

**Selma Kingsburg Fowler
County Sanitation District**

March 14, 2024

**Retiree Health Benefits
under GASB 74/75**

June 30, 2023 Actuarial Valuation

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Presentation Outline - Retiree Health Benefits

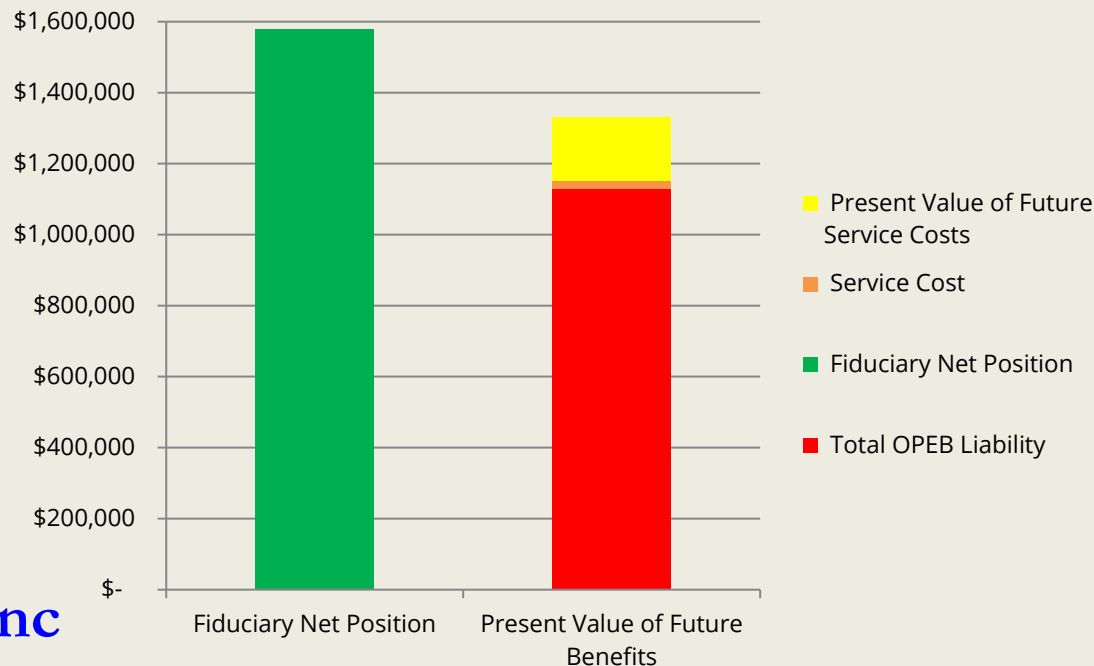
- **Current Benefit Structure**
- **Purpose of Valuation**
- **Current Valuation Results**
- **Next Fiscal Year**

Current Benefits

- 1) Statutory minimum benefits under PEMHCA for employees hired on or after 7/1/2012 and retired after 6/30/2015
 - Agencies that participate in the CalPERS Medical Pool are required to offer a minimum level of benefit to all retirees
 - Lifetime benefit to anyone who retires from the District
 - \$151/month District contribution in 2023 (\$157/month for 2024)
- 2) Employees hired prior to 7/1/2012 and retired prior to 7/1/2015
 - Lifetime medical
 - Employees must retire on or after Age 50 with 5 years of service
 - District contribution is 100% of premium up to the Active cap for retiree only coverage

Purpose of Valuation

1. Estimate the expected benefit payments in each future year
2. Calculate the present value of those future expected benefit payments
3. Attribute the present value of the future benefits to:
 - a. Past service (Total OPEB Liability): \$1,129,000
 - b. The following year of service (Service Cost): \$22,000
 - c. Future years of service (Present Value of Future Service Costs): \$179,000
4. Compare Total OPEB Liability (TOL) to Fiduciary Net Position (FNP)



Fiscal Year	Expected Payments
2023/24	\$ 62,776
2024/25	\$ 65,763
2025/26	\$ 68,699
2026/27	\$ 69,957
2027/28	\$ 72,476
2028/29	\$ 74,807
2029/30	\$ 77,888
2030/31	\$ 79,939
2031/32	\$ 81,928
2032/33	\$ 83,951

June 30, 2023 Valuation Results

\$ in millions	TOL	FNP	NOL
Balance at June 30, 2022	\$1,303,000	\$1,423,000	(\$120,000)
Change	<u>(\$174,000)</u>	<u>\$157,000</u>	<u>(\$331,000)</u>
Balance at June 30, 2023	\$1,129,000	\$1,580,000	(\$451,000)

- Four categories of why the Net OPEB Liability changed over last year:
 - Predictable changes **+\$ 9,000**
 - New benefits earned
 - Interest on liability
 - Expected investment income
 - Unpredictable changes **-\$155,000**
 - Experience gain (caused by changes in demographics and healthcare costs)
 - Investment earnings more than expected
 - District contributions **-\$181,000**
 - As benefit payments (pay-as-you-go cost)
 - Direct contribution to Trust
 - Assumption Changes **-\$ 4,000**

Looking Ahead to next Fiscal Year

- Anticipate performing a roll-forward valuation
 - GASB 75 requires full valuation to be performed every two years
 - This allows for streamlined roll-forward valuations to be performed in the off-years
 - Will reflect up-to-date asset value
- If design changes are made or irregular demographic shifts occur, full valuation should be considered
- Expected pay-as-you-go cost for FYE2025 is \$65,763

Thank you!

Questions???