



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 4, 2022

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

- | | |
|--|--|
| <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 2022</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 July 2022 – Fire Chief Kirk Noffsinger (Treasurer)</p> <p>(VII.) CONSENT AGENDA</p> <p>A. Discussion & Possible Action re: Approval of the July 2022 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.) UNFINISHED BUSINESS – NONE
(Public comment/input is welcome before each agenda item of Unfinished and New Business. Individual comments are limited to three minutes per individual and must pertain to the specific agenda item.)</p> <p>(X.) NEW BUSINESS</p> <p>A. Discussion & Possible Action re: Accept the MacLeod Watts Other Post-Employment Benefits (OPEB) Actuarial Valuation and GASB 75 for FYE June 30, 2022</p> <p>B. Discussion & Possible Action re: Surplus of the Fire Prevention Trailer</p> <p>(XI.) BOARD QUESTIONS AND COMMENTS</p> <p>(XII.) CLOSED SESSION – NONE</p> <p>(XIII.) ADJOURNMENT</p> <p style="text-align: center;"><u>CURRENTLY THE NEXT SCHEDULED
REGULAR BOARD MEETING</u></p> <p style="text-align: center;">September 8 @ 7:00PM</p> <p>Agenda Posted: August 1st @ or before 4:00 PM</p> <hr/> <p>SIGNED ORIGINAL ON FILE</p> <hr/> <p>DAVID FRISON, BOARD SECRETARY</p> |
|--|--|



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 “Kenny” Watkins III

Minutes of Board Meeting

Thursday, July 7, 2022

The meeting of the Linden–Peters Rural County Fire Protection District Board of Directors was called to order by President Jack Plotz at 7:02 PM. Members present: Vice President Thomas G. Watkins, 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 Brandon Ruegsegger, Lt. Ken Dahlenburg, FF/Engineer Martin Garcia, Firefighter Jordan Davis, and Administrative Assistant Lorena Coose.

- (I.) Call to Order – 7:02 PM
- (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 2022.
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 – No update.
- (VI.) Financial Summary and Report
 - A. Monthly Financial, Current events summary for June 2022 - Presented by Fire Chief Kirk Noffsinger. Chief Noffsinger provided an overview of the financials for June 2022.
- (VII.) Consent Agenda:
 - A. Discussion & Possible Action re: Approval of the June 2022 Monthly Financial Reports and expenditures. A motion to approve the financial reports was made by K. Watkins III and seconded by D. Frison. Motion passed with a vote of 4-0.
- (VIII.) Current Events Summaries, Reports, and/or Correspondence:
Current Events for the Linden-Peters Fire District months of June 2022 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 2022. Lt. Dahlenburg provided the Shift, Training, Fire Prevention, and Volunteer Reports.
 - B. Union Report – None

(IX.) Unfinished Business – None

(X.) New Business

A. Discussion & Possible Action re: Approval of Agreement between Croce, Sanguinetti & Vander Veen (CSV) and the LPFD to Conduct the FY 2021-2022 Financials and Financial Transactions Report for an Amount Not to Exceed \$15,600.00

A motion to approve the Agreement between Croce, Sanguinetti, & Vander Veen and the LPFD in an amount not to exceed \$15,600.00 was made by K. Watkins III and seconded by T. Watkins. The motion passed with a vote of 4-0.

(XI.) Board Questions and Comments

In response to Board Member K. Watkin’s III inquiry about the new engine, Chief Noffsinger noted that the pump is mounted and they are actively working on it. There is no estimated delivery date at this time. Chief Noffsinger added that E-52 is at Diesel Performance and may need to have the head gasket replaced.

(XII.) Closed Session - None

(XIII.) Adjournment: Motion made by D. Frison and seconded by K. Watkins III to adjourn the meeting. Vote in favor 4-0. Motion carried and so ordered at 7:44 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

08/03/22

Balance Sheet

Accrual Basis

As of July 31, 2022

	<u>Jul 31, 22</u>
ASSETS	
Current Assets	
Checking/Savings	
101 · F&M Checking- General	15,510.54
102 · F&M Zone 1 Fund	140,353.27
104 · F&M- Capital Outlay	1704176.87
106 · F&M- Benefits Reserve Fund	30,058.66
123 · F&M Equipment Replacement F...	412,966.03
124 · F&M CD	101,984.50
	<hr/>
Total Checking/Savings	2405049.87
	<hr/>
Total Current Assets	2405049.87
	<hr/>
TOTAL ASSETS	<u>2405049.87</u>
	<hr/>
LIABILITIES & EQUITY	0.00

LINDEN PETERS RURAL COUNTY
 FIRE PROTECTION DISTRICT
 17725 E HWY 26
 LINDEN CA 95236

TIME DEPOSIT					
ACCOUNT	CURRENT BALANCE	APY	MATURITY	2022 Interest	
@XXXXXXXXXX@4924	101,984.50	0.120000%	2/08/23	152.75	

L O A N S

Account Title: LINDEN PETERS RURAL COUNTY

COMMERCIAL LOAN

LOAN NUMBER	RATE	DUE DATE	AMOUNT DUE	LOAN BALANCE	ESCR
@XXXXXXXXXX@3836	3.600000%	7/05/23	265,946.62	2,867,853.38	

ACTIVITY IN DATE ORDER

DATE	PRINCIPAL	INTEREST	LATE CHARGE	ESCROW	OTHER
7/05	132,146.62	133,800.00			

ALTHOUGH YOU RECEIVED A FULL DISCLOSURE ABOUT THE TERMS AND CONDITIONS OF YOUR ACCOUNT WHEN YOU OPENED IT, YOU HAVE THE RIGHT TO CONTACT THIS OFFICE TO OBTAIN ANOTHER DISCLOSURE AT ANY TIME.

08/03/22

Linden-Peters Rural County Fire Protection District
Income by Customer Summary
July 2022

	<u>Jul 22</u>
Fire Report Fees	5.00
Linden County W.D.	494.89
Miramonte Estate Vineyards	<u>500.00</u>
TOTAL	<u><u>999.89</u></u>

08/03/22

Linden-Peters Rural County Fire Protection District

Expenses by Vendor Summary

July 2022

	<u>Jul 22</u>
A-1 Saw & Mower, Inc.	168.87
AFSS North	75.00
Albert Paper Company	112.93
Amazon	47.38
BG Agri	96.59
California Fire Chiefs	400.00
California Waste Recovery Systems	354.73
Card Services	1,693.95
Cascade Fire Equipment Company	382.94
Cintas	107.26
Clutch & Brake Xchange, Inc.	150.73
Code 3 Wear	290.93
Comcast	348.46
Croce, Sanguinetti, & Vander Veen	525.00
E.F. Kludt & Sons	4,475.82
F & M Bank	265,946.62
FDAC/FASIS	107,866.00
Frontier Communications	46.51
Jim Avansino	908.01
Joint Radio Users Group	1,425.66
Ken Snyder Jr.	232.94
Kirk Noffsinger	75.00
Lee Owing Jr.	908.01
Life Assist	87.30
Linden County Water District	404.11
Linden Herald	42.00
NFPA	175.00
Pacific Gas & Electric	2,138.13
PERS Health Benefits Division	25,715.15
Personal Exposure Reporting	170.00
Public Employees' Retirement System	30,654.51
R & C Pest Control	80.00
Rinaldi's Market	25.67
Small Business Benefit Plan Trust	237.10
Vic Solari	232.94
Zylstra Auto & Hardware	66.34
TOTAL	<u>446,667.59</u>

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2022 through June 2023

	<u>Jul '22 - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
410-1 · Property Tax See- Z1	0.00	15,370.00	-15,370.00
410 · Property Tax Current Secured	0.00	2,672,400.00	-2,672,400.00
415-1 · Property Tax Unsecured - Z1	0.00	760.00	-760.00
415 · Property Tax Curr Unsecured	0.00	131,220.00	-131,220.00
420-1 · SB813 - Z1	0.00	800.00	-800.00
420 · SB813 Supplemental	0.00	140,500.00	-140,500.00
425-1 · Prior Tax - ZZ1	0.00	22.00	-22.00
425 · Prior Years	0.00	3,900.00	-3,900.00
440-1 · Interest Income-48901 SJC Acct	0.00	1,040.00	-1,040.00
450-1 · Interest - Z1	0.00	58.00	-58.00
450-2 · Interest - Benefits Reserve	0.00	12.00	-12.00
450-4 · Interest - General Fund	0.00	582.00	-582.00
450-5 · Interest -Equipment Replace F...	0.00	126.00	-126.00
450-6 · Interest - CD	0.00	153.00	-153.00
450 · Interest - Checking	0.00	6.00	-6.00
460-1 · State - Hmownrs Prop Tax	0.00	92.00	-92.00
460 · State - Hmownrs Prop Tax Relief	0.00	15,930.00	-15,930.00
465 · Fire Prevention Service	500.00	14,930.00	-14,430.00
480 · LCWD Fuel Reimbursement	494.89	4,545.00	-4,050.11
492-3 · Service Fees	0.00	4,310.00	-4,310.00
495 · Miscellaneous	5.00	2,500.00	-2,495.00
Total Income	999.89	3,009,256.00	-3,008,256.11
Expense			
500 · Personnel			
510 · Salaries - Regular	136,094.50	1,203,020.00	-1,066,925.50
512 · Salaries - Overtime	10,494.78	150,000.00	-139,505.22
513 · Salaries - FLSA	3,163.86	29,000.00	-25,836.14

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2022 through June 2023

	<u>Jul '22 - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
514 · Salaries - Strike Team Overtime	28,567.20	0.00	28,567.20
515 · Salaries - Extra Help	0.00	22,000.00	-22,000.00
517 · Salaries - Holiday	5,635.80	80,300.00	-74,664.20
518 · Salaries - Volunteers	2,070.00	9,000.00	-6,930.00
519 · Educational Incentive	1,003.92	15,600.00	-14,596.08
521 · Retirement	297,438.56	538,946.62	-241,508.06
525 · Social Security	128.34	3,000.00	-2,871.66
527 · Social Security - Medicare	2,391.62	22,000.00	-19,608.38
530 · Insurance- Medical	41,911.31	240,000.00	-198,088.69
531 · Insurance- Medical (retirees)	6,375.14	60,000.00	-53,624.86
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	88.05	1,400.00	-1,311.95
535 · Insurance- Worker's comp	107,866.00	115,000.00	-7,134.00
536 · Director's Fees	675.00	6,000.00	-5,325.00
Total 500 · Personnel	<u>644,708.93</u>	<u>2,512,766.62</u>	<u>-1,868,057.69</u>
540 · Vehicle & Equipment			
542 · Fuel, Lube, & Oil	4,933.70	26,000.00	-21,066.30
543 · Tires	0.00	3,000.00	-3,000.00
544 · Parts/Supplies	309.86	9,000.00	-8,690.14
545 · Maintenance & Repair	3,490.09	40,000.00	-36,509.91
547 · Radios	191.47	15,000.00	-14,808.53
549 · SCBA	0.00	1,000.00	-1,000.00
550-4 · Small Tools & Equipment	0.00	15,000.00	-15,000.00
551 · Medical equip, supplies, oxygen	108.85	5,000.00	-4,891.15
552 · Ladder Purchase/ Maintenance	0.00	1,000.00	-1,000.00
Total 540 · Vehicle & Equipment	<u>9,033.97</u>	<u>115,000.00</u>	<u>-105,966.03</u>
560 · Buildings & Grounds			

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2022 through June 2023

	<u>Jul '22 - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
564 · Furniture	0.00	2,000.00	-2,000.00
580 · Maintenance & Repair	484.05	20,000.00	-19,515.95
Total 560 · Buildings & Grounds	484.05	22,000.00	-21,515.95
600 · Supplies			
600-1 · Grant Expense-Supplies	191.47	25,000.00	-24,808.53
602 · Computer Hardware & Software	3,505.00	15,000.00	-11,495.00
606 · Office supplies	53.32	4,000.00	-3,946.68
607 · Postage	0.00	500.00	-500.00
608 · Station Supplies	837.10	10,000.00	-9,162.90
613 · Clothing-uniforms	0.00	3,000.00	-3,000.00
616 · Clothing- Safety	290.93	14,000.00	-13,709.07
625 · Utilities- Electric/ Gas	2,138.13	18,000.00	-15,861.87
626 · Utilities- Water	309.11	4,200.00	-3,890.89
627 · Utilities- Cable TV	185.26	2,400.00	-2,214.74
630 · Utilities - Telephone/Cell/CAD	549.76	6,500.00	-5,950.24
631 · Utilities - Garbage	354.73	4,200.00	-3,845.27
635 · Fire Fighting Foam	0.00	3,000.00	-3,000.00
Total 600 · Supplies	8,414.81	109,800.00	-101,385.19
650 · Services			
652 · Insurance/ Casul/ Eq/Bond	0.00	32,000.00	-32,000.00
655 · Annual Audit	0.00	17,000.00	-17,000.00
656 · S.J. Co. Tax Admin Chg	0.00	47,800.00	-47,800.00
657 · Dispatching	1,235.61	16,500.00	-15,264.39
658 · Computer Support	170.00	5,000.00	-4,830.00
665 · Physical Exams	0.00	3,300.00	-3,300.00
667 · Fire Prevention Bureau	175.00	3,500.00	-3,325.00
670 · Assoc. Memberships	475.00	4,000.00	-3,525.00
675 · Training	0.00	12,000.00	-12,000.00

Linden-Peters Rural County Fire Protection District
Profit & Loss Budget vs. Actual
July 2022 through June 2023

	<u>Jul '22 - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
677 · Consultant Services	525.00	3,000.00	-2,475.00
678 · Attorney Fee's	0.00	5,000.00	-5,000.00
690 · Services Contingencies	224.19	5,000.00	-4,775.81
691 · Bank Fees	0.00	1,000.00	-1,000.00
Total 650 · Services	<u>2,804.80</u>	<u>155,100.00</u>	<u>-152,295.20</u>
695 · Zone 1			
696 · Hydrant Rental	95.00	1,200.00	-1,105.00
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>95.00</u>	<u>15,500.00</u>	<u>-15,405.00</u>
Total Expense	<u>665,541.56</u>	<u>2,930,166.62</u>	<u>-2,264,625.06</u>
Net Ordinary Income	<u>-664,541.67</u>	<u>79,089.38</u>	<u>-743,631.05</u>
Net Income	<u>-664,541.67</u>	<u>79,089.38</u>	<u>-743,631.05</u>

Linden-Peters Rural County Fire Protection District
FY 21-22 vs FY 20-21 Profit & Loss Prev Year Comparison
July 2022

	Jul 22	Jul 21	\$ Change	% Change
Ordinary Income/Expense				
Income				
410-1 · Property Tax See- Z1	0.00	64.79	-64.79	-100.0%
410 · Property Tax Current Secured	0.00	11,378.54	-11,378.54	-100.0%
415-1 · Property Tax Unsecured - Z1	0.00	6.07	-6.07	-100.0%
415 · Property Tax Curr Unsecured	0.00	1,066.04	-1,066.04	-100.0%
420-1 · SB813 - Z1	0.00	177.62	-177.62	-100.0%
420 · SB813 Supplemental	0.00	31,191.60	-31,191.60	-100.0%
425-1 · Prior Tax - ZZ1	0.00	12.62	-12.62	-100.0%
425 · Prior Years	0.00	2,237.42	-2,237.42	-100.0%
440-1 · Interest Income-48901 SJC ...	0.00	307.00	-307.00	-100.0%
465 · Fire Prevention Service	500.00	517.00	-17.00	-3.3%
480 · LCWD Fuel Reimbursement	494.89	721.70	-226.81	-31.4%
495 · Miscellaneous	5.00	330.34	-325.34	-98.5%
Total Income	999.89	48,010.74	-47,010.85	-97.9%
Expense				
500 · Personnel				
510 · Salaries - Regular	90,833.79	88,482.52	2,351.27	2.7%
512 · Salaries - Overtime	10,446.97	9,478.04	968.93	10.2%
513 · Salaries - FLSA	2,109.24	2,046.18	63.06	3.1%
514 · Salaries - Strike Team Overti...	27,290.72	17,873.84	9,416.88	52.7%
517 · Salaries - Holiday	0.00	0.00	0.00	0.0%
518 · Salaries - Volunteers	2,070.00	1,385.00	685.00	49.5%
519 · Educational Incentive	669.28	669.28	0.00	0.0%
521 · Retirement	287,968.57	21,291.41	266,677.16	1,252.5%
525 · Social Security	128.34	85.87	42.47	49.5%
527 · Social Security - Medicare	1,721.04	1,550.89	170.15	11.0%
530 · Insurance- Medical	19,657.31	18,543.02	1,114.29	6.0%
531 · Insurance- Medical (retirees)	3,185.96	4,807.78	-1,621.82	-33.7%

Linden-Peters Rural County Fire Protection District
FY 21-22 vs FY 20-21 Profit & Loss Prev Year Comparison
July 2022

	Jul 22	Jul 21	\$ Change	% Change
532 · Insurance- Dental	-681.72	1,007.67	-1,689.39	-167.7%
533 · Insurance - Vision	171.06	171.06	0.00	0.0%
534 · Insurance -Life	0.00	84.75	-84.75	-100.0%
535 · Insurance- Worker's comp	107,866.00	23,752.00	84,114.00	354.1%
536 · Director's Fees	375.00	600.00	-225.00	-37.5%
Total 500 · Personnel	553,811.56	191,829.31	361,982.25	188.7%
540 · Vehicle & Equipment				
542 · Fuel, Lube, & Oil	4,644.69	2,411.32	2,233.37	92.6%
544 · Parts/Supplies	294.70	155.35	139.35	89.7%
547 · Radios	191.47	0.00	191.47	100.0%
551 · Medical equip, supplies, oxy...	87.30	234.05	-146.75	-62.7%
Total 540 · Vehicle & Equipment	5,218.16	2,800.72	2,417.44	86.3%
560 · Buildings & Grounds				
580 · Maintenance & Repair	80.00	0.00	80.00	100.0%
Total 560 · Buildings & Grounds	80.00	0.00	80.00	100.0%
600 · Supplies				
600-1 · Grant Expense-Supplies	191.47	0.00	191.47	100.0%
602 · Computer Hardware & Softw...	1,440.00	0.00	1,440.00	100.0%
608 · Station Supplies	461.35	208.14	253.21	121.7%
616 · Clothing- Safety	290.93	0.00	290.93	100.0%
625 · Utilities- Electric/ Gas	2,138.13	1,575.05	563.08	35.8%
626 · Utilities- Water	309.11	0.00	309.11	100.0%
627 · Utilities- Cable TV	185.26	176.63	8.63	4.9%
630 · Utilities - Telephone/Cell/CAD	474.76	570.11	-95.35	-16.7%
631 · Utilities - Garbage	354.73	299.51	55.22	18.4%

Linden-Peters Rural County Fire Protection District
FY 21-22 vs FY 20-21 Profit & Loss Prev Year Comparison
July 2022

	<u>Jul 22</u>	<u>Jul 21</u>	<u>\$ Change</u>	<u>% Change</u>
Total 600 · Supplies	5,845.74	2,829.44	3,016.30	106.6%
650 · Services				
657 · Dispatching	1,235.61	1,296.04	-60.43	-4.7%
658 · Computer Support	170.00	170.00	0.00	0.0%
667 · Fire Prevention Bureau	175.00	0.00	175.00	100.0%
670 · Assoc. Memberships	475.00	0.00	475.00	100.0%
677 · Consultant Services	525.00	0.00	525.00	100.0%
690 · Services Contingencies	146.80	0.00	146.80	100.0%
691 · Bank Fees	0.00	65.40	-65.40	-100.0%
Total 650 · Services	2,727.41	1,531.44	1,195.97	78.1%
695 · Zone 1				
696 · Hydrant Rental	95.00	0.00	95.00	100.0%
Total 695 · Zone 1	95.00	0.00	95.00	100.0%
Total Expense	567,777.87	198,990.91	368,786.96	185.3%
Net Ordinary Income	-566,777.98	-150,980.17	-415,797.81	-275.4%
Net Income	<u><u>-566,777.98</u></u>	<u><u>-150,980.17</u></u>	<u><u>-415,797.81</u></u>	<u><u>-275.4%</u></u>



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: Duane R. Brown
Member: David Frison
Member: Paul Castillou Jr.

LINDEN – PETERS FIRE DEPARTMENT MONTHLY BOARD REPORT

August 4, 2022

FINANCIAL SUMMARY AND REPORT:

For the month ending July 31, 2022

- 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, 2022

CURRENT EVENT SUMMARIES, REPORTS, AND/OR CORRESPONDENCE:

- **Meetings for the month**
 - 7/07 LPE Board meeting
 - 7/08 STEAC meeting
 - 7/20 JRUG meeting
 - 7/21 FESHE Focus Group Update meeting
 - 8/02 FDAC Education Committee meeting

- **Correspondence/Events:**
 - 8/05 National Night Out – Baptist Church

- **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 21 calls for service
 - Participated in Active Shooter Training
 - Completed a driveway inspection
 - Reported that E-53 was taken to Interstate for AC and window repairs
 - Issued Red Cards to Volunteer Firefighters A. Ruegsegger & F. Trujillo
-

- Flow tested SCBAs on E-51, C-51, WT-52, E-54 (identified one faulty SCBA, pulled from service, working with LN Curtis to repair/replace)
- Painted hydrants

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

Activities for the Month

- Responded to 25 calls for service
- Installed a Knox key electric gate opener at Holy Cross Church
- Completed inspection at Linden High School

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

Activities for the Month

- Responded to 42 calls for service
- Repaired blown fuse inside Kussmaul unit on E-51
- Reported that Hi-Tech repaired the Aux Pump on E-53
- Reported that E-52 was taken to Diesel Performance
- Reported that Overhead Door installed new door openers in pumper hall
- Completed hydrant checks
- Completed inspection at Morada Produce

DEPARTMENT FIRE PREVENTION REPORT:

- Projects: Bellota Sub Station Power Storage Project, Sambado Walnut Storage, Morada Produce Walnut Addition, and LUSD Solar Project
- Permits: three permits issued

ON DUTY TRAINING:

Fire Scene Ops: Drafting from Static Source/Water Tender to Engine with Attack Lines
EMS: EMS Cardiac Emergencies
LPE Policy: Lexipol Policy Review
Safety: Lock-Out/Tag Out

FIRE VOLUNTEERS, FIRE CADETS, AND VOLUNTEER FIREFIGHTERS ASSOCIATION

- No updates to report at this time.
-

Department Report – 08/2022

LINDEN - PETERS FIRE DISTRICT				MONTH - YEAR: Jul-22	
INCIDENT TYPE	NO.	POSTED	CANCELED	PAID STAFF	
STRUCTURE FIRE	5		1	102 B. RUEGSEGGER	3
VEGETATION FIRE	9		2	106 M. MOJALLI	3
VEHICLE FIRE	4			108 J. REED	1
FIRE OTHER	4			105 J. GOINS	2
EMS CALL	39	2	2	107 K. DAHLENBURG	14
MVA	6		2	110 R. RUEGSEGGER	5
RESCUE CALL				111 T. WATSON	1
HAZARDOUS CONDITION				118 M. GARCIA	2
SERVICE CALL (NON EMERGENCY)	1			119 M. VERDON	1
GOOD INTENT CALLS				120 B. WRIGHT	2
FALSE ALARMS	4		1	122 D. DENNIS	1
WEATHER / DISASTER				123 J. DAVIS	2
SPECIAL INCIDENTS/OTHER	6	1	1		
TOTAL FOR THE MONTH:	78			TOTAL:	37
TOTAL FOR THE YEAR:	411			VOLUNTEER STAFF	STA COV.
PREVIOUS YEAR COMPARISON					
		Diff	%	117 G. SCHAEDE (VFF)	21
MONTH:	72	6	8%	166 A. RUEGSEGGER (VPF)	16
YEAR:	509	-98	-24%	160 A. PHELPS (VPF)	
				167 F. TRUJILLO (VPF)	
DAY CALLS (8AM - 5PM):	36			TOTAL:	37
NIGHT CALLS (5PM - 8AM):	42				
CALLS PER SHIFT					
A:	21				
B:	25				
C:	32				
AUTOMATIC AID					
	GIVEN	POSTED	CANCELED	RECEIVED	
WATERLOO MORADA (WMR)	6		2	4	
MOKELUMNE (MKE)	3		1	5	
CLEMENTS (CLE)	1			2	
FARMINGTON (FAR)					
FRENCH CAMP FIRE (FRC)	1				
COLLEGEVILLE (CVG)					
STOCKTON (STO)					
MONTEZUMA (ZUM)	1				
LODI (LOD)					
WOODBIDGE (WOO)					
LIBERTY (LIB)					
MOUTAIN HOUSE (MHU)					
ESCALON (ESL)					
RIPON (RIP)					
CALAVERAS CONSOLIDATED	1				
LATHROP MANTECA (LMD)					
CalFire (TCU)	3		1		
OES, XSJ, EOC, SQF, VNC, BEU, MMU					
TOTAL:	16	0	4	11	

LEGEND

- FIU callout - conducted by LPFD investigator
- FIU callout - NOT conducted by LPFD investigator
- In District investigation, not a county FIU callout

San Joaquin County Joint Fire Investigation Unit

Agency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Escalon	1											
Ripon												
Lathrop-Manteca												
Farmington												
Linden-Peters												
Clements												
Woodbridge				1								
South County Fire Authority												
French Camp/Mountain House							1					
Liberty												
Mokelumne												
Collegeville												
Waterloo-Morada						1						
Thornton						1	1					
Montezuma												
Lodi												
Stockton		2										
Manteca												
Total FIU Callouts	1	2	0	1	0	2	2					

January

Escalon – Structure fire with fatality. Covered by George Wells (WMR).

February

Stockton – Structure fire with one fatality. 3434 Higgins Ave. Covered by Brandon Wright off duty.

Stockton – Commercial structure fire. Covered by Brandon Wright off duty and Tim Enright (STO).

March - None

April

Woodbridge – Structure fire 18644 N Lower Sacramento Rd #19. Covered by Josh Burke (LMD) off duty.

Meeting – Lathrop-Manteca Station 35

May - None

June

Waterloo Morada – Structure fire. Fully involved barn. Foppiano/Ashley. Covered by George Wells (WMR) and Martin Garcia (on duty).

Thornton – Structure fire. Requested by Woodbridge Fire. Juan Gallardo (CLE) responded but got canceled.

July

French Camp/Mountain House – Building Fire 11160 McKinley Ave. Covered by Martin Garcia on duty.

Thornton – Structure Fire 6811 W Woodbridge Rd. Covered by Martin Garcia, George Wells (WMR), and Bill Fisk (FRC)

FIU meeting at Frech Camp Fire Department

MacLeod Watts

July 18, 2022

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
GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2022

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 purpose of this report is to 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, 2022. The information included in this report reflects 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 of how prefunding impacts the OPEB liability required to be reported under GASB 75.

The results presented are based on the results of an actuarial valuation prepared as of June 30, 2020, and on the employee and plan data provided to us for that valuation. The District also provided information on retiree benefit payments and total covered employee payroll for the current fiscal year. The only assumption change reflected in this report compared to the report is an update to the discount rate, in keeping with the change in the applicable municipal bond index on which it is based.

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.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of 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

Table of Contents

A.	Executive Summary.....	1
	OPEB Obligations of the District.....	1
	OPEB Funding Policy.....	1
	Actuarial Assumptions.....	2
	Important Dates Used in the Valuation.....	2
	Significant Results and Differences from the Prior Valuation.....	2
	Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2022	3
	Important Notices	3
B.	Accounting Information (GASB 75).....	4
	Components of Net Position and Expense	4
	Change in Net Position During the Fiscal Year	5
	Recognition Period for Deferred Resources.....	6
	Deferred Resources as of Fiscal Year End and Expected Future Recognition.....	6
	Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate	7
	Schedule of Changes in the District’s Net OPEB Liability and Related Ratios	8
	Schedule of Contributions	9
	Detail of Changes to Net Position.....	10
	Schedule of Deferred Outflows and Inflows of Resources.....	11
	District Contributions to the Plan.....	12
	Projected Benefit Payments (15-year projection).....	13
	Sample Journal Entries	14
C.	Funding Information	15
D.	Certification.....	16
E.	Supporting Information	17
	Section 1 - Summary of Employee Data	17
	Section 2 - Summary of Retiree Benefit Provisions.....	19
	Section 3 - Actuarial Methods and Assumptions	20
	Addendum 1: Important Background Information.....	24
	Addendum 2: MacLeod Watts Age Rating Methodology	29
	Addendum 3: MacLeod Watts Mortality Projection Methodology.....	30
	Glossary.....	31



A. Executive Summary

This report presents actuarial 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, 2022.

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 various exhibits and other relevant information appropriate for disclosures under GASB 75.

A new actuarial valuation will need to be prepared as of June 30, 2022. The results of that valuation will be applied to prepare the GASB 75 report for the District's fiscal year ending June 30, 2023.

OPEB Obligations of the District

The District provides continuation of medical coverage to its retiring employees. This coverage may create 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 healthcare. In this program, the City pays a portion of medical premiums for qualifying retirees. Details are provided in Supporting Information Section 2.
- **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. Separate premium rates are charged for retirees and dependents covered by Medicare, based on the claims experience of these members only.

As is the nature of group premium rate structures, at some ages, retirees may be expected to experience higher claims than the premiums they pay, where at other ages, the reverse may be true. We determine the implicit rate subsidy for retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process see Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

OPEB Funding Policy

The District's OPEB funding policy affects the calculation of liabilities by impacting the discount rate 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. 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.



Executive Summary

(Continued)

Our understanding is that the District is currently financing 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. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 2.66% as of June 30, 2020, and 2.18% as of June 30, 2021.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering District employees. Other assumptions, such as 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 Used in the Valuation

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, 2022
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020, to June 30, 2021
Valuation Date	June 30, 2020

Significant Results and Differences from the Prior Valuation

This report is based on a roll forward of the June 30, 2020, valuation. No benefit changes and no material changes were reported to MacLeod Watts during the measurement period. Accordingly, no plan or census data was gathered, and no plan experience was analyzed for this report. No assumptions were changed, other than an update to the discount rate as described earlier. This change increased the Total OPEB Liability relative to what was previously expected on the current measurement date.



Executive Summary

(Concluded)

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2022

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, 2022
Total OPEB Liability	\$ 2,946,834
Fiduciary Net Position	-
Net OPEB Liability (Asset)	2,946,834
Deferred (Outflows) of Resources	(582,197)
Deferred Inflows of Resources	517,296
Impact on Statement of Net Position	<u>\$ 2,881,933</u>
 OPEB Expense, FYE 6/30/2022	 <u><u>\$ 246,849</u></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. 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, 2022. The District is classified for GASB 75 purposes as a single employer.

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, 2022 <i>Measurement Date is June 30, 2021</i>	Linden-Peters Fire Protection District
Items Impacting Net Position:	
Total OPEB Liability	\$ 2,946,834
Fiduciary Net Position	-
Net OPEB Liability (Asset)	2,946,834
<i>Deferred (Outflows) Inflows of Resources Due to:</i>	
Assumption Changes	(404,493)
Plan Experience	422,179
Investment Experience	-
Deferred Contributions	(82,587)
Net Deferred (Outflows) Inflows of Resources	(64,901)
Impact on Statement of Net Position, FYE 6/30/2022	\$ 2,881,933
Items Impacting OPEB Expense:	
Service Cost	\$ 182,202
Cost of Plan Changes	-
Interest Cost	71,772
Expected Earnings on Assets	-
<i>Recognized Deferred Resource items:</i>	
Assumption Changes	37,979
Plan Experience	(45,104)
Investment Experience	-
OPEB Expense, FYE 6/30/2022	\$ 246,849



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>	6/30/2021 <i>6/30/2020</i>	6/30/2022 <i>6/30/2021</i>	Change During Period
Total OPEB Liability	\$ 2,560,868	\$ 2,946,834	\$ 385,966
Fiduciary Net Position	-	-	-
Net OPEB Liability (Asset)	2,560,868	2,946,834	385,966
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	(220,744)	(404,493)	(183,749)
Plan Experience	467,283	422,179	(45,104)
Investment Experience	-	-	-
Deferred Contributions	(89,736)	(82,587)	7,149
Net Deferred (Outflows) Inflows	156,803	(64,901)	(221,704)
Impact on Statement of Net Position	\$ 2,717,671	\$ 2,881,933	\$ 164,262

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2021	\$ 2,717,671
OPEB Expense (Income)	246,849
Employer Contributions During Fiscal Year	(82,587)
Impact on Statement of Net Position, FYE 6/30/2022	<u>\$ 2,881,933</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 82,587
Deterioration (Improvement) in Net Position	164,262
OPEB Expense (Income), FYE 6/30/2022	<u>\$ 246,849</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 ("EARS�"). The EARS� 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, 2022.

Linden-Peters Fire Protection District	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 499,610	\$ 95,117
Differences Between Expected and Actual Experience	-	422,179
Net Difference Between Projected and Actual Earnings on Investments	-	-
Deferred Contributions	82,587	-
Total	\$ 582,197	\$ 517,296

The District will recognize the Deferred Contributions in the next fiscal year. 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
2023	\$ (7,125)
2024	(7,125)
2025	(7,125)
2026	(7,125)
2027	(7,125)
Thereafter	17,939



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 2022 is 2.18%. Healthcare Cost Trend Rate was assumed to start at 5.7% (increase effective January 1, 2022) and grade down to 4.0% 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% 1.18%	Current 2.18%	Current + 1% 3.18%
Net OPEB Liability (Asset)	3,488,744	2,946,834	2,508,771
Increase (Decrease)	541,910		(438,063)
% Increase (Decrease)	18.4%		-14.9%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Net OPEB Liability (Asset)	2,402,579	2,946,834	3,669,793
Increase (Decrease)	(544,255)		722,959
% 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 2022) are shown in the table.

Fiscal year ending	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<i>Measurement Date</i>	<i>6/30/2021</i>	<i>6/30/2020</i>	<i>6/30/2019</i>	<i>6/30/2018</i>	<i>6/30/2017</i>
Total OPEB liability					
Service Cost	\$ 182,202	\$ 164,524	\$ 151,962	\$ 142,430	\$ 154,348
Interest	71,772	77,617	75,574	73,146	63,363
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(512,387)	-	-	-
Changes of assumptions	221,728	249,150	81,775	49,610	(170,607)
Benefit payments	(89,736)	(70,992)	(80,875)	(70,312)	(54,778)
Net change in total OPEB liability	385,966	(92,088)	228,436	194,874	(7,674)
Total OPEB liability - beginning	2,560,868	2,652,956	2,424,520	2,229,646	2,237,320
Total OPEB liability - ending (a)	\$2,946,834	\$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)	\$2,946,834	\$2,560,868	\$2,652,956	\$2,424,520	\$2,229,646
Covered-employee payroll	\$1,513,475	\$1,283,459	\$1,079,132	\$1,187,584	\$1,097,419
Net OPEB liability as % of covered-employee payroll	194.71%	199.53%	245.84%	204.16%	203.17%

Summary of methods and assumptions used in the valuation:

<i>Valuation Date:</i>	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	2.18%	2.79%
Retirement age	2.66%	2.98%
Mortality	Ages 50 - 75	Ages 50 - 75
Mortality Improvement	2017 CalPERS Experience Study	2014 CalPERS Experience Study
	MW Scale 2020	MW Scale 2017



Accounting Information
(Continued)

Schedule of Contributions

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

DRAFT



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 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 2,560,868	\$ -	\$ 2,560,868	\$ 220,744	\$ (467,283)	\$ -	\$ 89,736	\$ 2,717,671
Changes During the Period:								
Service Cost	182,202		182,202					182,202
Interest Cost	71,772		71,772					71,772
Expected Investment Income		-	-					-
Employer Contributions		89,736	(89,736)					(89,736)
Changes of Benefit Terms	-		-					-
Benefit Payments	(89,736)	(89,736)	-					-
Assumption Changes	221,728		221,728	221,728				-
Plan Experience	-		-		-			-
Investment Experience		-	-			-		-
Recognized Deferred Resources				(37,979)	45,104	-	(89,736)	82,611
Employer Contributions in Fiscal Year							82,587	(82,587)
Net Changes in Fiscal Year 2021-2022	385,966	-	385,966	183,749	45,104	-	(7,149)	164,262
Balance at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 2,946,834	\$ -	\$ 2,946,834	\$ 404,493	\$ (422,179)	\$ -	\$ 82,587	\$ 2,881,933



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 Pension Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2021

Deferred Resource					Balance as of Jun 30, 2021	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:							
Date Created	Created Due To	Initial Amount	Period (Yrs)	Annual Recognition		2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	2025-26 (FYE 2027)	Thereafter	
6/30/2017	Assumption Changes	Decreased Liability	\$ (170,607)	11.30	\$ (15,098)	\$ (95,117)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (15,098)	\$ (19,627)
6/30/2018	Assumption Changes	Increased Liability	49,610	11.30	4,390	32,050	4,390	4,390	4,390	4,390	4,390	4,390	10,100
6/30/2019	Assumption Changes	Increased Liability	81,775	11.30	7,237	60,064	7,237	7,237	7,237	7,237	7,237	7,237	23,879
6/30/2020	Plan Experience	Decreased Liability	(512,387)	11.36	(45,104)	(422,179)	(45,104)	(45,104)	(45,104)	(45,104)	(45,104)	(45,104)	(196,659)
6/30/2020	Assumption Changes	Increased Liability	249,150	11.36	21,932	205,286	21,932	21,932	21,932	21,932	21,932	21,932	95,626
6/30/2021	Assumption Changes	Increased Liability	221,728	11.36	19,518	202,210	19,518	19,518	19,518	19,518	19,518	19,518	104,620



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”). For details, see Addendum 1 – Important Background Information.

District contributions paid during the measurement period (in the form of benefit payments) are shown below.

Employer Contributions During the Measurement Period, 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 Measurement Period</i>	<i>\$ 89,736</i>

District retiree health benefits payments reported as made after the measurement date but prior to the current fiscal year end are shown below.

Employer Contributions During the Fiscal Year, Jul 1, 2021 thru Jun 30, 2022	Linden-Peters Fire Protection District
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	49,278
Implicit contributions	33,309
<i>Total Employer Contributions During the Fiscal Year</i>	<i>\$ 82,587</i>



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	
2022	\$ 49,278	\$ -	\$ 49,278	\$ 33,309	\$ -	\$ 33,309	\$ 82,587
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
2036	19,060	83,342	102,402	-	46,566	46,566	148,968

The amounts shown in the Explicit Subsidy 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. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.



Accounting Information

(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2021

	Debit	Credit
Net OPEB Liability		2,560,868
Deferred Resource -- Assumption Changes	220,744	
Deferred Resource -- Plan experience		467,283
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	89,736	
Net Position	2,717,671	

* 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 as OPEB

Expense.

	Debit	Credit
OPEB Expense	49,278	
Premium Expense		49,278

* 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".

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	33,309	
Premium Expense		33,309

* 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 account activity during the fiscal year

	Debit	Credit
Net OPEB Liability		385,966
Deferred Resource -- Assumption Changes	183,749	
Deferred Resource -- Plan experience	45,104	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions		7,149
OPEB Expense	164,262	



C. 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.

DRAFT



D. Certification

The purpose of this report is to provide actuarial information in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75) for other postemployment benefits provided by the Linden-Peters Fire Protection District (the District). 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. Plan 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 18, 2022

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

Cody J. Simrell, Actuarial Analyst



E. Supporting Information

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 were 4 retirees and 2 survivors covered under a CalPERS Medical plan and receiving benefits from the District under this program on the valuation date.

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 Employee Data

(continued)

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 2 - 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 PEPRAs 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)¹. 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 LFPD Service	# Years for Higher Retiree Medical Benefits	Years of LFPD 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	Not Available		
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

¹ 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 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, 2022
GASB 75 Measurement Date	June 30, 2021 (last day of the prior fiscal year)
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	<p>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.</p> <p>Baseline monthly premiums were set equal to the employee-only rates shown in the chart at the end of Section 2. 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.</p> <p>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.</p>



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

Economic Assumptions

Municipal Bond Index	S&P General Obligation 20-Year High Grade Municipal Bond Index
Discount Rates	2.18% as of June 30, 2021, and 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. The increases over the prior year's levels 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	4.8%
2022	5.7%	2067	4.7%
2023	5.6%	2068	4.6%
2024	5.5%	2069	4.5%
2025-2026	5.4%	2070-2071	4.4%
2027-2029	5.3%	2072	4.3%
2030-2051	5.2%	2073-2074	4.2%
2052	5.1%	2075	4.1%
2053-2055	5.0%	2076	4.0%
2056-2060	4.9%	& later	4.0%



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Healthcare Trend
(continued)

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 2028 20.3%; Resistance Point 25%; Year after which medical growth is limited to growth in GDP 2075.

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

Participant Election Assumptions

Participation Rate

Active employees: 100% of those currently enrolled and 50% of those not currently enrolled are assumed to elect medical coverage through the District in retirement.

Retired participants: Existing medical plan elections are assumed to be continued until retiree's death

Spouse Coverage

Active employees: 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.

Retired participants: 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.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

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.

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

Service Retirement Rates	Safety	Misc
Classic Prior 7/1/2011:	3% @ 50	2% @ 60
Classic On/After 7/1/2011	3% @ 55	2% @ 60
PEPRA:	2.7% @ 57	2% @ 62

For sample rates of assumed mortality, service and disability retirement and separation (termination) prior to retirement at selected ages, please refer to our June 30, 2020, valuation report and/or the CalPERS experience study referenced above.

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and Addendum 3.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods as of the Measurement Date

Discount Rates Changed from a rate of 2.66% on June 30, 2020, to a rate of 2.18% on June 30, 2021, based on the published change in return for the applicable municipal bond index.



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		Covered by higher active premiums
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.

Under GASB 45, for actuarial valuations dated prior to March 31, 2015, an exception allowed plan employers with a very small membership in a large “community-rated” healthcare program to avoid reporting of implicit subsidy liability. Following a change in Actuarial Standards of Practice and in accordance with GASB 75 requirements, this exception is no longer available.

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 Table 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records were 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 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



Important Background Information

(Continued)

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.

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.

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.



Important Background Information

(Continued)

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

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"). The 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

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.



Glossary

(Continued)

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

