

February 11, 2022

PERSONAL & CONFIDENTIAL

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

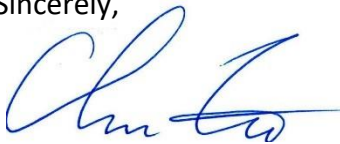
RE: Newaygo County Road Commission Other Post-Employment Benefit Plan

Dear Kerry:

Transmitted via email, this is a **Revised** copy of your OPEB accounting report for the fiscal year ending September 30, 2021. The revision is due to seven (7) additional employees reported for retiree health coverage. 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,



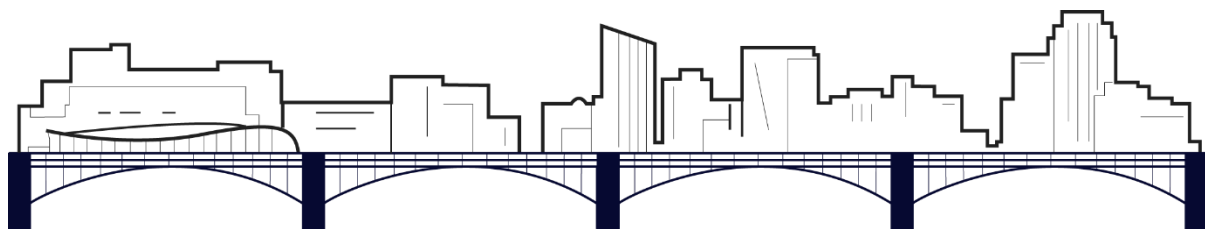
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Newaygo County Road Commission Other Post-Employment Benefit Plan

Accounting Report – Revised February 10, 2022

for the Period Ending September 30, 2021
under GASB Statement 74 & 75



Report presented by:



February 2022

CONTENTS

INTRODUCTION AND CERTIFICATION1

COMMENTS2

PLAN DESCRIPTION3

ASSUMPTIONS AND METHODS4

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY5

 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

 Assumptions and Methods for Calculation of Actuarially Determined Contribution 11

 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 INFORMATION15

SUMMARY OF PLAN PROVISIONS16

GLOSSARY.....17

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:

Certified by:



Glen W. Bradley
Senior Pension Analyst



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.

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 average future service for actives 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

- Demographic changes: There were six terminations and one mortality since 2019. Pre-Medicare premiums being 22.12% lower than expected; Post-Medicare premiums being 16.00% lower than expected. The combination of these changes contributed to a \$859,650 decrease in the liability. There were seven new hires that increased the liability by \$12,887, prior to assumption changes described below.
- Assumption changes: Mortality improvement scale updated to the MP-2021 scale, trend rates and salary scale updated to those prescribed by PA 202 for year 2021. These assumption changes generated a net decrease of \$92,993 in the liability.

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, 2021, Retirement Plan membership consisted of the following:

Active members	42
Inactive members	0
Retirees and beneficiaries	11
Total members	53

Contributions

The Newaygo County Road Commission OPEB was established and is being funded under the authority of the Road Commission and under agreements with the unions representing various classes of employees. The plan's funding policy is that the employer will contribute up to \$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, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary increases	3.00% (for purpose of allocating liability)
Investment rate of return	7.35% (including inflation)
20-year Aa Municipal bond rate	2.43% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future 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%	5.25%
Global Fixed Income	20.0%	1.25%
Private Assets	20.0%	7.25%

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 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 all projected future benefit payments of current plan members, therefore, there is no crossover point or depletion date. Projected benefits were discounted at a discount rate equal to the Long-Term rate of return, plus inflation, as shown above. As of September 30, 2020 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)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at September 30, 2020	\$3,788,017	\$907,955	\$2,880,062
Changes during the Year			
Service Cost	90,270		90,270
Interest	279,492		279,492
Experience (Gains)/Losses	(846,763)		(846,763)
Change in plan terms	0		0
Change in actuarial assumptions	(92,993)		(92,993)
Contributions to OPEB trust		300,000	(300,000)
Contributions/benefit from general operating funds		151,354	(151,354)
Employee Contributions		0	0
Net Investment Income		222,902	(222,902)
Benefit Payments;			
Including Refunds of Employee Contributions	(151,354)	(151,354)	0
Administrative Expenses		(2,180)	2,180
Other Changes		0	0
Total Changes	(721,348)	520,722	(1,242,070)
Balance at September 30, 2021	\$3,066,669	\$1,428,677	\$1,637,992

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	\$3,351,904	\$3,066,669	\$2,819,612
Plan Fiduciary Net Position	1,428,677	1,428,677	1,428,677
Net OPEB Liability	\$1,923,227	\$1,637,992	\$1,390,935
Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$2,782,233	\$3,066,669	\$3,399,497
Plan Fiduciary Net Position	1,428,677	1,428,677	1,428,677
Net OPEB Liability	\$1,353,556	\$1,637,992	\$1,970,820

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 09/30/2021
Service Cost	\$90,270
Interest on Total OPEB Liability	279,492
Experience (Gains)/Losses	(243,813)
Changes in Plan Terms	0
Changes in Assumptions	(289,210)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(77,680)
Investment Earnings (Gains)/Losses	(25,171)
Administrative Expenses	2,180
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$(263,932)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of September 30, 2021 is \$1,428,677.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	908,551
Changes of Assumptions	0	812,093
Investment Earnings (Gains)/Losses	0	110,229
Total	\$0	\$1,830,873

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
2022	\$(558,194)
2023	(559,602)
2024	(428,865)
2025	(226,026)
2026	(58,186)
Thereafter	0

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability September 30, 2020	\$2,880,062
Total OPEB expense	(263,932)
Contributions	(451,354)
Change in deferred outflows of resources	(9,822)
Change in deferred inflows of resources	(516,962)
Net OPEB Liability September 30, 2021	\$1,637,992

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$2,235,243
Inactive participants	0
Retirees and beneficiaries	831,426
Total OPEB Liability	\$3,066,669

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

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

Actuarially Determined Contribution (ADC)	Fiscal Year Ending September 30,	
	2022	2021
Discount rate	7.35%	7.35%
Amortization period	7 years	6 years
Amortization method	Level % of pay	Level % of pay
Normal cost	87,272	90,270
Amortization of Net OPEB Liability	264,012	524,880
Interest to end of year	25,819	45,214
Total ADC	\$377,103	\$660,364

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, \$660,364, 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. There were seven new participants in the plan hired after June 30, 2018, the minimum required contribution for these new hires for 2021 was \$2,701 and for 2022 the amount is \$14,248.

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 2021 and 2022.

Minimum funding rules under PA 202 require that retiree healthcare benefits continue to be paid from general operating funds until plan funds are sufficient to pay benefits. That amount was \$151,354 for 2021.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2021
Assets (Fiduciary net position)	1,428,677
Liabilities (Total OPEB Liability)	3,066,669
Funded ratio for the Plan Year	46.59%
Actuarially Determined Contribution	\$660,364
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2021
Number of active members	42
Number of inactive members	0
Number of retirees and beneficiaries	11
Premiums paid on behalf of the retirants	\$151,354

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2021
Actuarially assumed rate of investment return	7.35%
Discount rate	7.35%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	6 years
Is each division closed to new employees	No
Healthcare inflation assumption next year	7.50%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2021
Actuarial value of assets using uniform assumptions	1,428,677
Actuarial accrued liability using uniform assumptions	3,168,690
Funded ratio using uniform assumptions	45.09%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$683,698

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	09/30/2021	09/30/2020	09/30/2019	09/30/2018
Total OPEB Liability				
Service Cost	\$90,270	\$129,089	\$190,762	\$269,661
Interest	279,492	267,764	198,819	154,536
Changes of Benefit Terms	0	0	0	0
Difference between Expected and Actual Experience	(846,763)	(73,057)	(323,776)	(76,478)
Change of Assumptions	(92,993)	(491,374)	(385,022)	(687,717)
Benefit Payments (Including Refunds of Employee Contributions)	(151,354)	(120,548)	(96,717)	(98,932)
Net Change in Total OPEB Liability	(721,348)	(288,126)	(415,934)	(438,930)
Total OPEB Liability – Beginning	3,788,017	4,076,143	4,492,077	4,931,007
Total OPEB Liability – Ending (a)	\$3,066,669	\$3,788,017	\$4,076,143	\$4,492,077
Plan Fiduciary Net Position				
Contributions to OPEB trust	\$300,000	\$300,000	\$300,000	\$160,000
Contributions/benefit payments made from general operating funds	151,354	120,548	96,717	98,932
Net Investment Income	222,902	56,376	15,745	4,836
Benefit Payments (Including Refunds of Employee Contributions)	(151,354)	(120,548)	(96,717)	(98,932)
Administrative Expenses	(2,180)	(1,303)	(757)	(310)
Other	0	0	0	0
Net Change in Fiduciary Net Position	520,722	355,073	314,988	164,526
Plan Fiduciary Net Position – Beginning	907,955	552,882	237,894	73,368
Plan Fiduciary Net Position – Ending (b)	1,428,677	907,955	552,882	237,894
Net OPEB Liability – Ending (a)-(b)	\$1,637,992	\$2,880,062	\$3,523,261	\$4,254,183
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	46.59%	23.97%	13.56%	5.30%
Covered Employee Payroll	\$2,406,591	\$2,373,543	\$2,393,846	\$1,823,409
Net OPEB Liability as Percentage of Payroll	68.1%	121.3%	147.2%	233.3%
Actuarially Determined Contribution	\$660,364	\$719,640	\$736,810	\$778,204
Employer Contribution/benefit payments	(451,354)	(420,548)	(396,717)	(258,932)
Contribution Deficiency/(Excess)	\$209,010	\$299,092	\$340,093	\$519,272
ADC as a Percentage of Covered Payroll	27.4%	30.3%	30.8%	42.7%
Employer Contribution as a Percentage of Covered Payroll	18.8%	17.7%	16.6%	14.2%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date September 30, 2021

Measurement date September 30, 2021

Reporting date September 30, 2021

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 7.35% for 2021 contribution, 2021 liability and 2022 contribution

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

20-year Aa Municipal Bond Rate – 2.43% (S&P Municipal Bond 20-Year High Grade Rate Index)

Rationale – Bond rate (based on information published by Bartel Associates, LLC as of September 30, 2021)

Salary Scale – 3.00% (for purpose of allocating liability)

Rationale – Per employer experience and expectations

Return on Plan Assets – 7.35%

Rationale – Provided by investment manager

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

Utilization – 100% of covered employees at the valuation date will elect the same 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 – 70% of the active employees will have a covered spouse at retirement with females 3 years younger than males; actual spouse data used for retirees

Rationale – Consistent with experience

Termination Rates – Municipal Employees’ Retirement System (MERS) salaried & non-police table; termination rates drop to zero once participant becomes eligible for retirement. Sample Rates Below

Rationale – Based on past employer experience

Age	Salaried and Non-Police – 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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Retirement rates - Sample rates below. Where rates exist prior to eligibility for retiree medical benefits, participants are assumed to defer retirement until eligibility for retiree medical benefits is attained.

Rationale - Based on assumed retirement rates applicable for pension plans covering participants

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%		

Disability rates – 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 - Based on assumed disability rates applicable for pension plans covering participants

Claims Costs – see rates (monthly) below:

Pre-65 Age-Graded Premiums and Medicare Supplement Rate		
Age	BCBSM	BCN
55	\$627.08	\$567.69
56	656.04	593.91
57	685.28	620.39
58	716.50	648.64
59	731.96	662.65
60	763.18	690.90
61	790.17	715.34
62	807.39	731.38
63	830.10	751.49
64	843.60	763.71
65+	896.91	526.19

Rationale – Provided by Blue Cross Blue Shield / Blue Care Network of Michigan

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Implicit Subsidy – Not applicable; premiums are age-graded

Medical Trend – Medical premiums: Pre-Medicare 7.5% graded down to 4.5% by 0.25% per year; Post-Medicare, 5.75% graded down to 4.5% by 0.25% per year

Rationale – Based on State of Michigan trend survey

Data Collection

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

Assumption changes since prior valuation

- Mortality Improvement Scale updated from MP-2020 to MP-2021
- Salary scale updated from 3.5% to 3.0%
- Trend rates updated to those prescribed by Public Act 202 for year 2021

Assumptions used for PA 202 Reporting

Discount rate - 7.00%

Mortality Improvement Scale – MP-2019

All other assumptions are the same as used for GASB

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended September 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2021	2022	2023	2024	2025	2026	2027+		
			2018	(76,478)	6.43	(11,894)	(11,894)	(11,894)	(5,114)		
2019	(323,776)	5.49	(58,976)	(58,976)	(58,976)	(28,896)			-	(146,848)	
2020	(73,057)	5.19	(14,076)	(14,076)	(14,076)	(14,076)	(2,677)	-	-	-	(44,905)
2021	(846,763)	5.33	(158,867)	(158,867)	(158,867)	(158,867)	(158,867)	(52,428)	-	-	(687,896)
Net recognized in OPEB expense			\$ (243,813)	\$ (243,813)	\$ (243,813)	\$ (206,953)	\$ (161,544)	\$ (52,428)	\$ -	\$ -	\$ (908,551)

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
			2021	2022	2023	2024	2025	2026	2027+		
			2018	(687,717)	6.43	(106,954)	(106,954)	(106,954)	(45,993)		
2019	(385,022)	5.49	(70,132)	(70,132)	(70,132)	(34,362)			-	(174,626)	
2020	(491,374)	5.19	(94,677)	(94,677)	(94,677)	(94,677)	(17,989)		-	-	(302,020)
2021	(92,993)	5.33	(17,447)	(17,447)	(17,447)	(17,447)	(17,447)	(5,758)	-	-	(75,546)
Net recognized in OPEB expense			\$ (289,210)	\$ (289,210)	\$ (289,210)	\$ (192,479)	\$ (35,436)	\$ (5,758)	\$ -	\$ -	\$ (812,093)

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
			2021	2022	2023	2024	2025	2026	2027+		
			2018	7,032	5.00	1,406	1,406	-			
2019	14,288	5.00	2,858	2,858	2,856	-			5,714	-	
2020	(1,953)	5.00	(391)	(391)	(391)	(389)			-	(1,171)	
2021	(145,222)	5.00	(29,044)	(29,044)	(29,044)	(29,044)	(29,046)		-	(116,178)	
Net recognized in OPEB expense			\$ (25,171)	\$ (25,171)	\$ (26,579)	\$ (29,433)	\$ (29,046)		\$ 7,120	\$ (117,349)	

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended September 30,					
	2022	2023	2024	2025	2026	2027+
Total Deferred Outflow/(Inflow) of Resources	(558,194)	(559,602)	(428,865)	(226,026)	(58,186)	-

TRUSTEE AND FORM 5720 INFORMATION

Projected benefit payments and contributions

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

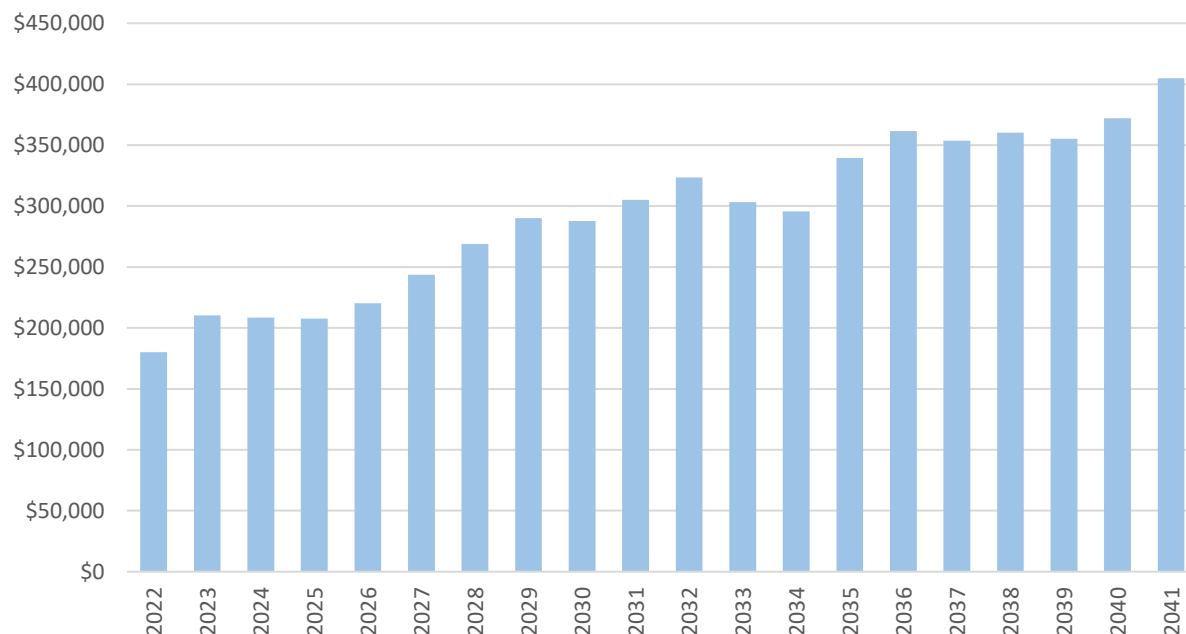
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next four. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the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

Fiscal Year	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)
2021	\$151,354	\$300,000
2022	180,055	300,000
2023	210,201	300,000
2024	208,375	300,000
2025	207,695	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

Union

Earlier of:

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

Commissioners

Earlier of:

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

Summary of Benefits

Union - The Road Commission pays 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 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.

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.