially Determined Contribution	\$230,798
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2024
Number of active members	46
Number of inactive members	0
Number of retirees and beneficiaries	8
Premiums paid on behalf of the retirants	\$148,829

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2024
Actuarially assumed rate of investment return	6.93%
Discount rate	6.93%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	7 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	2024
Actuarial value of assets using uniform assumptions	2,651,192
Actuarial accrued liability using uniform assumptions	2,853,128
Funded ratio using uniform assumptions	92.92%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$236,612

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020
Total OPEB Liability					
Service Cost	\$99,968	\$81,874	\$87,272	\$90,270	\$129,089
Interest	191,175	231,134	227,150	279,492	267,764
Changes of Benefit Terms	0	0	0	0	0
Difference between Expected and Actual Experience	(19,672)	(481,597)	(61,726)	(846,763)	(73,057)
Change of Assumptions	48,019	(276,321)	97,209	(92,993)	(491,374)
Benefit Payments (Including Refunds of Employee Contributions)	(148,829)	(139,253)	(126,899)	(151,354)	(120,548)
Net Change in Total OPEB Liability	170,661	(584,163)	223,006	(721,348)	(288,126)
Total OPEB Liability – Beginning	2,705,512	3,289,675	3,066,669	3,788,017	4,076,143
Total OPEB Liability – Ending (a)	\$2,876,173	\$2,705,512	\$3,289,675	\$3,066,669	\$3,788,017
Plan Fiduciary Net Position					
Contributions to OPEB trust	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Contributions/benefit payments made from general operating funds	148,829	139,253	126,899	151,354	120,548
Net Investment Income	375,271	182,668	(224,305)	222,902	56,376
Benefit Payments (Including Refunds of Employee Contributions)	(148,829)	(139,253)	(126,899)	(151,354)	(120,548)
Administrative Expenses	(4,872)	(3,482)	(2,765)	(2,180)	(1,303)
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	670,399	479,186	72,930	520,722	355,073
Plan Fiduciary Net Position – Beginning	1,980,793	1,501,607	1,428,677	907,955	552,882
Plan Fiduciary Net Position – Ending (b)	2,651,192	1,980,793	1,501,607	1,428,677	907,955
Net OPEB Liability – Ending (a)-(b)	\$224,981	\$724,719	\$1,788,068	\$1,637,992	\$2,880,062
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	92.2%	73.2%	45.7%	46.6%	24.0%
Covered Employee Payroll	\$2,853,357	\$2,818,274	\$2,616,979	\$2,406,591	\$2,373,543
Net OPEB Liability as Percentage of Payroll	7.9%	25.7%	68.3%	68.1%	121.3%
Actuarially Determined Contribution	\$230,798	\$437,602	\$377,103	\$660,364	\$719,640
Employer Contribution/benefit payments	(448,829)	(439,253)	(426,899)	(451,354)	(420,548)
Contribution Deficiency/(Excess)	\$(218,031)	\$(1,651)	\$(49,796)	\$209,010	\$299,092
ADC as a Percentage of Covered Payroll	8.1%	15.5%	14.4%	27.4%	30.3%
Employer Contribution as a Percentage of Covered Payroll	15.7%	15.6%	16.3%	18.8%	17.7%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	09/30/2019	09/30/2018
Total OPEB Liability		
Service Cost	\$190,762	\$269,661
Interest	198,819	154,536
Changes of Benefit Terms	0	0
Difference between Expected and Actual Experience	(323,776)	(76,478)
Change of Assumptions	(385,022)	(687,717)
Benefit Payments (Including Refunds of Employee Contributions)	(96,717)	(98,932)
Net Change in Total OPEB Liability	(415,934)	(438,930)
Total OPEB Liability – Beginning	4,492,077	4,931,007
Total OPEB Liability – Ending (a)	\$4,076,143	\$4,492,077
Plan Fiduciary Net Position		
Contributions to OPEB trust	\$300,000	\$160,000
Contributions/benefit payments made from general operating funds	96,717	98,932
Net Investment Income	15,745	4,836
Benefit Payments (Including Refunds of Employee Contributions)	(96,717)	(98,932)
Administrative Expenses	(757)	(310)
Other	0	0
Net Change in Fiduciary Net Position	314,988	164,526
Plan Fiduciary Net Position – Beginning	237,894	73,368
Plan Fiduciary Net Position – Ending (b)	552,882	237,894
Net OPEB Liability – Ending (a)-(b)	\$3,523,261	\$4,254,183
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	13.6%	5.3%
Covered Employee Payroll	\$2,393,846	\$1,823,409
Net OPEB Liability as Percentage of Payroll	147.2%	233.3%
Actuarially Determined Contribution	\$736,810	\$778,204
Employer Contribution/benefit payments	(396,717)	(258,932)
Contribution Deficiency/(Excess)	\$340,093	\$519,272
ADC as a Percentage of Covered Payroll	30.8%	42.7%
Employer Contribution as a Percentage of Covered Payroll	16.6%	14.2%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date September 30, 2023

Measurement date September 30, 2024

Reporting date September 30, 2024

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 7.00% for 2024 contribution; 6.93% for 2024 liability and 2025 contribution
Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.06%
Rationale – S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024

Salary Scale – 3.0% (for purpose of allocating liability)
Rationale – Per employer expectations

Return on Plan Assets – 6.93% (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 coverage at retirement; actual coverage used for non-active; 50% of current retirees under age 65 will continue coverage after attaining age 65
Rationale – Historical

Marital Assumption – Actual spouse data used for current and future retirees
Rationale – Consistent with experience

Termination Rates – See sample rates below:

Age	Years of Service					
	0	1	2	3	4	5+
25	0.180	0.180	0.160	0.120	0.100	0.090
30	0.180	0.180	0.160	0.120	0.100	0.090
35	0.180	0.180	0.160	0.120	0.100	0.070
40	0.180	0.180	0.160	0.120	0.100	0.050
45	0.180	0.180	0.160	0.120	0.100	0.040
50	0.180	0.180	0.160	0.120	0.100	0.040
55	0.180	0.180	0.160	0.120	0.100	0.030

Rationale – Municipal Employees’ Retirement System (MERS) salaried & non-police table

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Retirement rates – See rates below:

Age	Rate	Age	Rate
50	23%	61	48%
51	23%	62	49%
52	24%	63	49%
53	26%	64	50%
54	26%	65	50%
55	30%	66	50%
56	33%	67	50%
57	35%	68	50%
58	39%	69	50%
59	42%	70	100%
60	43%		

Rationale – Consistent with experience

Disability rates – See sample rates below:

Age	Rate	Age	Rate
20	0.020%	45	0.110%
25	0.020%	50	0.024%
30	0.020%	55	0.041%
35	0.060%	60+	0.041%
40	0.060%		

Rationale – MERS disability table

Claims Costs – See rates (monthly) below:

Age	Rate
55	\$650.60
56	680.65
57	710.99
58	743.38
59	759.43
60	791.81
61	819.82
62	838.20
63	861.25
64	875.25
65+	506.18

Rationale – Provided by Blue Care Network of Michigan

Implicit Subsidy – Not applicable; premiums are age-graded

HRA cost – \$150 per month

Rationale – Based on experience

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Medical Trend

Pre-65: 7.25% for two years, then graded down to 4.5% by 0.25% per year

Post-65: 5.5% for two years, then 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

- Discount rate changed from 7.0% to 6.93%
- Mortality improvement scale updated from MP-2021
- Medical trend updated such that the trend does not decrease by the anticipated 0.25% in the second year

Assumptions used for PA 202 Reporting

Discount rate – 6.90%

Salary Scale – 3.75%

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 September 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2024	2025	2026	2027	2028	2029	2030+		
2018	(76,478)	6.43	(5,114)							-	-
2019	(323,776)	5.49	(28,896)							-	-
2020	(73,057)	5.19	(14,076)	(2,677)						-	(2,677)
2021	(846,763)	5.33	(158,867)	(158,867)	(52,428)					-	(211,295)
2022	(61,726)	5.08	(12,151)	(12,151)	(12,151)	(971)				-	(25,273)
2023	(481,597)	6.13	(78,564)	(78,564)	(78,564)	(78,564)	(78,564)	(10,213)		-	(324,469)
2024	(19,672)	5.89	(3,340)	(3,340)	(3,340)	(3,340)	(3,340)	(2,972)	-	-	(16,332)
Net recognized in OPEB expense			<u>\$ (301,008)</u>	<u>\$ (255,599)</u>	<u>\$ (146,483)</u>	<u>\$ (82,875)</u>	<u>\$ (81,904)</u>	<u>\$ (13,185)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (580,046)</u>

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended September 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2024	2025	2026	2027	2028	2029	2030+		
2018	(687,717)	6.43	(45,993)							-	-
2019	(385,022)	5.49	(34,362)							-	-
2020	(491,374)	5.19	(94,677)	(17,989)						-	(17,989)
2021	(92,993)	5.33	(17,447)	(17,447)	(5,758)					-	(23,205)
2022	97,209	5.08	19,136	19,136	19,136	1,529				39,801	-
2023	(276,321)	6.13	(45,077)	(45,077)	(45,077)	(45,077)	(45,077)	(5,859)		-	(186,167)
2024	48,019	5.89	8,153	8,153	8,153	8,153	8,153	7,254	-	39,866	-
Net recognized in OPEB expense			<u>\$ (210,267)</u>	<u>\$ (53,224)</u>	<u>\$ (23,546)</u>	<u>\$ (35,395)</u>	<u>\$ (36,924)</u>	<u>\$ 1,395</u>	<u>\$ -</u>	<u>\$ 79,667</u>	<u>\$ (227,361)</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 September 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2024	2025	2026	2027	2028	2029	2030+		
2020	(1,953)	5.00	(389)							-	-
2021	(145,222)	5.00	(29,044)	(29,046)						-	(29,046)
2022	340,236	5.00	68,047	68,047	68,048					136,095	-
2023	(67,178)	5.00	(13,436)	(13,436)	(13,436)	(13,434)				-	(40,306)
2024	(226,286)	5.00	(45,257)	(45,257)	(45,257)	(45,257)	(45,258)			-	(181,029)
Net recognized in OPEB expense			<u>\$ (20,079)</u>	<u>\$ (19,692)</u>	<u>\$ 9,355</u>	<u>\$ (58,691)</u>	<u>\$ (45,258)</u>			<u>\$ 136,095</u>	<u>\$ (250,381)</u>

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended September 30,					
	2025	2026	2027	2028	2029	2030+
Total Deferred Outflow/(Inflow) of Resources	\$ (328,515)	\$ (160,674)	\$ (176,961)	\$ (164,086)	\$ (11,790)	\$ -

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.

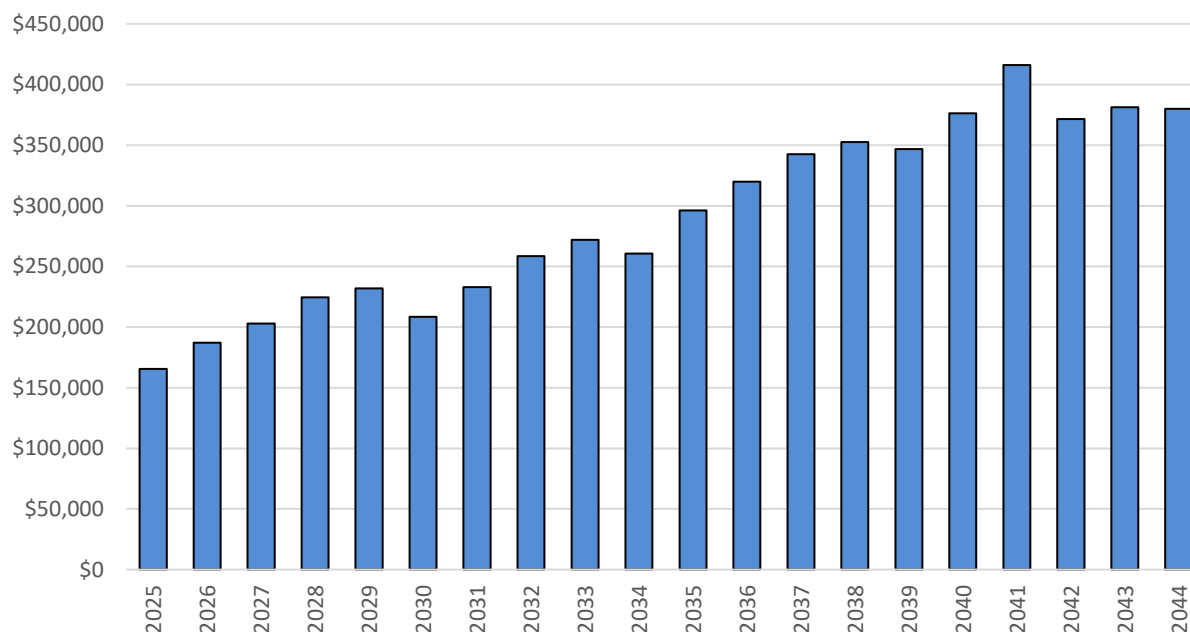
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next five. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the 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)
2024	\$148,829	\$300,000
2025	165,398	300,000
2026	187,078	300,000
2027	202,838	300,000
2028	224,469	300,000
2029	232,011	300,000

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 – Newaygo County Road Commission OPEB Plan

Eligibility Requirements

Commissioners

Earlier of:

- Age 55 with 15 years of service
- Age 60 with 10 years of service

Others

Earlier of:

- Age 50 with 25 years of service
- Age 60 with 5 years of service

Summary of Benefits

Union – The Road Commission pays pre-65 HRA contributions and a portion of the premium for medical and prescription drug benefits in retirement, based on retiree/spouse age and the retiree’s year of hire (see table below, indicating the percentage of benefit paid by the employer)

Age	Hired before 6/1/2010		Hired on or after 6/1/2010	
	Retiree	Spouse	Retiree	Spouse
Pre-65	100%	100%	100%	0%
Post-65	25%	0%	0%	0%

Management – The Road Commission pays pre-65 HRA contributions and a portion of the premium for medical and prescription drug benefits in retirement, based on retiree/spouse age (see table below, indicating the percentage of benefit paid by the employer)

Age	Retiree	Spouse
Pre-65	100%	100%
Post-65	75%	0%

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.

Service Cost – For GASB 74/75 purposes, service 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.