



LINDEN – PETERS FIRE DISTRICT

17725 E. Hwy 26, Linden, CA 95236
Phone: 209.887.3710 Fax: 209.887.2821
lpfd@sjgov.org
Kirk Noffsinger, Fire Chief

Board Members
President: John E. Plotz
Vice-President: Thomas G. Watkins
Secretary: David Frison
Member: Paul Castillou Jr.
Member: Kenneth Watkins III

AGENDA

BOARD OF DIRECTORS MEETING

7:00 P.M. Thursday, August 5, 2021

The Agenda for this regular meeting was posted in the lobby window of the Fire Station at least 72 hours prior to the meeting. Kirk Noffsinger – Fire Chief

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| <p>(I.) CALL TO ORDER</p> <p>(II.) ROLL CALL OF BOARD MEMBERS</p> <ul style="list-style-type: none">• John E. Plotz, Board President• Thomas G. Watkins Board Vice President• David Frison, Board Secretary• Paul Castillou Jr., Board Member• Kenneth Watkins III, Board Member <p>(III.) PUBLIC COMMENT - (Public comment/input is welcome. All comments/input are limited to three minutes per individual)</p> <p>(IV.) MINUTES</p> <p>A. Discussion & Possible Action re: Regular Board Meeting Minutes – July 8, 2021</p> <p>(V.) BOARD COMMITTEE REPORTS</p> <p>A. Succession Planning Committee Report – Board Member Paul Castillou, Jr.</p> <p>(VI.) FINANCIAL SUMMARY AND REPORT</p> <p>A. Monthly Financial Current Events Summary for June 2021 – Fire Chief Kirk Noffsinger (Treasurer)</p> <p>(VII.) CONSENT AGENDA</p> <p>A. Discussion & Possible Action re: Approval of the July 2021 Monthly Financial Report and expenditures.</p> <p>(VIII.) CURRENT EVENT SUMMARIES, REPORTS, AND/OR CORRESPONDENCE - (Current Event Summaries are regarding activities of the Fire District and the status and progress relating thereto)</p> <p>A. Departmental Report – (Fire Chief Kirk Noffsinger)</p> <p>B. Union Report – (Union Representative)</p> <p>(IX.) NEW BUSINESS - (Public comment/input is welcome before each agenda item of New and Unfinished Business. Individual comments are limited to three minutes per individual and must pertain to the specific agenda item.)</p> <p>A. Discussion & Possible Action re: Accept the MacLeod Watts Other Post-Employment</p> | <p>Benefits (OPEB) Actuarial Valuation and GASB 75 for FYE June 30, 2020</p> <p>(X.) UNFINISHED BUSINESS –</p> <p>A. Discussion & Possible Action re: Station Improvement Project</p> <p>B. Discussion & Possible Action re: Replace Water Tender 52</p> <p>(XI.) BOARD QUESTIONS AND COMMENTS</p> <p>(XII.) CLOSED SESSION - NONE</p> <p>(XIII.) A. ADJOURNMENT</p> <p style="text-align: center;"><u>CURRENTLY THE NEXT SCHEDULED REGULAR BOARD MEETING</u></p> <p style="text-align: center;">September 2 @ 7:00PM</p> <p style="text-align: center;">Agenda Posted: August 2 @ or before 4:00 PM</p> <hr/> <p>SIGNED ORIGINAL ON FILE
DAVID FRISON, BOARD SECRETARY</p> |
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Member: Kenneth “Kenny” Watkins III

Minutes of Board Meeting

Thursday, July 8, 2021

The meeting of the Linden–Peters Rural County Fire Protection District Board of Directors was called to order by President John E. Plotz at 7:05 PM. Members present: Board Vice President Thomas G. Watkins, Board Secretary David Frison, and Board Member Kenny Watkins III. Members Absent: Board Member Paul Castillou Jr. L.P.F.D. on duty staff present: Fire Chief Kirk Noffsinger, Captain Marcel Mojalli, Lieutenant Rod Ruegsegger, Firefighter/Engineer Tyler Watson, and Administrative Assistant Lorena Coose.

(I.) Call to Order.

(II.) Roll Taken

Meeting minutes were taken by Administrative Assistant Lorena Coose.

(III.) Public Comment – None

(IV.) Minutes:

- A. Discussion & Possible Action re: Regular Board Meeting Minutes- June 3, 2021 Board Minutes approved on motion by K. Watkins III and seconded by T. Watkins. Motion passed with a vote of 4-0.

(V.) Board Committee Reports

- A. Succession Planning Committee Report –Board Member Paul Castillou Jr. provided an update noting that the Chief will be working on a Task Book that Lieutenants and Captains can complete to be trained on Administrative Duties.
- B. Finance Committee Report -Board Vice President Thomas G. Watkins provided an update on the Finance Committee meeting noting that the financials for the quarter were reviewed at this meeting and everything looks good.

(VI.) Financial Summary and Report

- A. Monthly Financial, Current events summary for June 2021 - Presented by Fire Chief Kirk Noffsinger. Chief Noffsinger provided an update on the June 2021 Financial Reports noting that the negotiated salary increase for represented employees was included in the FY 2021-FY 2022 Preliminary Budget as requested.

(VII.) Consent Agenda:

- A. Discussion & Possible Action re: Approval of the June 2021 Monthly Financial Report and expenditures. A motion to approve the financial report was made by D. Frison seconded by K. Watkins III. Motion passed with a vote of 4-0.

(VIII.) Current Events Summaries, Reports, and/or Correspondence:

Current Events for the Linden-Peters Fire District was presented by Fire Chief Kirk Noffsinger.

- A. Departmental Report-Fire Chief Kirk Noffsinger: Chief Noffsinger provided an update on the events and meetings held for the month of June 2021. Chief Noffsinger noted that there have been some changes in personnel throughout the County noting that Lodi has a new Fire Chief, Lathrop Manteca and French Camp Fire have new interim Fire Chiefs while the Farmington Fire Chief is set to retire. Waterloo Morada hosted an Active Threat Tabletop for the schools. Chief Noffsinger noted that the District is currently off the Strike Team Roster. Captain Marcel Mojalli provided the shift reports.
- B. Union Report – None

(IX.) New Business

- A. Discussion & Possible Action re: Approval of Agreement between Croce, Sanguinetti, & Vander Veen and the LFPD to Conduct the FY 2020-FY 2021 Financials and Financial Transactions Report in an amount not to exceed \$14,800.00
A motion to approve the Agreement between Croce, Sanguinetti, & Vander Veen and the LFPD in an amount not to exceed \$14,800.00 was made by D. Frison and seconded by K. Watkins III. The motion passed with a vote of 4-0.
- B. Discussion & Possible Action re: Resolution Regarding Annual Inspections of Certain Occupancies – A motion to approve Resolution No. 21-02 Annual Inspections of Certain Occupancies was made by K. Watkins III and seconded by J. Plotz. The motion passed with a vote of 4-0.

(X.) Unfinished Business –

- A. Discussion & Possible Action re: Replace Water Tender 52
Chief Noffsinger noted that he is waiting on the quotes for the Water Tender.
- B. Discussion & Possible Action re: Station Improvement Project
Chief Noffsinger requested that the Board add \$6,000 to the Maintenance Budget to include costs to upgrade the downstairs bathroom.

A motion to approve adding \$6,000 to the Maintenance Budget was made by T. Watkins and seconded by K. Watkins III. The motion passed with a vote of 4-0.

(XI.) Board Questions and Comments - None

(XII.) Closed Session – Board President J. Plotz announced that the Board would not go into closed session.

(XIII.) Adjournment: Motion made by T. Watkins and seconded by K. Watkins III to adjourn the meeting. Vote in favor 4-0. Motion carried and so ordered at 7:49 pm.

John E. Plotz, President

Thomas G. Watkins, Vice President

David Frison, Secretary

ABSENT

Paul Castillou, Jr., Member

Kenneth "Kenny" Watkins III

Linden-Peters Rural County Fire Protection District
Balance Sheet
As of July 31, 2021

	<u>Jul 31, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
101 · F&M Checking- General	10,267.56
102 · F&M Zone 1 Fund	136,565.64
104 · F&M- Capital Outlay	1951605.26
106 · F&M- Benefits Reserve Fund	30,043.64
123 · F&M Equipment Replacement F...	291,337.43
124 · F&M CD	<u>101,831.75</u>
Total Checking/Savings	<u>2521651.28</u>
Total Current Assets	<u>2521651.28</u>
TOTAL ASSETS	<u>2521651.28</u>
LIABILITIES & EQUITY	0.00

08/04/21

Linden-Peters Rural County Fire Protection District
Income by Customer Summary
July 2021

	<u>Jul 21</u>
Adelita Migrant Child Development Ce...	290.00
San Joaquin County	721.70
Want's Small World Care Home	<u>227.00</u>
TOTAL	<u><u>1,238.70</u></u>

08/04/21

Linden-Peters Rural County Fire Protection District

Expenses by Vendor Summary

July 2021

	<u>Jul 21</u>
Albert Paper Company	92.22
BG Agri	111.80
Blue Cross of California	84.75
Butte Therapy Systems	82.50
California Waste Recovery Systems	299.51
Cintas	99.80
Clutch & Brake Xchange, Inc.	93.05
Comcast	430.69
Denise Moore	238.25
E.F. Kludt & Sons	1,832.82
FDAC/FASIS	23,752.00
Frontier Communications	46.25
Jim Avansino	1,151.69
Joint Radio Users Group	1,490.84
Jordan Davis-1	1,153.22
Ken Snyder Jr.	238.25
Kirk Noffsinger	75.00
Lee Owing Jr.	1,151.69
Life Assist	151.55
Linden High School	-329.34
Pacific Gas & Electric	1,575.05
PERS Health Benefits Division	23,130.53
Personal Exposure Reporting	170.00
Premier Access Dental	1,689.39
Public Employees' Retirement System	29,615.99
Rinaldi's Market	16.12
Small Business Benefit Plan Trust	237.10
State Board Of Equalization	529.00
Vic Solari	1,151.69
TOTAL	<u>90,361.41</u>

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2021 through June 2022

	<u>Jul '21 - Jun 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
410-1 · Property Tax See- Z1	0.00	14,016.25	-14,016.25
410 · Property Tax Current Secured	0.00	2,588,767.76	-2,588,767.76
415-1 · Property Tax Unsecured - Z1	0.00	711.01	-711.01
415 · Property Tax Curr Unsecured	0.00	127,447.37	-127,447.37
420-1 · SB813 - Z1	0.00	475.79	-475.79
420 · SB813 Supplemental	0.00	84,226.84	-84,226.84
425-1 · Prior Tax - ZZ1	0.00	0.60	-0.60
425 · Prior Years	0.00	104.07	-104.07
440-1 · Interest Income-48901 SJC Acct	0.00	1,956.09	-1,956.09
450-1 · Interest - Z1	0.00	57.70	-57.70
450-2 · Interest - Benefits Reserve	0.00	13.45	-13.45
450-4 · Interest - General Fund	0.00	730.92	-730.92
450-5 · Interest -Equipment Replace F...	0.00	65.15	-65.15
450 · Interest - Checking	0.00	2.07	-2.07
460-1 · State - Hmownrs Prop Tax	0.00	88.79	-88.79
460 · State - Hmownrs Prop Tax Relief	0.00	15,985.45	-15,985.45
465 · Fire Prevention Service	517.00	14,176.77	-13,659.77
480 · LCWD Fuel Reimbursement	721.70	3,308.69	-2,586.99
492-3 · Service Fees	0.00	3,282.02	-3,282.02
495 · Miscellaneous	329.34	2,500.00	-2,170.66
Total Income	1,568.04	2,857,916.79	-2,856,348.75
Expense			
500 · Personnel			
510 · Salaries - Regular	132,218.40	1,180,000.00	-1,047,781.60
512 · Salaries - Overtime	9,478.04	90,000.00	-80,521.96
513 · Salaries - FLSA	3,069.27	29,000.00	-25,930.73
514 · Salaries - Strike Team Overtime	17,873.84	0.00	17,873.84

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2021 through June 2022

	<u>Jul '21 - Jun 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>
515 · Salaries - Extra Help	0.00	22,000.00	-22,000.00
517 · Salaries - Holiday	0.00	68,000.00	-68,000.00
518 · Salaries - Volunteers	1,385.00	9,000.00	-7,615.00
519 · Educational Incentive	1,003.92	9,000.00	-7,996.08
521 · Retirement	30,511.60	273,000.00	-242,488.40
525 · Social Security	85.87	2,000.00	-1,914.13
527 · Social Security - Medicare	2,110.69	20,000.00	-17,889.31
530 · Insurance- Medical	38,919.78	240,000.00	-201,080.22
531 · Insurance- Medical (retirees)	9,616.31	60,000.00	-50,383.69
532 · Insurance- Dental	666.81	15,000.00	-14,333.19
533 · Insurance - Vision	138.04	2,500.00	-2,361.96
534 · Insurance -Life	84.75	1,000.00	-915.25
535 · Insurance- Worker's comp	23,752.00	125,000.00	-101,248.00
536 · Director's Fees	1,100.00	6,000.00	-4,900.00
Total 500 · Personnel	272,014.32	2,151,500.00	-1,879,485.68
540 · Vehicle & Equipment			
542 · Fuel, Lube, & Oil	2,556.73	22,000.00	-19,443.27
543 · Tires	0.00	1,500.00	-1,500.00
544 · Parts/Supplies	219.94	9,000.00	-8,780.06
545 · Maintenance & Repair	0.00	20,000.00	-20,000.00
547 · Radios	0.00	3,000.00	-3,000.00
549 · SCBA	0.00	1,000.00	-1,000.00
550-4 · Small Tools & Equipment	0.00	16,300.00	-16,300.00
551 · Medical equip, supplies, oxygen	616.97	3,000.00	-2,383.03
552 · Ladder Purchase/ Maintenance	0.00	800.00	-800.00
Total 540 · Vehicle & Equipment	3,393.64	76,600.00	-73,206.36
560 · Buildings & Grounds			
564 · Furniture	0.00	2,000.00	-2,000.00

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2021 through June 2022

	<u>Jul '21 - Jun 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>
580 · Maintenance & Repair	1,153.22	9,000.00	-7,846.78
Total 560 · Buildings & Grounds	1,153.22	11,000.00	-9,846.78
600 · Supplies			
600-1 · Grant Expense-Supplies	0.00	9,000.00	-9,000.00
602 · Computer Hardware & Software	650.00	15,000.00	-14,350.00
606 · Office supplies	0.00	8,000.00	-8,000.00
607 · Postage	0.00	500.00	-500.00
608 · Station Supplies	339.27	10,000.00	-9,660.73
613 · Clothing-uniforms	0.00	3,000.00	-3,000.00
616 · Clothing- Safety	304.90	8,000.00	-7,695.10
625 · Utilities- Electric/ Gas	1,575.05	18,000.00	-16,424.95
626 · Utilities- Water	0.00	4,200.00	-4,200.00
627 · Utilities- Cable TV	176.63	2,400.00	-2,223.37
630 · Utilities - Telephone/Cell/CAD	645.11	4,600.00	-3,954.89
631 · Utilities - Garbage	299.51	3,600.00	-3,300.49
635 · Fire Fighting Foam	0.00	3,000.00	-3,000.00
Total 600 · Supplies	3,990.47	89,300.00	-85,309.53
650 · Services			
652 · Insurance/ Casul/ Eq/Bond	0.00	25,000.00	-25,000.00
655 · Annual Audit	4,000.00	17,000.00	-13,000.00
656 · S.J. Co. Tax Admin Chg	0.00	40,000.00	-40,000.00
657 · Dispatching	1,296.04	16,500.00	-15,203.96
658 · Computer Support	170.00	3,000.00	-2,830.00
665 · Physical Exams	0.00	3,300.00	-3,300.00
667 · Fire Prevention Bureau	0.00	3,500.00	-3,500.00
670 · Assoc. Memberships	200.00	4,000.00	-3,800.00
675 · Training	0.00	12,000.00	-12,000.00
677 · Consultant Services	0.00	2,000.00	-2,000.00

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2021 through June 2022

	<u>Jul '21 - Jun 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>
678 · Attorney Fee's	0.00	5,000.00	-5,000.00
690 · Services Contingencies	0.00	5,000.00	-5,000.00
691 · Bank Fees	0.00	1,000.00	-1,000.00
Total 650 · Services	<u>5,666.04</u>	<u>137,300.00</u>	<u>-131,633.96</u>
695 · Zone 1			
696 · Hydrant Rental	0.00	1,200.00	-1,200.00
697 · Fire Hose and Appliances	0.00	7,000.00	-7,000.00
698 · S.J. Co. Tax Admin Chg	0.00	300.00	-300.00
699 · Fire Hydrant Purchase	0.00	7,000.00	-7,000.00
Total 695 · Zone 1	<u>0.00</u>	<u>15,500.00</u>	<u>-15,500.00</u>
Total Expense	<u>286,217.69</u>	<u>2,481,200.00</u>	<u>-2,194,982.31</u>
Net Ordinary Income	<u>-284,649.65</u>	<u>376,716.79</u>	<u>-661,366.44</u>
Net Income	<u><u>-284,649.65</u></u>	<u><u>376,716.79</u></u>	<u><u>-661,366.44</u></u>

Linden-Peters Rural County Fire Protection District
FY 20-21 vs FY 19-20 Profit & Loss Prev Year Comparison
July 2021

	<u>Jul 21</u>	<u>Jul 20</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
465 · Fire Prevention Service	517.00	757.00	-240.00	-31.7%
480 · LCWD Fuel Reimbursement	721.70	306.66	415.04	135.3%
495 · Miscellaneous	329.34	0.00	329.34	100.0%
Total Income	1,568.04	1,063.66	504.38	47.4%
Expense				
500 · Personnel				
510 · Salaries - Regular	88,482.52	85,180.78	3,301.74	3.9%
512 · Salaries - Overtime	9,478.04	8,314.29	1,163.75	14.0%
513 · Salaries - FLSA	2,046.18	1,968.60	77.58	3.9%
514 · Salaries - Strike Team Overti...	17,873.84	7,977.32	9,896.52	124.1%
515 · Salaries - Extra Help	0.00	2,280.00	-2,280.00	-100.0%
517 · Salaries - Holiday	0.00	0.00	0.00	0.0%
518 · Salaries - Volunteers	1,385.00	2,300.00	-915.00	-39.8%
519 · Educational Incentive	669.28	669.28	0.00	0.0%
521 · Retirement	21,291.41	203,198.02	-181,906.61	-89.5%
525 · Social Security	85.87	362.08	-276.21	-76.3%
527 · Social Security - Medicare	1,550.89	1,404.80	146.09	10.4%
530 · Insurance- Medical	18,543.02	16,698.39	1,844.63	11.1%
531 · Insurance- Medical (retirees)	4,807.78	4,328.14	479.64	11.1%
532 · Insurance- Dental	1,007.67	993.43	14.24	1.4%
533 · Insurance - Vision	171.06	169.36	1.70	1.0%
534 · Insurance -Life	84.75	82.35	2.40	2.9%
535 · Insurance- Worker's comp	23,752.00	28,876.00	-5,124.00	-17.7%
536 · Director's Fees	600.00	375.00	225.00	60.0%
Total 500 · Personnel	191,829.31	365,177.84	-173,348.53	-47.5%
540 · Vehicle & Equipment				

Linden-Peters Rural County Fire Protection District
FY 20-21 vs FY 19-20 Profit & Loss Prev Year Comparison
July 2021

	Jul 21	Jul 20	\$ Change	% Change
542 · Fuel, Lube, & Oil	2,411.32	1,933.51	477.81	24.7%
544 · Parts/Supplies	155.35	664.95	-509.60	-76.6%
545 · Maintenance & Repair	0.00	1,684.53	-1,684.53	-100.0%
547 · Radios	0.00	76.78	-76.78	-100.0%
551 · Medical equip, supplies, oxy...	234.05	33.00	201.05	609.2%
Total 540 · Vehicle & Equipment	2,800.72	4,392.77	-1,592.05	-36.2%
560 · Buildings & Grounds				
580 · Maintenance & Repair	1,153.22	0.00	1,153.22	100.0%
Total 560 · Buildings & Grounds	1,153.22	0.00	1,153.22	100.0%
600 · Supplies				
602 · Computer Hardware & Softw...	0.00	2,935.00	-2,935.00	-100.0%
606 · Office supplies	0.00	113.72	-113.72	-100.0%
607 · Postage	0.00	1.80	-1.80	-100.0%
608 · Station Supplies	208.14	525.00	-316.86	-60.4%
612 · Towel Service & Chemicals	0.00	192.32	-192.32	-100.0%
616 · Clothing- Safety	0.00	57.49	-57.49	-100.0%
625 · Utilities- Electric/ Gas	1,575.05	1,526.27	48.78	3.2%
626 · Utilities- Water	0.00	367.30	-367.30	-100.0%
627 · Utilities- Cable TV	176.63	195.65	-19.02	-9.7%
630 · Utilities - Telephone/Cell/CAD	570.11	437.48	132.63	30.3%
631 · Utilities - Garbage	299.51	291.00	8.51	2.9%
Total 600 · Supplies	2,829.44	6,643.03	-3,813.59	-57.4%
650 · Services				
655 · Annual Audit	0.00	1,350.00	-1,350.00	-100.0%
657 · Dispatching	1,296.04	1,559.24	-263.20	-16.9%
658 · Computer Support	170.00	0.00	170.00	100.0%

Linden-Peters Rural County Fire Protection District
FY 20-21 vs FY 19-20 Profit & Loss Prev Year Comparison
July 2021

	<u>Jul 21</u>	<u>Jul 20</u>	<u>\$ Change</u>	<u>% Change</u>
665 · Physical Exams	0.00	0.00	0.00	0.0%
670 · Assoc. Memberships	0.00	350.00	-350.00	-100.0%
678 · Attorney Fee's	0.00	307.50	-307.50	-100.0%
690 · Services Contingencies	0.00	268.77	-268.77	-100.0%
691 · Bank Fees	0.00	77.65	-77.65	-100.0%
Total 650 · Services	1,466.04	3,913.16	-2,447.12	-62.5%
695 · Zone 1				
696 · Hydrant Rental	0.00	95.00	-95.00	-100.0%
Total 695 · Zone 1	0.00	95.00	-95.00	-100.0%
Total Expense	200,078.73	380,221.80	-180,143.07	-47.4%
Net Ordinary Income	-198,510.69	-379,158.14	180,647.45	47.6%
Net Income	<u><u>-198,510.69</u></u>	<u><u>-379,158.14</u></u>	<u><u>180,647.45</u></u>	<u><u>47.6%</u></u>



LINDEN – PETERS FIRE DISTRICT

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lpfd@sjgov.org
Kirk Noffsinger, Fire Chief

Board Members

President: John E. Plotz
Vice-President: Thomas G. Watkins
Secretary: Duane R. Brown
Member: David Frison
Member: Paul Castillou Jr.

LINDEN – PETERS FIRE DEPARTMENT MONTHLY BOARD REPORT

August 5, 2021

FINANCIAL SUMMARY AND REPORT:

For the month ending July 31, 2021

- Accounts Balance Sheet (See attached)
- Income for the Month (See attached)
- Bills Paid Listing (See attached)
- Budget Report (See attached)
- Budget Comparison Prev. Year (See attached)
- All Accounts Balanced as of July 31, 2021.

CURRENT EVENT SUMMARIES, REPORTS, AND/OR CORRESPONDENCE:

- Meetings for the month
 - 7/6 SJC FIU Meeting hosted by LPFD
 - 7/7 Volunteer Association Meeting
 - 7/7 SJCFCFA Meeting
 - 7/8 LPFD Finance Committee Meeting
 - 7/8 LPE Board Meeting
 - 7/9 STEAC Meeting
 - 7/12 FDAC Education Committee Meeting
 - 7/13 FDAC Quarterly Board Meeting
 - 7/14 DOC Meeting
 - 7/14 SJCFCFA EMS Committee Meeting
 - 7/15 Joint Team Meeting and Countywide Hazmat Exercise
 - 7/21 JRUG Meeting
 - 7/28 FDAC Education Committee Meeting
 - 7/29 Succession Planning Meeting
 - 7/30 Meeting with new LUSD Superintendent
-

- **Correspondence/Events:** San Joaquin County Grand Jury Correspondence – Independent Special Districts: *Transparency “Not Found”*
- **Current Projects/Updates:** None

A SHIFT PERSONNEL: Captain J. Reed / Lieutenant R. Ruegsegger / Firefighter Engineer B. Wright / Firefighter Engineer D. Dennis

Activities for the Month

- Responded to 25 calls for service
- Recoupled, tested, inspected, and placed back in service multiple pieces of fire hose
- Repaired rear ground light on E-53
- Performed in service training on the LUCAS CPR Device

B SHIFT PERSONNEL: Captain B. Ruegsegger / Lieutenant K. Dahlenburg / Firefighter/Engineer M. Garcia / Firefighter J. Davis

Activities for the Month

- Responded to 21 calls for service
- Received quotes for the bathroom
- Completed inspection at Linden Fraternal Hall
- Fixed handle in shower
- Reported E-51 out of service due to the aux pump overheating. The foam system to the aux is not working.

C SHIFT PERSONNEL: Captain M. Mojalli / Lieutenant J. Goins, Firefighter/Engineer T. Watson / Firefighter/Engineer M. Verdon

Activities for the Month

- Responded to 26 calls for service
- Replaced aux starter button on pump panel
- Cleaned and inspected SAW1 and SAW2
- Reported E-51 back in service
- Participated in Active Shooter Special Operations Training

DEPARTMENT FIRE PREVENTION REPORT:

- Completed three inspections and issued four permits in the month of July.
 - Projects: Bellota Sub Station Power Storage Project, Morada Produce Solar Project, Orlando’s Market Patio Project, and LCWD Water Tank Storage Project.
 - Project Completed: None
 - Update: The Linden Associated Growers Building on Hwy 26 was sold and is now being used as a machine shop with a new company/ownership.
-

ON DUTY TRAINING:

Fire Scene Ops: Drafting & Water Tender to Engine with Attack Lines
EMS: Methamphetamine
LPE Policy: Multiple Lexipol Policy/Procedure Review
SJCEMS Policy: #5103 Determination of Death in the Field
Other: Lock-Out / Tag Out
Pre-Incident Plan: Mid Valley AG

VOLUNTEER FIREFIGHTER TRAINING:

- Drafting & Water Tender to Engine with Attack Lines

OTHER TRAINING:

- 7/26, 7/28, 7/30 - Active Shooter Training with SJCSO & WMR

FIRE VOLUNTEERS, FIRE CADETS, AND VOLUNTEER FIREFIGHTERS ASSOCIATION

Association Activities: No activities to report for the month of July.

Correspondence: The Association received a thank you letter from Anthony Nims for the scholarship.

Memorial Donations: The Association has received a total of \$19,980.00 memorial donations for the year.

Donations made by the Association: The Association made a \$300 Tee Sponsorship for the July 12, 2021 Salvation Army Golf Tournament.

INCIDENT AND COVERAGE REPORT:

LINDEN - PETERS FIRE DISTRICT				MONTH - YEAR: Jul-21	
INCIDENT TYPE	NO.	POSTED	CANCELED	PAID STAFF	
STRUCTURE FIRE	5		2	102 B. RUEGSEGGER	4
VEGETATION FIRE	8		1	106 M. MOJALLI	6
VEHICLE FIRE	2		1	108 J. REED	
FIRE OTHER	2			105 J. GOINS	
EMS CALL	30	3	1	107 K. DAHLENBURG	6
MVA	13		3	110 R. RUEGSEGGER	2
RESCUE CALL				111 T. WATSON	2
HAZARDOUS CONDITION	2			118 M. GARCIA	3
SERVICE CALL (NON EMERGENCY)				119 M. VERDON	1
GOOD INTENT CALLS	1			120 B. WRIGHT	1
FALSE ALARMS	2		2	122 D. DENNIS	1
WEATHER / DISASTER				123 J. DAVIS	2
SPECIAL INCIDENTS/OTHER	7	1	2		
TOTAL FOR THE MONTH:	72			TOTAL:	28
TOTAL FOR THE YEAR:	509			VOLUNTEER STAFF	STA COV.
PREVIOUS YEAR COMPARISON		Diff	%	117 G. SCHAEDE (VFF)	20
MONTH:	69	3	4%	130 B. CARR (VFF)	
YEAR:	476	33	6%		
DAY CALLS (8AM - 5PM):	32			TOTAL:	20
NIGHT CALLS (5PM - 8AM):	40				
CALLS PER SHIFT					
A:	25				
B:	21				
C:	26				
AUTOMATIC AID					
	GIVEN	POSTED	CANCELED	RECEIVED	
WATERLOO MORADA (WMR)	10		2	6	
MOKELUMNE (MKE)	6	1	5	8	
CLEMENTS (CLE)					
FARMINGTON (FAR)	7			1	
COLLEGEVILLE (CVG)					
STOCKTON (STO)					
MONTEZUMA (ZUM)					
LODI (LOD)					
WOODBIDGE (WOO)					
LIBERTY (LIB)					
MOUNTAIN HOUSE (MHU)					
ESCALON (ESL)					
RIPON (RIP)					
CALAVERAS CONSOLIDATED	2		1		
CalFire (TCU)				1	
OES, XSJ, EOC, SQF, VNC, BEU, MMU				2	
TOTAL:	25	1	8	18	

San Joaquin County Joint Fire Investigation Unit

2021 Linden-Peters Fire Investigator Activity

Fire Investigators – FF/ENG Martin Garcia and FF/ENG Brandon Wright

Agency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Escalon												
Ripon												
Lathrop-Manteca												
Farmington												
Linden-Peters					2							
Clements												
Woodbridge												
South County Fire Authority												
French Camp/Mountain House				1		1						
Liberty												
Mokelumne												
Collegeville												
Waterloo-Morada												
Thornton			1									
Montezuma												
Lodi			1									
Stockton					1							
Manteca												
Total FIU Callouts	0	0	2	1	3	1	0					

***Black** = FIU callout attended to by an LPFD investigator

***Green** = FIU callout NOT attended to by an LPFD investigator

***Red** = In District investigation, not a county FIU callout

JANUARY & FEBRUARY – No activity to report.

MARCH

- **Lodi** – Structure fire. Covered by Brandon Wright on duty, George Wells (WMR), Jaime Ramirez (WOO)
- **Thornton** – Boat fires. Covered by George Wells (WMR)

APRIL

- **Mountain House** – Structure fire. Covered by George Wells (WMR). Brandon Wright phone support only on duty.

May

- **Linden-Peters** – Two incendiary vehicle fires on Brovelli Ln. Covered by Martin Garcia and Brandon Wright, both off duty.
- **Stockton** – Structure fire at Empire Theatre on Pacific Ave. Covered by Martin Garcia on duty, Ryan Smart (STO), George Wells (WMR), Josh Elliot (LMD)
- **Linden-Peters** – Fifth wheel trailer fire. One fatality. Covered by Martin Garcia on duty, Brandon Wright off duty, and George Wells (WMR)

June

- **Mountain House** – Structure fire. Covered by Brandon Wright off duty, George Wells (WMR)

July – No activity to report.

MacLeod Watts

July 14, 2021

Ms. Lorena Coose
Administrative Assistant
Linden-Peters Fire Protection District
17725 East Highway 26
Linden, CA 95236

Re: Linden – Peters Fire Protection District Other Post-Employment Benefits
Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2021

Dear Ms. Coose:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Linden – Peters Fire Protection District. The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

1. Recalculate plan liabilities as of June 30, 2020 in accordance with GASB 75's biennial valuation requirement.
2. Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the District's financial statements for the fiscal year ending June 30, 2021.

The valuation results are based on the employee data and details on plan benefits provided to us by the District. As with any analysis, the soundness of the report is dependent on the inputs. Please review the information shown in the report to be comfortable that it matches your records.

The exhibits presented in this report reflect the assumption that the District will continue financing its OPEB liability on a pay-as-you-go basis. Please let us know if we can be of assistance in preparing illustrations about how prefunding impacts the OPEB liability required to be reported under GASB 75.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of the District employees who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure

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A. Executive Summary

This report presents the results of the June 30, 2020 actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Linden – Peters Fire Protection District (the District). The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2021.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present exhibits and other information relevant for disclosures under GASB 75.

Absent material changes to this program, the results of the June 30, 2020 valuation will also be applied to prepare the District's GASB 75 report for the fiscal year ending June 30, 2022. If there are any significant changes in the employee population, plan benefits or eligibility, or to the District's funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of the District

The District provides continuation of medical coverage to qualifying retiring employees. This benefit creates one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An “explicit subsidy” exists when the employer contributes directly toward the cost of retiree healthcare¹. In this program, the District pays all or a portion of medical premiums for qualifying retirees. Supporting Information Section 2A provides details.
- **Implicit subsidy liabilities:** An “implicit subsidy” exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the CalPERS medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees. CalPERS has confirmed that the claims experience of these members is considered together in setting premium rates. Different monthly premiums are charged for Medicare-eligible members and CalPERS confirmed that only the claims experience of these members is considered.

As is the nature of group premium rate structures, at some ages, retirees are likely to experience higher claims than the premiums they pay, where at other ages, the reverse may be true. Applying the approach outlined Addendum 2: MacLeod Watts Age Rating Methodology, we determine the implicit rate subsidy for pre-Medicare retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. Except for a few, short-term cases, the District's subsidy for retirees covered by Medicare supplement plans is expected to be less than the lowest age-adjusted premium; as such, the retirees will pay any implicit subsidy.

OPEB Funding Policy

The District's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. “Prefunding” is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year.

¹ A liability for potential future excise tax liability for “high cost” retiree coverage was included in the prior valuation. However, this provision of the Affordable Care Act was repealed in December 2019, so this liability was eliminated.



Executive Summary

(Continued)

GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or “PAYGO”, is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The District has not established an irrevocable OPEB trust and continues to finance its OPEB liability on a pay-as-you-go basis. With the District’s approval, the discount rate used in this valuation is based on the S&P Municipal Bond 20 Year High Grade Index. At the beginning and end of the Measurement Period, this index results in discount rates of 2.79% on June 30, 2019 and 2.66% on June 30, 2020.

Actuarial Assumptions

The mortality assumptions used in this report were chosen, for the most part, from studies released by the Society of Actuaries. Other assumptions, such as timing and rates of retirement, other employment termination (separation) prior to retirement, age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2021
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020
Valuation Date	June 30, 2020

Significant Results and Differences from the Prior Valuation

No benefit changes were reported to MacLeod Watts since the June 2018 valuation was prepared. New employee census and premium data was received and differences between actual and expected results since June 2018 were determined (referred to as “plan experience”). We also updated certain assumptions used to project the OPEB liability. See *Recognition Period for Deferred Resources* on page 11 for details on how these changes are recognized. Section C. presents the new valuation results and the impact of the new assumptions and plan experience on the Total OPEB Liability.



Executive Summary

(Concluded)

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2021

The plan’s impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan’s impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending June 30, 2021
Total OPEB Liability	\$ 2,560,868
Fiduciary Net Position	-
Net OPEB Liability (Asset)	2,560,868
Deferred (Outflows) of Resources	(420,695)
Deferred Inflows of Resources	577,498
Impact on Statement of Net Position	<u>\$ 2,717,671</u>
 OPEB Expense, FYE 6/30/2021	 <u>\$ 215,498</u>

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the District’s financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

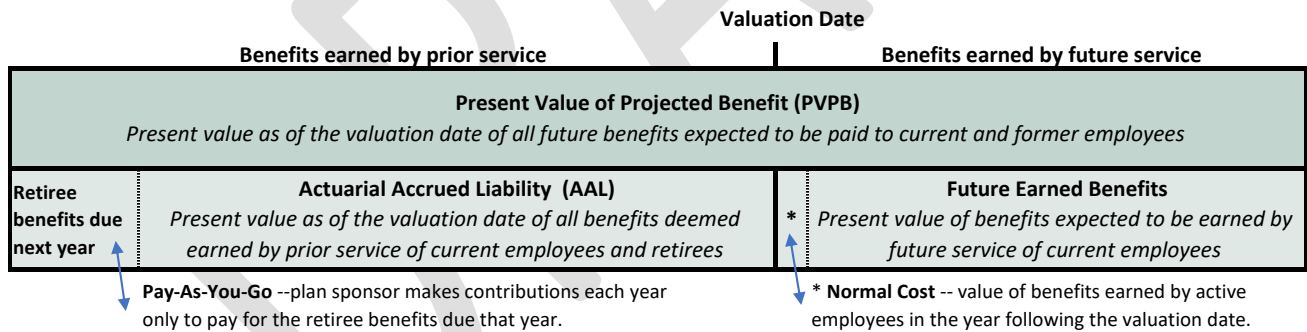


B. Valuation Process

This valuation is based on employee census data and benefits initially submitted to us by the District and clarified in various related communications. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2A. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation has been performed in accordance with the process described below using the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree’s or active employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood the employee will elect coverage for themselves and their dependents are also applied.

We then calculate a present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by prior service of current employees and retirees and 2) the value of benefits expected to be earned by future service of current employees. Actuaries employ an “attribution method” to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This method is the most common used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e. $PVPB = AAL + PVFNC$).



Valuation Process

(Concluded)

The District is financing the plan on a pay-as-you-go basis. This policy does not establish a trust to prefund benefits and pays retirees benefits each year as required. Therefore, the **Unfunded Actuarial Accrued Liability (UAAL)** is equal to the Actuarial Accrued Liability. The UAAL represents, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. Future contributions by the District will equal each year’s retiree benefit payments.

Please note that projections of future benefits over such long periods (frequently 40 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to the District reflected in this report are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates and healthcare trend rates.

Finally, certain actuarial terms and GASB 75 terms may be used interchangeably. We note a few in the table below.

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	<i>No equivalent term</i>
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	<i>No equivalent term</i>
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

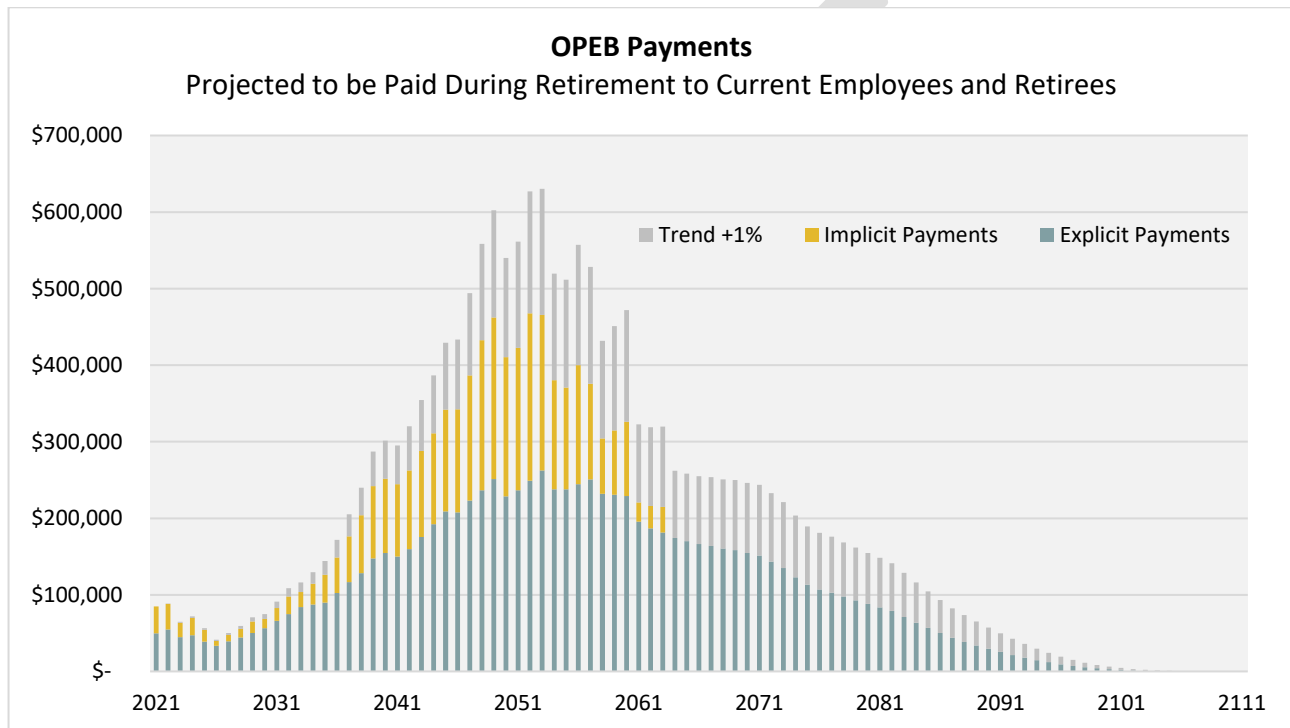
Specific results from this valuation are provided in the following Section C.



C. June 30, 2020 Valuation Results

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the June 30, 2020 valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding Section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Medical benefits are paid for qualifying the District retirees. Please see Supporting Information, Section 2 for details. The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from the District.



The amounts shown in green reflect the expected payment by the District toward retiree medical premiums while those in yellow reflect the implicit subsidy benefits (i.e., the excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections (in gray) reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 18.

Liabilities relating to these projected benefits are shown beginning on the following page.



June 30, 2020 Valuation Results

(Continued)

This chart compares the results measured as of June 30, 2020, based on the June 30, 2018 valuation, with the results measured as of June 30, 2021, based on the June 30, 2020 actuarial valuation.

Valuation date	6/30/2018			6/30/2020		
Measurement date	6/30/2019			6/30/2020		
Fiscal Year End	6/30/2020			6/30/2021		
	Explicit	Implicit	Total	Explicit	Implicit	Total
Subsidy						
Discount rate	2.79%			2.66%		
Number of Covered Employees						
Actives		13			13	
Retirees		7			6	
Total Participants		20			19	
Actuarial Present Value of Projected Benefits						
Actives	\$ 2,543,456	\$ 1,894,594	\$ 4,438,051	\$ 3,494,487	1,724,007	5,218,494
Retirees	800,291	231,292	1,031,583	546,921	108,346	655,267
Total APVPB	3,343,747	2,125,887	5,469,634	4,041,408	1,832,353	5,873,761
Total OPEB Liability (TOL)						
Actives	956,963	664,409	1,621,372	1,295,278	610,323	1,905,601
Retirees	800,291	231,292	1,031,583	546,921	108,346	655,267
TOL	1,757,254	895,701	2,652,956	1,842,199	718,669	2,560,868
Fiduciary Net Position			-			-
Net OPEB Liability			2,652,956			2,560,868
Service Cost						
For the period following the measurement date	93,207	71,317	164,524	119,774	62,428	182,202

The Total OPEB Liability has decreased by \$92,088 from that reported one year ago. Part of the change was expected and some of this change was unexpected. Reasons for the change in the Total OPEB Liability (TOL) are discussed on the following page.



June 30, 2020 Valuation Results

(Concluded)

Expected changes: Through normal plan operation, the TOL was expected to increase by \$171,149 from additional service and interest costs accruing for the period and decrease by benefits paid to retirees.

Unexpected changes decreased the TOL by \$263,237. Unexpected changes generally fall into one of the three following categories:

- *Plan experience* recognizes results which are *different than expected* based on the prior valuation data and assumptions. Plan experience was favorable over the past two years, decreasing the TOL by \$512,387 from what was previously projected. The majority of this experience gain relates to medical premiums and claims which are lower than previously projected.
- *Assumption changes:* Collectively, these changes increased the TOL by \$249,150. The largest increase related to our assumption about future increases in the maximum monthly benefits paid by the District. See the last page in Supporting Information, Section 3 for details.
- *Benefit changes:* There were no changes reported since the prior valuation was completed.

This chart reconciles the TOL reported for fiscal year end June 30, 2020 to the TOL to be reported as of June 30, 2021.

Reported Total OPEB Liability at June 30, 2020 Measurement Date June 30, 2019	\$ 2,652,956
Expected Changes:	
Service Cost	164,524
Benefit Payments	(70,992)
Interest Cost	77,617
Total Expected Change	171,149
Expected Total OPEB Liability at June 30, 2021 Measurement Date June 30, 2020	\$ 2,824,105
Unexpected Changes:	
<i>Plan experience different than assumed</i>	
Actual premiums/estimated Claims lower than expected	(335,537)
Other plan experience (including one previously covered retiree dropping coverage)	(176,850)
<i>Assumption changes</i>	
Change to assumed Increases in maximum benefits	347,570
Change in healthcare trend model	61,205
Change in discount rate	52,376
Change in assumed annual salary increases	29,652
Decrease in assumed PEMHCA minimum benefit increases	(70,049)
Change in demographic and economic assumptions and mortality improvement scale	2,112
Elimination of excise tax liability on high cost coverage	(173,716)
Total Unexpected Change	(263,237)
Actual Total OPEB Liability at June 30, 2021 Measurement Date June 30, 2020	\$ 2,560,868



D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2021. The District is classified for GASB 75 purposes as a single employer.

Note that the District contributions shown for the 20/21 fiscal year in this report are an estimate and may need to be updated once the actual amount is known after the close of this fiscal year.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2021 <i>Measurement Date is June 30, 2020</i>	Linden-Peters Fire Protection District
Items Impacting Net Position:	
Total OPEB Liability	\$ 2,560,868
Fiduciary Net Position	-
Net OPEB Liability (Asset)	2,560,868
<i>Deferred (Outflows) Inflows of Resources Due to:</i>	
Assumption Changes	(220,744)
Plan Experience	467,283
Investment Experience	-
Deferred Contributions	(89,736)
Net Deferred (Outflows) Inflows of Resources	156,803
Impact on Statement of Net Position, FYE 6/30/2021	\$ 2,717,671
Items Impacting OPEB Expense:	
Service Cost	\$ 164,524
Cost of Plan Changes	-
Interest Cost	77,617
Expected Earnings on Assets	-
<i>Recognized Deferred Resource items:</i>	
Assumption Changes	18,461
Plan Experience	(45,104)
Investment Experience	-
OPEB Expense, FYE 6/30/2021	\$ 215,498



Accounting Information

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2020 <i>6/30/2019</i>	6/30/2021 <i>6/30/2020</i>	Change During Period
Total OPEB Liability	\$ 2,652,956	\$ 2,560,868	\$ (92,088)
Fiduciary Net Position	-	-	-
Net OPEB Liability (Asset)	2,652,956	2,560,868	(92,088)
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	9,945	(220,744)	(230,689)
Plan Experience	-	467,283	467,283
Investment Experience	-	-	-
Deferred Contributions	(70,992)	(89,736)	(18,744)
Net Deferred (Outflows) Inflows	(61,047)	156,803	217,850
Impact on Statement of Net Position	\$ 2,591,909	\$ 2,717,671	\$ 125,762

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2020	\$ 2,591,909
OPEB Expense (Income)	215,498
Employer Contributions During Fiscal Year	(89,736)
Impact on Statement of Net Position, FYE 6/30/2021	<u>\$ 2,717,671</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 89,736
Deterioration (Improvement) in Net Position	125,762
OPEB Expense (Income), FYE 6/30/2021	<u>\$ 215,498</u>



Accounting Information

(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 11.36 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2021.

Linden-Peters Fire Protection District	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 330,959	\$ 110,215
Differences Between Expected and Actual Experience	-	467,283
Net Difference Between Projected and Actual Earnings on Investments	-	-
Deferred Contributions	89,736	-
Total	\$ 420,695	\$ 577,498

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2022	\$ (26,643)
2023	(26,643)
2024	(26,643)
2025	(26,643)
2026	(26,643)
Thereafter	(113,324)



Accounting Information

(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for accounting purposes for the fiscal year end 2021 is 2.66%. Healthcare Cost Trend Rate was assumed to start at 5.8% (increase effective January 1, 2021) and grade down to 4% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 1.66%	Current 2.66%	Current + 1% 3.66%
Net OPEB Liability (Asset)	3,016,336	2,560,868	2,191,994
Increase (Decrease)	455,468		(368,874)
% Increase (Decrease)	17.8%		-14.4%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Net OPEB Liability (Asset)	2,087,898	2,560,868	3,189,136
Increase (Decrease)	(472,970)		628,268
% Increase (Decrease)	-18.5%		24.5%



Accounting Information

(Continued)

Schedule of Changes in the District’s Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Only results for years since GASB 75 was implemented (fiscal years 2018 through 2021) are shown in the table.

Fiscal year ending	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability				
Service Cost	\$ 164,524	\$ 151,962	\$ 142,430	\$ 154,348
Interest	77,617	75,574	73,146	63,363
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(512,387)	-	-	-
Changes of assumptions	249,150	81,775	49,610	(170,607)
Benefit payments	(70,992)	(80,875)	(70,312)	(54,778)
Net change in total OPEB liability	(92,088)	228,436	194,874	(7,674)
Total OPEB liability - beginning	2,652,956	2,424,520	2,229,646	2,237,320
Total OPEB liability - ending (a)	\$ 2,560,868	\$ 2,652,956	\$ 2,424,520	\$ 2,229,646
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 2,560,868	\$ 2,652,956	\$ 2,424,520	\$ 2,229,646
Covered-employee payroll	\$ 1,283,459	\$ 1,079,132	\$ 1,187,584	\$ 1,097,419
Net OPEB liability as % of covered-employee payroll	199.53%	245.84%	204.16%	203.17%

Summary of methods and assumptions used in the valuation:

Valuation Date:	6/30/2020	6/30/2018		
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay		
Inflation	2.5% per year	2.75% per year		
Healthcare cost trend rates	5.8% grading to 4.0% by 2076	7.50% grading to 5.0% by 2024		
Salary increases	3.0% per year	3.25% per year		
Discount rate	2.66%	2.79%	2.98%	3.13%
Retirement age	Ages 50 - 75	Ages 50 - 75		
Mortality	2017 CalPERS Experience Study	2014 CalPERS Experience Study		
Mortality Improvement	MW Scale 2020	MW Scale 2017		



Accounting Information
(Continued)

Schedule of Contributions

This schedule is not required to be provided for unfunded OPEB plans.

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Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Linden-Peters Fire Protection District	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2020 <i>Measurement Date 6/30/2019</i>	\$ 2,652,956	\$ -	\$ 2,652,956	\$ (9,945)	\$ -	\$ -	\$ 70,992	\$ 2,591,909
Changes During the Period:								
Service Cost	164,524		164,524					164,524
Interest Cost	77,617		77,617					77,617
Expected Investment Income		-	-					-
Employer Contributions		70,992	(70,992)					(70,992)
Changes of Benefit Terms	-		-					-
Benefit Payments	(70,992)	(70,992)	-					-
Assumption Changes	249,150		249,150	249,150				-
Plan Experience	(512,387)		(512,387)		(512,387)			-
Investment Experience		-	-			-		-
Recognized Deferred Resources				(18,461)	45,104	-	(70,992)	44,349
Employer Contributions in Fiscal Year							89,736	(89,736)
Net Changes in Fiscal Year 2020-2021	(92,088)	-	(92,088)	230,689	(467,283)	-	18,744	125,762
Balance at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 2,560,868	\$ -	\$ 2,560,868	\$ 220,744	\$ (467,283)	\$ -	\$ 89,736	\$ 2,717,671



Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2020

Deferred Resource					Balance as of Jun 30, 2020	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2019-20 (FYE 2021)	2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	Thereafter
Gain Due To												
6/30/2017	Assumption Changes	\$ (170,607)	11.30	\$ (15,098)	\$ (110,215)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (34,725)
Loss Due To												
6/30/2018	Assumption Changes	49,610	11.30	4,390	36,440	4,390	4,390	4,390	4,390	4,390	4,390	14,490
Loss Due To												
6/30/2019	Assumption Changes	81,775	11.30	7,237	67,301	7,237	7,237	7,237	7,237	7,237	7,237	31,116
Gain Due To												
6/30/2020	Plan Experience	(512,387)	11.36	(45,104)	(467,283)	(45,104)	(45,104)	(45,104)	(45,104)	(45,104)	(45,104)	(241,763)
Loss Due To												
6/30/2020	Assumption Changes	249,150	11.36	21,932	227,218	21,932	21,932	21,932	21,932	21,932	21,932	117,558



Accounting Information

(Continued)

District Contributions to the Plan

District contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Addendum 1 – Important Background Information.

Benefits paid by the District during the measurement period are shown below.

Employer Contributions During the Measurement Period, Jul 1, 2019 thru Jun 30, 2020	Linden-Peters Fire Protection District
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	57,321
Implicit contributions	13,671
<i>Total Employer Contributions During the Measurement Period</i>	\$ 70,992

Benefits paid by the District in the year following the measurement period but prior to the end of the fiscal year are shown below.

Employer Contributions During the Fiscal Year, Jul 1, 2020 thru Jun 30, 2021	Linden-Peters Fire Protection District
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	54,799
Implicit contributions	34,937
<i>Total Employer Contributions During the Fiscal Year</i>	\$ 89,736



Accounting Information

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2021	\$ 54,799	\$ -	\$ 54,799	\$ 34,937	\$ -	\$ 34,937	\$ 89,736
2022	52,404	2,315	54,719	32,237	1,072	33,309	88,028
2023	41,236	3,601	44,837	16,754	1,891	18,645	63,482
2024	42,988	4,247	47,235	19,687	3,069	22,756	69,991
2025	33,689	5,244	38,933	10,868	4,577	15,445	54,378
2026	23,436	10,164	33,600	-	6,097	6,097	39,697
2027	24,269	15,013	39,282	-	8,259	8,259	47,541
2028	25,100	19,449	44,549	-	11,188	11,188	55,737
2029	25,933	24,289	50,222	-	15,228	15,228	65,450
2030	26,753	29,576	56,329	-	12,259	12,259	68,588
2031	27,553	38,404	65,957	-	17,011	17,011	82,968
2032	28,335	46,428	74,763	-	23,253	23,253	98,016
2033	29,091	55,025	84,116	-	19,729	19,729	103,845
2034	24,158	63,121	87,279	-	27,266	27,266	114,545
2035	18,834	71,263	90,097	-	36,138	36,138	126,235

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by the District toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date (“current retirees”) and those expected to retire after the valuation date (“future retirees”).

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees’ coverage.



Accounting Information

(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2020

	Debit	Credit
Net OPEB Liability		2,652,956
Deferred Resource -- Assumption Changes		9,945
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	70,992	
Net Position	2,591,909	

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	54,799	
Premium Expense		54,799
OPEB Expense	-	
Cash		-

* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	34,937	
Premium Expense		34,937

* This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.

Journal entries to record other account activity during the fiscal year

	Debit	Credit
Net OPEB Liability	92,088	
Deferred Resource -- Assumption Changes	230,689	
Deferred Resource -- Plan experience		467,283
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	18,744	
OPEB Expense	125,762	



E. Funding Information

Our understanding is that the District is currently financing its OPEB liability on a pay-as-you-go basis. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes.

Should the District wish to explore potential future prefunding for this plan we can prepare illustrations of various funding levels and, if appropriate, perform a formal funding valuation at that time. Results under a funding scenario may be materially different from the results presented in this report.

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F. Certification

The purpose of this report is to provide actuarial information of the other postemployment benefits (OPEB) provided by the Linden – Peters Fire Protection District (the District) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75). We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein.

In preparing this report we relied without audit on information provided by the District. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with the District's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the District and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: the District may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the District may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The signing actuary is a member of the American Academy of Actuaries and meets the qualification standards for rendering this opinion.

Signed: July 14, 2021

Catherine L. MacLeod, FSA, FCA, EA, MAAA

Cody J. Simrell, Actuarial Analyst



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

Active members: The District reported 13 active employees; all were enrolled in a medical plan through the District on the valuation date. Age and service information for these employees is provided below:

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25		1					1	8%
25 to 29		1					1	8%
30 to 34			1	3			4	31%
35 to 39			1		1		2	15%
40 to 44		1			1		2	15%
45 to 49					1	1	2	15%
50 to 54							0	0%
55 to 59			1				1	8%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	0	3	3	3	3	1	13	100%
Percent	0%	23%	23%	23%	23%	8%	100%	

<u>Valuation</u>	<u>June 2018</u>	<u>June 2020</u>
Average Attained Age for Actives	35.3	37.3
Average Years of Service	8.8	10.8

Retired members: There are currently 4 retirees and 2 survivors covered under a CalPERS Medical plan and receiving benefits from the District under this program.

Retirees by Age		
Current Age	Total	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	0	0%
60 to 64	3	50%
65 to 69	1	17%
70 to 74	1	17%
75 to 79	0	0%
80 & up	1	17%
Total	6	100%
Average Age:		
On 6/30/2020	67.0	
At retirement	52.6	



Supporting Information

(Continued)

Section 1 - Summary of Retiree Benefit Provisions

(Concluded)

The chart below summarizes the change in the number of individual’s included in the 2018 and 2020 valuations.

Reconciliation of District Plan Members Between Valuation Dates					
Status	Covered Actives	Waiving Actives	Covered Retirees	Covered Surviving Spouses	Total
Number reported as of June 30, 2018	12	1	5	2	20
Previously covered, now waiving			(1)		(1)
Previously waiving, now covered	1	(1)			0
Number reported as of June 30, 2020	13	0	4	2	19

GASB 75 requires that the District provide a summary of the following member counts as of the most recent valuation date:

Summary of Plan Member Counts	
Number of active plan members	13
Number of inactive plan members currently receiving benefits	6
Number of inactive plan members entitled to but not receiving benefits	1



Supporting Information

(Continued)

Section 2A - Summary of Retiree Benefit Provisions

OPEB provided: The District reported that the only OPEB provided is retiree medical coverage. Medical coverage is currently provided through CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, for miscellaneous PEPPRA members) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the District to be eligible to continue medical coverage through the agency and be entitled to the benefits described below. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. *It is the timing of initiating retirement benefits and not timing of enrollment in the medical program which determines whether a District retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.* Dependents are also eligible for coverage.

PEMHCA Benefits provided: As a PEMHCA employer, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued and for the lifetime of a surviving spouse, if the spouse also receives survivor pension benefits. The District executed a PEMHCA resolution with CalPERS which provides for the District to contribute the statutory minimum employer contribution (MEC)². The MEC is \$139 in 2020 and \$143 per month in 2021.

Additional Retiree Medical

Benefits: Employees who retire with 5 or more years of District service receive a higher benefit for a fixed number of years, based on their years of District service. During this period, the District will pay 100% of the retiree only premium (no dependents) up to \$1,400 per month.

Years of LPFD Service	# Years for Higher Retiree Medical Benefits	Years of LPFD Service	# Years for Higher Retiree Medical Benefits
At least 5	2	25 but under 30	16
10 but under 15	4	30 but under 35	22
15 but under 20	7	35 but under 40	29
20 but under 25	11	40 or more	37

Current premium rates: The 2020 CalPERS monthly medical plan rates in the Region 1 rate group are shown in the table below. Rates for other plans selected were used but are not shown below.

Region 1 2020 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Blue Shield Access+ HMO	\$1,127.77	\$2,255.54	\$2,932.20	<i>Not Available</i>		
Kaiser HMO	768.49	1,536.98	1,998.07	\$ 339.43	\$ 678.86	\$ 1,139.95
PERS Choice PPO	861.18	1,722.36	2,239.07	351.39	702.78	1,219.49
PERS Select PPO	520.29	1,040.58	1,352.75	351.39	702.78	1,014.95
PERSCare PPO	1,133.14	2,266.28	2,946.16	384.78	769.56	1,449.44

² It is our understanding that there is a pre-tax flexible benefit plan in place for active employees, providing health benefits in excess of the MEC and that PEMHCA does not require these additional payments be provided to retirees.



Supporting Information

(Continued)

Section 2B - Excise Taxes for High Cost Retiree Coverage (Repealed)

The Patient Protection and Affordable Care Act (ACA) included a 40% excise tax on high-cost employer-sponsored health coverage. The tax applied to the aggregate annual cost of an employee's applicable coverage that exceeds a dollar limit. Implementation of this tax had been delayed by subsequent legislation to 2022.

As noted earlier in this report, this excise tax on high cost retiree coverage was repealed by Senate Amendment to H.R. 1865, *Further Consolidated Appropriations Act, 2020*, and signed by the President on December 20, 2019. Since repeal occurred before the valuation date, there is no longer an such tax to be valued and we excluded the previously developed liability from the results of this valuation.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Fiscal Year End	June 30, 2021
GASB 75 Measurement Date	Last day of the prior fiscal year (June 30, 2020)
Valuation Date	June 30, 2020

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not applicable (\$0; no OPEB trust has been established)
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 2 to this report.

Baseline monthly premiums were set equal to the employee-only rates shown in the chart at the end of Section 2A. Representative claims costs derived from the dataset provided by CalPERS for non-Medicare retirees are shown in the chart at the top of the following page.

Current and future Medicare-eligible retirees are covered by plans rated based solely on the experience of Medicare retirees with no subsidy by active employee premiums. Except in limited, short-term cases, the District's subsidy toward Medicare retiree supplement plan premiums will be less than the lowest age-based premium rate. Accordingly, age-based premiums were not developed for Medicare retirees.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Development of Age-related Medical Premiums

Expected Monthly Claims by Medical Plan for Selected Ages								
Region	Medical Plan	Male						
		50	55	60	65	70	75	80
Region 1	Blue Shield Access+ HMO	\$ 989	\$ 1,290	\$ 1,620	<i>not available</i>			
	Kaiser HMO	763	996	1,251	\$ 285	\$ 319	\$ 347	\$ 363
	PERS Choice PPO	773	1,009	1,267	317	355	385	404
	PERS Select PPO	543	709	890	324	364	395	414
	PERSCare PPO	960	1,253	1,574	342	384	417	436
OOS	PERS Choice PPO	773	1,009	1,267	317	355	385	404
Region	Medical Plan	Female						
		50	55	60	65	70	75	80
Region 1	Blue Shield Access+ HMO	\$ 1,225	\$ 1,415	\$ 2,026	<i>not available</i>			
	Kaiser HMO	946	1,092	1,563	\$ 273	\$ 309	\$ 334	\$ 349
	PERS Choice PPO	958	1,106	1,584	303	343	371	388
	PERS Select PPO	673	777	1,112	311	351	381	397
	PERSCare PPO	1,190	1,374	1,967	328	371	401	419
OOS	PERS Choice PPO	1,190	1,106	1,584	303	343	371	388



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Economic Assumptions

Municipal Bond Index	S&P Municipal Bond 20 Year High Grade Index
Discount Rate	2.79% as of June 30, 2019 2.66% as of June 30, 2020
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year’s levels were derived using the Getzen model and are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2021	5.8%	2061-2066	4.80%
2022	5.7%	2067	4.70%
2023	5.6%	2068	4.60%
2024	5.5%	2069	4.50%
2025-2026	5.40%	2070-2071	4.40%
2027-2029	5.30%	2072	4.30%
2030-2051	5.20%	2073-2074	4.20%
2052	5.10%	2075	4.10%
2053-2055	5.00%	2076	4.00%
2056-2060	4.90%	& later	4.00%

The healthcare trend shown above was developed using the Getzen Model 2021_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.5%; Excess Medical Growth 1.1%; Expected Health Share of GDP in 2030 20.3%; Resistance Point 25%; Year after which medical growth is limited to growth in GDP 2075.

Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65. Coverage ends at age 65.
Limit on District Cost-Sharing	The maximum contribution paid by the District toward retiree medical coverage is assumed to increase at the same trend rates shown above.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Participant Election Assumptions

Participation Rate	<p><i>Active employees:</i> 100% of those currently enrolled and 50% of those not currently enrolled are assumed to elect medical coverage through the District in retirement.</p> <p><i>Retired participants:</i> Existing medical plan elections are assumed to be continued until retiree's death</p>
Spouse Coverage	<p><i>Active employees:</i> 70% of employees are assumed to be married and to elect coverage for their spouse in retirement. Surviving spouses are assumed to keep coverage until their death. Husbands are assumed to be 3 years older than their wives.</p> <p><i>Retired participants:</i> Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.</p>

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were those published by CalPERS adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Mortality Improvement MacLeod Watts Scale 2020 applied generationally from 2015 (see Addendum 3)

Mortality Before Retirement
(before improvement applied)

CalPERS Public Agency Police & Fire Combined Industrial & Non-Industrial		
Age	Male	Female
15	0.00023	0.00008
20	0.00032	0.00013
30	0.00053	0.00025
40	0.00081	0.00050
50	0.00150	0.00104
60	0.00306	0.00200
70	0.00714	0.00459
80	0.01934	0.01105



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Mortality After Retirement
(before improvement applied)

Healthy Lives			Disabled Fire		
CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality			CalPERS Public Agency Disabled Fire Post- Retirement Mortality		
Age	Male	Female	Age	Male	Female
40	0.00070	0.00040	20	0.00027	0.00009
50	0.00431	0.00390	30	0.00031	0.00014
60	0.00758	0.00524	40	0.00034	0.00022
70	0.01490	0.01044	50	0.00780	0.00681
80	0.04577	0.03459	60	0.01250	0.00809
90	0.14801	0.11315	70	0.02361	0.01647
100	0.35053	0.30412	80	0.06612	0.04975
110	1.00000	1.00000	90	0.18524	0.14349

Termination Rates

Fire Safety Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1298	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1298	0.0237	0.0146	0.0000	0.0000	0.0000
25	0.1298	0.0237	0.0146	0.0069	0.0000	0.0000
30	0.1298	0.0237	0.0146	0.0069	0.0052	0.0000
35	0.1298	0.0237	0.0146	0.0069	0.0052	0.0041
40	0.1298	0.0237	0.0146	0.0069	0.0052	0.0041
45	0.1298	0.0237	0.0146	0.0069	0.0052	0.0041

Service Retirement Rates

Fire Safety Employees: 3.0% at 50 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0200	0.0200	0.0200	0.0400	0.1300	0.1920
53	0.0230	0.0230	0.0230	0.0430	0.1350	0.1980
56	0.0530	0.0530	0.0530	0.0850	0.1960	0.2690
59	0.0750	0.0750	0.0750	0.1160	0.2390	0.3210
62	0.0680	0.0680	0.0680	0.1060	0.2240	0.3040
65 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000



Supporting Information

(Concluded)

Section 3 - Actuarial Methods and Assumptions

Service Retirement Rates

Fire Safety Employees: 3.0% at 55 formula						
From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0010	0.0010	0.0010	0.0060	0.0160	0.0690
53	0.0320	0.0320	0.0320	0.0490	0.0850	0.1490
56	0.0640	0.0640	0.0640	0.0970	0.1610	0.2380
59	0.0880	0.0880	0.0880	0.1310	0.2130	0.2990
62	0.0870	0.0870	0.0870	0.1280	0.2100	0.2950
65 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Fire Safety Employees: 2.7% at 57 formula						
From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0065	0.0065	0.0065	0.0065	0.0101	0.0151
53	0.0442	0.0442	0.0442	0.0442	0.0680	0.1018
56	0.0740	0.0740	0.0740	0.0740	0.1140	0.1706
59	0.0729	0.0729	0.0729	0.0729	0.1123	0.1681
62	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
65 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Changes in assumptions or methods as of the Measurement Date

Discount rate	Changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020, based on the published change in return for the applicable municipal bond index.
Decrement	Retirement, mortality, disability and termination rates were updated from the 2014 CalPERS Experience Study to the 2017 CalPERS Experience Study. We believe these updated rates will be reasonably representative of the District's future experience.
Mortality improvement	Updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2020, based on updated mortality data.
Medical trend for premiums, claims and maximum District paid benefits	Updated to the Getzen model which was published by the Society of Actuaries
General inflation rate	Decreased from 2.75% to 2.5% per year
Salary increase	Decreased from 3.25% to 3.0% per year
Excise tax on high cost coverage	Removed due to the December 2019 repeal of this provision of the Affordable Care Act



Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		<i>Covered by higher active premiums</i>
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by the District. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.



Important Background Information

(Continued)

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the “Measurement Date”).

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information

(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year’s “implicit subsidy”. Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year’s implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year’s premium expense for active employees.



Important Background Information

(Continued)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2020** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2019 Report, published in October 2019 and (2) the demographic assumptions used in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published April 2019.

MacLeod Watts Scale 2020 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2019 which has two segments – (1) historical improvement rates for the period 1951-2015 and (2) an estimate of future mortality improvement for years 2016-2018 using the Scale MP-2019 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2018 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2019-2028. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2028-2042. The SSA's Intermediate Scale has a final step down in 2043 which is reflected in the MacLeod Watts scale for years 2043 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2019 can be found at the SOA website and the projection scales used in the 2019 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). This tax was repealed in December 2019.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board



Glossary

(Continued)

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility

