

December 20, 2023

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

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

Sincerely,



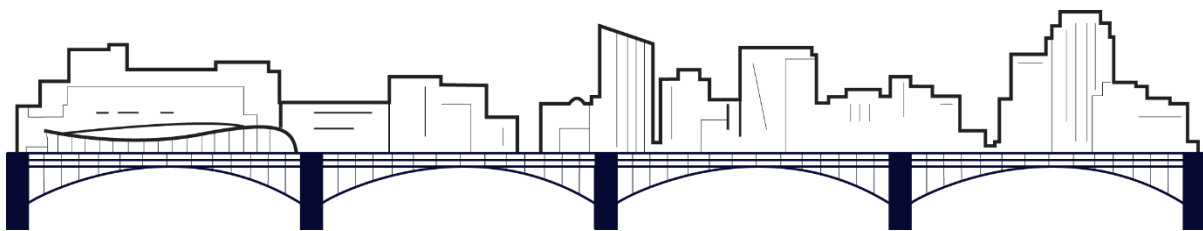
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Newaygo County Road Commission Other Post-Employment Benefit Plan

Accounting Report

for the Period Ending September 30, 2023
under GASB Statement 74 & 75



Report presented by:



December 2023

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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 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 by:

Certified by:



Lisa J. Hayes
Senior OPEB Analyst



Leah A. Dudley, FCA, 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.

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 an actuarial gain (decrease in liability) of \$481,597, due to withdrawals from participation at age 65 and changes in premiums including the elimination of the higher priced Blue Cross Blue Shield coverage. 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 gain of \$276,321.

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 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, 2023.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.25% (for purpose of allocating liability)
Investment rate of return	7.00% (including inflation)
20-year Aa Municipal bond rate	4.87%
Mortality	Public General 2010 Employee and Healthy Retiree, 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%	4.50%
Global Fixed Income	20.0%	2.00%
Private Assets	20.0%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.0%.

Discount Rate

The discount rate used to measure the total OPEB liability was **7.00%**. 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. This discount rate is used to determine the Total OPEB Liability. As of September 30, 2022 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, 2022	\$3,289,675	\$1,501,607	\$1,788,068
Changes during the Year			
Service Cost	81,874		81,874
Interest	231,134		231,134
Experience (Gains)/Losses	(481,597)		(481,597)
Change in plan terms	0		0
Change in actuarial assumptions	(276,321)		(276,321)
Contributions to OPEB trust		300,000	(300,000)
Contributions/benefit from general operating funds		139,253	(139,253)
Employee Contributions		0	0
Net Investment Income		182,668	(182,668)
Benefit Payments;			
Including Refunds of Employee Contributions	(139,253)	(139,253)	0
Administrative Expenses		(3,482)	3,482
Other Changes		0	0
Total Changes	(584,163)	479,186	(1,063,349)
Balance at September 30, 2023	\$2,705,512	\$1,980,793	\$724,719

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	\$2,945,410	\$2,705,512	\$2,495,744
Plan Fiduciary Net Position	1,980,793	1,980,793	1,980,793
Net OPEB Liability	\$964,617	\$724,719	\$514,951

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$2,471,028	\$2,705,512	\$2,978,738
Plan Fiduciary Net Position	1,980,793	1,980,793	1,980,793
Net OPEB Liability	\$490,235	\$724,719	\$997,945

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 09/30/2023
Service Cost	\$81,874
Interest on Total OPEB Liability	231,134
Experience (Gains)/Losses	(334,528)
Changes in Plan Terms	0
Changes in Assumptions	(315,151)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(115,490)
Investment Earnings (Gains)/Losses	28,032
Administrative Expenses	3,482
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$(420,647)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of September 30, 2023 is \$1,980,793.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	861,382
Changes of Assumptions	58,937	464,917
Investment Earnings (Gains)/Losses	91,921	0
Total	\$150,858	\$1,326,299

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
2024	\$(490,910)
2025	(288,071)
2026	(120,230)
2027	(136,517)
2028	(123,641)
Thereafter	(16,072)

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability September 30, 2022	\$1,788,068
Total OPEB expense	(420,647)
Contributions	(439,253)
Change in deferred outflows of resources	(114,346)
Change in deferred inflows of resources	(89,103)
Net OPEB Liability September 30, 2023	\$724,719

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$1,949,628
Inactive participants	0
Retirees and beneficiaries	755,884
Total OPEB Liability	\$2,705,512

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,	
	2024	2023
Discount rate	7.00%	7.00%
Amortization period	7 years	6 years
Amortization method	Level % of pay	Level % of pay
Normal cost	99,968	81,874
Amortization of Net OPEB Liability	115,731	327,100
Interest to end of year	15,099	28,628
Total ADC	\$230,798	\$437,602

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, \$437,602, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn't yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the normal cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. The minimum required contribution for these new hires for 2023 was \$12,898 and for 2024 the amount is \$34,985.

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 2023 and 2024.

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 \$139,253 for 2023.

¹ ADC for 2023 and 2024 is based on actuarial assumptions consistent with reporting as of September 30, 2022, and September 30, 2023, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2023
Assets (Fiduciary net position)	1,980,793
Liabilities (Total OPEB Liability)	2,705,512
Funded ratio for the Plan Year	73.21%
Actuarially Determined Contribution	\$437,602
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2023
Number of active members	46
Number of inactive members	0
Number of retirees and beneficiaries	8
Premiums paid on behalf of the retirants	\$139,253

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2023
Actuarially assumed rate of investment return	7.00%
Discount rate	7.00%
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	7.25%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2023
Actuarial value of assets using uniform assumptions	1,980,793
Actuarial accrued liability using uniform assumptions	2,729,522
Funded ratio using uniform assumptions	72.57%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$446,042

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018
Total OPEB Liability						
Service Cost	\$81,874	\$87,272	\$90,270	\$129,089	\$190,762	\$269,661
Interest	231,134	227,150	279,492	267,764	198,819	154,536
Changes of Benefit Terms	0	0	0	0	0	0
Difference between Expected and Actual Experience	(481,597)	(61,726)	(846,763)	(73,057)	(323,776)	(76,478)
Change of Assumptions	(276,321)	97,209	(92,993)	(491,374)	(385,022)	(687,717)
Benefit Payments (Including Refunds of Employee Contributions)	(139,253)	(126,899)	(151,354)	(120,548)	(96,717)	(98,932)
Net Change in Total OPEB Liability	(584,163)	223,006	(721,348)	(288,126)	(415,934)	(438,930)
Total OPEB Liability – Beginning	3,289,675	3,066,669	3,788,017	4,076,143	4,492,077	4,931,007
Total OPEB Liability – Ending (a)	\$2,705,512	\$3,289,675	\$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	\$300,000	\$300,000	\$160,000
Contributions/benefit payments made from general operating funds	139,253	126,899	151,354	120,548	96,717	98,932
Net Investment Income	182,668	(224,305)	222,902	56,376	15,745	4,836
Benefit Payments (Including Refunds of Employee Contributions)	(139,253)	(126,899)	(151,354)	(120,548)	(96,717)	(98,932)
Administrative Expenses	(3,482)	(2,765)	(2,180)	(1,303)	(757)	(310)
Other	0	0	0	0	0	0
Net Change in Fiduciary Net Position	479,186	72,930	520,722	355,073	314,988	164,526
Plan Fiduciary Net Position – Beginning	1,501,607	1,428,677	907,955	552,882	237,894	73,368
Plan Fiduciary Net Position – Ending (b)	1,980,793	1,501,607	1,428,677	907,955	552,882	237,894
Net OPEB Liability – Ending (a)-(b)	\$724,719	\$1,788,068	\$1,637,992	\$2,880,062	\$3,523,261	\$4,254,183
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	73.21%	45.65%	46.59%	23.97%	13.56%	5.30%
Covered Employee Payroll	\$2,818,274	\$2,616,979	\$2,406,591	\$2,373,543	\$2,393,846	\$1,823,409
Net OPEB Liability as Percentage of Payroll	25.7%	68.3%	68.1%	121.3%	147.2%	233.3%
Actuarially Determined Contribution	\$437,602	\$377,103	\$660,364	\$719,640	\$736,810	\$778,204
Employer Contribution/benefit payments	(439,253)	(426,899)	(451,354)	(420,548)	(396,717)	(258,932)
Contribution Deficiency/(Excess)	\$(1,651)	\$(49,796)	\$209,010	\$299,092	\$340,093	\$519,272
ADC as a Percentage of Covered Payroll	15.5%	14.4%	27.4%	30.3%	30.8%	42.7%
Employer Contribution as a Percentage of Covered Payroll	15.6%	16.3%	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, 2023

Measurement date September 30, 2023

Reporting date September 30, 2023

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 7.00% for 2023 contribution; **7.00%** for 2023 Liability and 2024 contribution

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

20-year Aa Municipal Bond Rate – 4.87%

Rationale – S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023

Salary Scale – 3.0% (for purpose of allocating liability)

Rationale – Per employer expectations

Return on Plan Assets – 7.00% (including inflation)

Rationale – Provided by investment manager

Mortality Rates – Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement

Rationale – 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 – Sample rates below

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

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

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 – 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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

HRA cost – \$150 per month

Rationale – based on experience

Medical Trend – Medical premiums: Pre-Medicare 7.25% graded down to 4.5% by 0.25% per year; post-Medicare, 5.5% graded down to 4.5% by 0.25% per year

Rationale – Based on State of Michigan trend survey

Data Collection

Date and form of data – All personnel and asset data 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

- Estimated HRA costs were changed from \$155.39 to \$150 per month based on 2021 and 2023 experience
- Trend rates updated and trend removed for HRA benefits
- Marital assumption changed to use actual spouse data for future retirees

Assumptions used for PA 202 Reporting

Discount rate – 6.85%

Salary Scale – 3.25%

All other assumptions are the same as used for GASB

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended September 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2018	(76,478)	6.43	(11,894)	(5,114)						-	(5,114)
2019	(323,776)	5.49	(58,976)	(28,896)						-	(28,896)
2020	(73,057)	5.19	(14,076)	(14,076)	(2,677)					-	(16,753)
2021	(846,763)	5.33	(158,867)	(158,867)	(158,867)	(52,428)				-	(370,162)
2022	(61,726)	5.08	(12,151)	(12,151)	(12,151)	(12,151)	(971)	-	-	-	(37,424)
2023	(481,597)	6.13	(78,564)	(78,564)	(78,564)	(78,564)	(78,564)	(78,564)	(10,213)	-	(403,033)
Net recognized in OPEB expense			<u>\$ (334,528)</u>	<u>\$ (297,668)</u>	<u>\$ (252,259)</u>	<u>\$ (143,143)</u>	<u>\$ (79,535)</u>	<u>\$ (78,564)</u>	<u>\$ (10,213)</u>	<u>\$ -</u>	<u>\$ (861,382)</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
			2023	2024	2025	2026	2027	2028	2029+		
2018	(687,717)	6.43	(106,954)	(45,993)						-	(45,993)
2019	(385,022)	5.49	(70,132)	(34,362)						-	(34,362)
2020	(491,374)	5.19	(94,677)	(94,677)	(17,989)					-	(112,666)
2021	(92,993)	5.33	(17,447)	(17,447)	(17,447)	(5,758)				-	(40,652)
2022	97,209	5.08	19,136	19,136	19,136	19,136	1,529	-	-	58,937	-
2023	(276,321)	6.13	(45,077)	(45,077)	(45,077)	(45,077)	(45,077)	(45,077)	(5,859)	-	(231,244)
Net recognized in OPEB expense			<u>\$ (315,151)</u>	<u>\$ (218,420)</u>	<u>\$ (61,377)</u>	<u>\$ (31,699)</u>	<u>\$ (43,548)</u>	<u>\$ (45,077)</u>	<u>\$ (5,859)</u>	<u>\$ 58,937</u>	<u>\$ (464,917)</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
			2023	2024	2025	2026	2027	2028	2029+		
2019	14,288	5.00	2,856	-	-					-	-
2020	(1,953)	5.00	(391)	(389)						-	(389)
2021	(145,222)	5.00	(29,044)	(29,044)	(29,046)					-	(58,090)
2022	340,236	5.00	68,047	68,047	68,047	68,048				204,142	-
2023	(67,178)	5.00	(13,436)	(13,436)	(13,436)	(13,436)	(13,434)			-	(53,742)
Net recognized in OPEB expense			<u>\$ 28,032</u>	<u>\$ 25,178</u>	<u>\$ 25,565</u>	<u>\$ 54,612</u>	<u>\$ (13,434)</u>			<u>\$ 204,142</u>	<u>\$ (112,221)</u>

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended September 30,					
	2024	2025	2026	2027	2028	2029+
Total Deferred Outflow/(Inflow) of Resources	(490,910)	(288,071)	(120,230)	(136,517)	(123,641)	(16,072)

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.

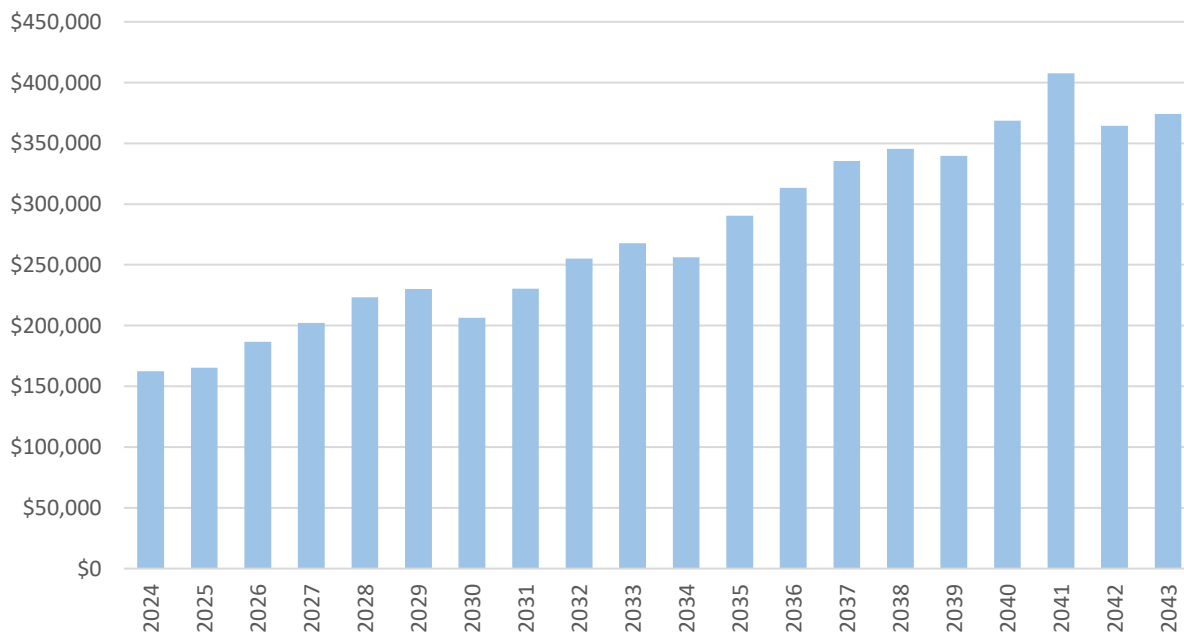
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next five. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the 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)
2023	\$139,253	\$300,000
2024	162,345	300,000
2025	165,417	300,000
2026	186,731	300,000
2027	202,069	300,000
2028	223,169	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 – HRA benefits clarified

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.