

Kentucky Legislators Retirement Plan

GASB Reporting Information for the Measurement
Period Ending June 30, 2024





October 18, 2024

Board of Trustees
Kentucky Judicial Form Retirement System
The Whitaker Bank Building
305 Ann Street, Suite 302
Frankfort, KY 40601

Subject: GASB Reporting Information for Measurement Period Ending June 30, 2024

Dear Members of the Board:

This report provided herein contains information for the **Kentucky Legislators Retirement Plan (LRP)** in connection with the Governmental Accounting Standards Board (GASB) Statements No. 67, 68, 74, and 75. The information provided herein was prepared for the purpose of assisting the Kentucky Judicial Form Retirement System (JFRS) and the Commonwealth of Kentucky in compliance with the financial reporting and disclosure requirements of GASB. This information can be used by the Commonwealth of Kentucky for fiscal years ending between (and including) June 30, 2024 and June 30, 2025, for the financial reporting and disclosure requirements of GASB Statement No. 68 and No. 75.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB Statements No. 67, 68, 74, and 75 and are not applicable for other purposes, such as determining the plan's funding requirements. The calculation of the plan's liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The total pension liability, net pension liability, total OPEB liability, net OPEB liability and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total pension/OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial principles. GRS did not conduct the June 30, 2023 actuarial valuation; however, GRS did replicate the valuation results based on the same assumptions, methods, and data, as of that date. The roll-forward information provided in this report is based on this replicated valuation. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2024 were prepared by the prior actuary.

Actuarial Assumptions and Plan Provisions

There have been no actuarial assumption or plan provision changes that would materially impact the total pension/OPEB liability since June 30, 2023.

Additional Disclosures

This report is based upon information furnished by JFRS, which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by JFRS. This report complements the "Actuarial Valuation Report as of July 1, 2023", which was prepared by the prior actuary for plan funding purposes. Together, these reports should be considered as a complete report for the measurement period that ended June 30, 2024. Please see the actuarial valuation report for information regarding the nature of actuarial calculations, participant data, economic and demographic assumptions, and benefit provisions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of JFRS and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

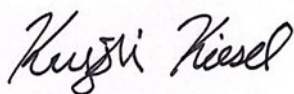
Respectfully submitted,
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SECTION 1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Statement of Changes in Fiduciary Net Position

	Year Ending		
	June 30, 2024 (1)	June 30, 2024 (2)	June 30, 2024 (3)
	Retirement	Retiree Medical	Pension + Retiree Medical
1. Market Value of assets at beginning of year	\$ 91,267,801	\$ 71,739,956	\$ 163,007,757
2. Revenue for the year			
a. Contributions			
i. Member contributions	\$ 224,654	\$ 30,529	\$ 255,183
ii. Employer contributions	0	0	0
iii. Other contributions	0	0	0
iv. Total	<u>\$ 224,654</u>	<u>\$ 30,529</u>	<u>\$ 255,183</u>
b. Transfer In Payments	\$ 0	\$ 0	\$ 0
c. Investment Income	\$ 16,979,408	\$ 13,962,657	\$ 30,942,065
d. Total revenue	\$ 17,204,062	\$ 13,993,186	\$ 31,197,248
3. Expenditures for the year			
a. Disbursements			
i. Benefit Payments / Refunds	\$ 5,460,078	\$ 1,023,582	\$ 6,483,660
ii. Administrative Expenses	127,782	105,079	232,861
iii. Other	0	0	0
v. Total	<u>\$ 5,587,860</u>	<u>\$ 1,128,661</u>	<u>\$ 6,716,521</u>
4. Increase in net assets (Item 2. - Item 3.)	\$ 11,616,202	\$ 12,864,525	\$ 24,480,727
5. Market Value of assets at end of year (Item 1. + Item 4.)	\$ 102,884,003	\$ 84,604,481	\$ 187,488,484

The fiduciary net position has been allocated between the retirement and insurance plan using the following methodology. This methodology was developed by the prior actuary and based on guidance by the plan's auditor.

1. State and member contributions are allocated based on the Actuarially Determined Contribution for the fiscal year;
2. Benefits paid reflect actual benefits paid relative to retirement and insurance benefits;
3. Preliminary assets are determined by adjusting the beginning asset value by contributions and benefit payments;
4. Net investment return and administrative expenses are allocated relative to the preliminary asset value determined in item #3;
5. The fiduciary net position as of the end of the year is the sum of item #3 and item #4, which totals to actual net plan assets as of June 30, 2024.



SECTION 2

GASB 67/68 – EXECUTIVE SUMMARY

Executive Summary

Summary of Principal Results

Actuarial Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Membership Information	
Number of	
- Inactive employees or beneficiaries currently receiving benefits	259
- Inactive employees entitled to but not yet receiving benefits	45
- Active employees	96
- Total	<u>400</u>
Covered Payroll	\$ 4,147,191
Net Pension Liability/(Asset)	
Total Pension Liability	\$ 68,183,085
Plan Fiduciary Net Position	<u>102,884,003</u>
Net Pension Liability/(Asset)	\$ (34,700,918)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	150.89%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-836.73%
Pension Expense and Deferred Outflows/(Inflows) of Resources	
GASB 68 Pension Expense	\$ (6,930,254)
Deferred Outflows of Resources	6,388,970
Deferred Inflow of Resources	17,361,006
Employer Contributions for Fiscal Year Ending June 30, 2024	
Actuarially Determined Contribution	\$ 30,634
Actual Contribution	<u>-</u>
Contribution Deficiency / (Excess)	\$ 30,634
Actual Contribution as a Percentage of Covered Payroll	0.00%
Development of the Single Discount Rate	
Single Discount Rate	6.50%
Long-Term Expected Rate of Return	6.50%
Long-Term Municipal Bond Rate	N/A



Summary of Change in Net Pension Liability/(Asset)

	Total Pension Liability (1)	Plan Fiduciary Net Position (2)	Net Pension Liability/(Asset) (1) - (2) (3)
Balance at June 30, 2023	\$ 68,059,010	\$ 91,267,801	\$ (23,208,791)
Adjustment to prior year			
1. Service cost	409,328		409,328
2. Interest	4,259,686		4,259,686
3. Benefit changes	-		-
4. Assumption changes	-		-
5. Difference between expected and actual experience	915,139		915,139
6. Employer contributions		-	-
7. Member contributions		224,654	(224,654)
8. Net investment income		16,979,408	(16,979,408)
9. Benefit payments	(5,460,078)	(5,460,078)	-
10. Administrative expense		(127,782)	127,782
11. Other changes	-	-	-
12. Net changes	<u>\$ 124,075</u>	<u>\$ 11,616,202</u>	<u>\$ (11,492,127)</u>
Balance at June 30, 2024	\$ 68,183,085	\$ 102,884,003	\$ (34,700,918)

Report Purpose and Scope

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability. Similarly, GASB Statement No. 68 establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report and the retirement system and/or plan sponsor will be responsible for preparing and disclosing that information to comply with these accounting standards.

Financial Reporting Overview

GASB Statement No. 68 requires state or local governments to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.

Pension plans that prepare their own, stand-alone financial statements are required to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position in accordance with GASB Statement No. 67. The statement of fiduciary net position presents the assets and liabilities of the pension plan at the end of the pension plan's reporting period. The statement of changes in fiduciary net position presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expenses, and net increase or decrease in the fiduciary net position.



Timing of the Valuation

For the employer's financial reporting purposes, the net pension liability and pension expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial principles. GRS did not conduct the June 30, 2023 actuarial valuation; however, GRS did replicate the valuation results based on the same assumptions, methods, and data, as of that date. The roll-forward is based on this replicated valuation. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2024 were prepared by the prior actuary.

There have been no actuarial assumption or plan provision changes that would materially impact the total pension liability since June 30, 2023.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

A single discount rate of 6.50% was used to measure the total pension liability for the fiscal year ending June 30, 2024. This single discount rate was based on the expected rate of return on pension plan investments. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. Future contributions are projected assuming that the actuarially determined employer contribution is contributed each future year calculated in accordance with the current funding policy.



Summary of Population Statistics

The total pension liability described in this report is based on the plan membership as of June 30, 2023:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	259
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	45
Active Plan Members	96
Total Plan Members	<u>400</u>

Recognition of Deferred Outflows and Inflows of Resources

According to paragraph 33 of GASB Statement No. 68, *differences between expected and actual experience and changes in assumptions* are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive members) determined as of the beginning of the measurement period.

At the beginning of the 2024 measurement period, the expected remaining service lives of all employees was 745 years and the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the 2024 measurement period was 1.86 years (745 total expected remaining service period divided by 400 plan members).

Differences between projected and actual earnings on pension plan investments should be recognized in pension expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period identified above.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

As of June 30, 2024, the Net Pension Liability/(Asset) is \$(34,700,918). Below is a table providing the sensitivity of the Net Pension Liability/(Asset) to changes in the discount rate. In particular, the table shows the plan's Net Pension Liability/(Asset) if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher than the single discount rate:

1% Decrease 5.50%	Current Discount Rate Assumption 6.50%	1% Increase 7.50%
\$ (28,594,858)	\$ (34,700,918)	\$ (39,928,863)



SECTION 4

GASB 67/68 – ACCOUNTING EXHIBITS

Exhibit 1

Schedule of Pension Expense as of June 30, 2024

1. Total Service Cost	\$	409,328
2. Interest on the Total Pension Liability		4,259,686
3. Current-Period Benefit Changes		0
4. Member Contributions		(224,654)
5. Projected Earnings on Plan Investments		(5,758,103)
6. Administrative Expense		127,782
7. Other Changes in Plan Fiduciary Net Position		0
8. Recognition of Deferred Outflow (Inflow) of Resources due to Liabilities		(839,969)
9. Recognition of Deferred Outflow (Inflow) of Resources due to Assets		(4,904,324)
10. Total Pension Expense	\$	(6,930,254)



Exhibit 2

Outstanding Balance of Deferred Outflows and Inflows of Resources to be Recognized in Future Years

	Deferred Outflow of Resources (1)	Deferred Inflow of Resources (2)
1. Differences between expected and actual liability experience	\$ 446,629	\$ -
2. Changes in assumptions	-	1,105
3. Differenced between projected and actual earnings on plan investments	5,942,341	17,359,901
4. Employer contributions subsequent to the measurement date	-	
5. Total	\$ 6,388,970	\$ 17,361,006

Paragraph 34 of GASB No. 68 indicates that employer contributions made subsequent to the measurement date of the Net Pension Liability and prior to the end of the employer's reporting period should be reported by the employer as a deferred outflow of resources related to pensions. The deferred outflow of \$0 is based on the actuarially determined contribution for fiscal year ending 2025.

Exhibit 3

Summary of Deferred Outflows and Inflows of Resources Arising from Current and Prior Reporting Periods

Differences Between Expected and Actual Liability Experience

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2024	Original Recognition Period (Years)	Increase/(Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences Between Expected and Actual Liability Experience						
				2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter
2016-2017	\$ 17,914	\$ 5,938	11.97	\$ 1,497	\$ 1,497	\$ 1,497	\$ 1,497	\$ 1,447	\$ -	\$ -
2018-2019	35,899	17,563	11.75	3,056	3,056	3,056	3,056	3,056	3,056	2,283
2022-2023	(2,672,509)	-	2.00	(1,336,254)	-	-	-	-	-	-
2023-2024	915,139	<u>423,128</u>	1.86	<u>492,011</u>	<u>423,128</u>	-	-	-	-	-
		\$ 446,629		\$ (839,690)	\$ 427,681	\$ 4,553	\$ 4,553	\$ 4,503	\$ 3,056	\$ 2,283

Differences Between Projected and Actual Earnings on Pension Plan Investments

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2024	Original Recognition Period (Years)	Increase/(Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences Between Projected and Actual Earnings on Pension Plan Investments						
				2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter
2019-2020	\$ 477,677	\$ -	5.00	\$ 95,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020-2021	(21,993,629)	(4,398,725)	5.00	(4,398,726)	(4,398,725)	-	-	-	-	-
2021-2022	14,855,851	5,942,341	5.00	2,971,170	2,971,170	2,971,171	-	-	-	-
2022-2023	(6,640,220)	(3,984,132)	5.00	(1,328,044)	(1,328,044)	(1,328,044)	(1,328,044)	-	-	-
2023-2024	(11,221,305)	<u>(8,977,044)</u>	5.00	<u>(2,244,261)</u>	<u>(2,244,261)</u>	<u>(2,244,261)</u>	<u>(2,244,261)</u>	<u>(2,244,261)</u>	-	-
		\$ (11,417,560)		\$ (4,904,324)	\$ (4,999,860)	\$ (601,134)	\$ (3,572,305)	\$ (2,244,261)	\$ -	\$ -

Effects of Changes of Assumptions

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2024	Original Recognition Period (Years)	Increase/(Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions						
				2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter
2016-2017	\$ (3,337)	\$ (1,105)	11.97	\$ (279)	\$ (279)	\$ (279)	\$ (279)	\$ (268)	\$ -	\$ -
2023-2024	-	<u>-</u>	1.86	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		\$ (1,105)		\$ (279)	\$ (279)	\$ (279)	\$ (279)	\$ (268)	\$ -	\$ -



Exhibit 4

Summary of Deferred Outflows and Inflows of Resources Arising from Current and Prior Reporting Periods

	Period	Amount
	(1)	(2)
1.	Fiscal Year + 1	\$ (4,572,458)
2.	Fiscal Year + 2	(596,860)
3.	Fiscal Year + 3	(3,568,031)
4.	Fiscal Year + 4	(2,240,026)
5.	Fiscal Year + 5	3,056
6.	Thereafter	2,283
7.	Total	\$ (10,972,036)



Exhibit 5

Schedule of Changes in the Employers' Net Pension Liability/(Asset) (\$ in millions)

Fiscal year ending June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 0.4	\$ 0.6	\$ 0.6	\$ 0.5	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.9	\$ 1.0
Interest on the Total Pension Liability	4.3	4.5	4.5	4.6	4.5	4.6	4.6	5.3	5.2	5.1
Benefit Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Difference between Expected and Actual Experience	0.9	(2.7)	0.0	(2.0)	0.0	(2.8)	0.0	(6.4)	0.0	(3.4)
Assumption Changes	0.0	0.0	(1.3)	2.6	0.0	(0.3)	0.0	(0.2)	0.0	(1.5)
Benefit Payments and Refunds	(5.5)	(5.4)	(5.2)	(5.1)	(5.0)	(4.7)	(4.5)	(4.2)	(4.0)	(3.7)
Net Change in Total Pension Liability	\$ 0.1	\$ (3.0)	\$ (1.4)	\$ 0.6	\$ 0.1	\$ (2.5)	\$ 0.8	\$ (4.7)	\$ 2.1	\$ (2.5)
Total Pension Liability - Beginning	68.1	71.1	72.6	72.0	71.9	74.4	73.6	78.4	76.2	78.7
Total Pension Liability - Ending (a)	\$ 68.2	\$ 68.1	\$ 71.1	\$ 72.6	\$ 72.0	\$ 71.9	\$ 74.4	\$ 73.6	\$ 78.4	\$ 76.2
Plan Fiduciary Net Position										
Employer Contributions	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 2.4	\$ 2.4	\$ 3.4	\$ 3.4
Member Contributions	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.2
Transfer in Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Pension Plan Net Investment Income	17.0	11.9	(8.7)	26.7	4.3	8.6	6.2	7.9	2.0	5.6
Benefit Payments and Refunds	(5.5)	(5.4)	(5.2)	(5.1)	(5.0)	(4.7)	(4.5)	(4.2)	(4.0)	(3.7)
Pension Plan Administrative Expense	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Plan Fiduciary Net Position	\$ 11.6	\$ 6.7	\$ (13.7)	\$ 21.9	\$ (0.5)	\$ 4.1	\$ 4.4	\$ 6.6	\$ 1.7	\$ 5.5
Plan Fiduciary Net Position - Beginning	91.3	84.6	98.3	76.4	76.9	72.8	68.4	61.9	60.1	54.6
Prior Period Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plan Fiduciary Net Position - Ending (b)	\$ 102.9	\$ 91.3	\$ 84.6	\$ 98.3	\$ 76.4	\$ 76.9	\$ 72.8	\$ 68.4	\$ 61.9	\$ 60.1
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (34.7)	\$ (23.2)	\$ (13.5)	\$ (25.7)	\$ (4.4)	\$ (5.0)	\$ 1.6	\$ 5.2	\$ 16.5	\$ 16.1
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	150.9 %	134.1 %	119.0 %	135.4 %	106.1 %	107.0 %	97.8 %	92.9 %	79.0 %	78.9 %
Covered Employee Payroll	\$ 4.1	\$ 4.1	\$ 4.2	\$ 4.2	\$ 4.3	\$ 4.3	\$ 4.4	\$ 4.4	\$ 4.9	\$ 4.9
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	(836.7)%	(565.9)%	(321.4)%	(611.9)%	(102.3)%	(116.3)%	36.4 %	118.2 %	336.7 %	328.6 %

* Exhibit may not add due to rounding



Exhibit 6

Schedule of the Employers' Contributions (\$ in millions)

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 3.4	\$ 3.4	\$ 0.0	\$ 4.9	69.3 %
2016	3.4	3.4	0.0	4.9	69.4 %
2017	2.4	2.4	0.0	4.4	54.9 %
2018	2.4	2.4	0.0	4.4	54.8 %
2019	1.1	0.0	1.1	4.3	0.0 %
2020	1.2	0.0	1.2	4.3	0.0 %
2021	0.4	0.0	0.4	4.2	0.0 %
2022	0.6	0.0	0.6	4.2	0.0 %
2023	0.0	0.0	0.0	4.1	0.0 %
2024	0.0	0.0	0.0	4.1	0.0 %



Notes to Schedule of Employers' Contributions for FYE 2024

Valuation Date: July 1, 2021

Notes The actuarially determined contribution effective for fiscal year ending 2024 that is documented in the schedule on the previous page was calculated as of July 1, 2021.

Methods and Assumptions for Actuarially Determined Contribution Rate for Fiscal Year 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	20 Years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	1% for the next 3 years and 3.5% thereafter
Investment Rate of Return	6.50%
Retirement Age	Experience-based table of rates based on age
Mortality	Pub-2010 (above median) Table for General Employees with projected mortality improvements under Projection Scale MP-2020

SECTION 5

GASB 74/75 – EXECUTIVE SUMMARY

Executive Summary

Summary of Principal Results

Actuarial Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Membership Information	
Number of	
- Inactive employees or beneficiaries currently receiving benefits	156
- Inactive employees entitled to but not yet receiving benefits	36
- Active employees	96
- Total	<u>288</u>
Covered Payroll	\$ 4,147,191
Net OPEB Liability/(Asset)	
Total OPEB Liability	\$ 19,050,428
Plan Fiduciary Net Position	<u>84,604,481</u>
Net OPEB Liability/(Asset)	\$ (65,554,053)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	444.11%
Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	-1580.69%
OPEB Expense and Deferred Outflows/(Inflows) of Resources	
GASB 75 OPEB Expense	\$ (6,089,706)
Deferred Outflows of Resources	5,675,414
Deferred Inflow of Resources	13,903,178
Employer Contributions for Fiscal Year Ending June 30, 2024	
Actuarially Determined Contribution	\$ -
Actual Contribution	<u>-</u>
Contribution Deficiency / (Excess)	\$ -
Actual Contribution as a Percentage of Covered Payroll	0.00%
Development of the Single Discount Rate	
Single Discount Rate	6.50%
Long-Term Expected Rate of Return	6.50%
Long-Term Municipal Bond Rate	N/A



Summary of Change in Net OPEB Liability/(Asset)

	Total OPEB Liability (1)	Plan Fiduciary Net Position (2)	Net OPEB Liability/(Asset) (1) - (2) (3)
Balance at June 30, 2023	\$ 18,115,490	\$ 71,739,956	\$ (53,624,466)
Adjustment to prior year			
1. Service cost	143,908		143,908
2. Interest	1,148,917		1,148,917
3. Benefit changes	-		-
4. Assumption changes	-		-
5. Difference between expected and actual experience	665,695		665,695
6. Employer contributions		-	-
7. Member contributions		30,529	(30,529)
8. Net investment income		13,962,657	(13,962,657)
9. Benefit payments	(1,023,582)	(1,023,582)	-
10. Administrative expense		(105,079)	105,079
11. Other changes	-	-	-
12. Net changes	<u>\$ 934,938</u>	<u>\$ 12,864,525</u>	<u>\$ (11,929,587)</u>
Balance at June 30, 2024	\$ 19,050,428	\$ 84,604,481	\$ (65,554,053)

Report Purpose and Scope

For post-employment (OPEB) benefit plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 74, “Financial Reporting for Postemployment Benefit Plans other than Pension Plans,” replaces the requirements of GASB Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” Similarly, GASB Statement No. 75 establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose net OPEB liability, OPEB expense, and other information associated with providing OPEB to their employees (and former employees) on their financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report. As a result, the plan sponsor will be responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

Financial Reporting Overview

GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The net OPEB liability is the difference between the total OPEB liability and the plan’s fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets.

The OPEB expense recognized each fiscal year is equal to the change in the net OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.

GASB Statement No. 74 requires defined benefit OPEB plans which are administered as trusts or equivalent arrangements to present two financial statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement of fiduciary net position presents the assets and liabilities of the OPEB plan at the end of the OPEB plan’s reporting period. The statement of changes in fiduciary net position presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expense, and net increase or decrease in the fiduciary net position.

Timing of the Valuation

For the employer's financial reporting purposes, the net OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial principles. GRS did not conduct the June 30, 2023 actuarial valuation; however, GRS did replicate the valuation results based on the same assumptions, methods, and data, as of that date. The roll-forward is based on this replicated valuation. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2024 were prepared by the prior actuary.

There have been no actuarial assumption or plan provision changes that would materially impact the total OPEB liability since June 30, 2023.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

A single discount rate of 6.50% was used to measure the total OPEB liability for the fiscal year ending June 30, 2024. This single discount rate was based on the expected rate of return on OPEB plan investments. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the OPEB plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability. Future contributions are projected assuming that the actuarially determined employer contribution is contributed each future year calculated in accordance with the current funding policy.



Summary of Population Statistics

The total OPEB liability described in this report is based on the plan membership as of June 30, 2023:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	156
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	36
Active Plan Members	<u>96</u>
Total Plan Members	288

Note, the membership counts for the health insurance plan may be different than the membership counts for the pension plan due to differences in eligibility provisions as well as actual elections made by members currently receiving benefits.

Recognition of Deferred Outflows and Inflows of Resources

According to paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive members) determined as of the beginning of the measurement period.

At the beginning of the 2024 measurement period, the expected remaining service lives of all employees was 745 years and the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the 2024 measurement period was 2.59 years (745 total expected remaining service period divided by 288 plan members).

Differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.



Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate and Healthcare Trend Rates

As of June 30, 2024, the Net OPEB Liability/(Asset) is \$(65,554,053). Below is a table providing the sensitivity of the Net OPEB Liability/(Asset) to changes in the discount rate. In particular, the table shows the plan's Net OPEB Liability/(Asset) if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher than the single discount rate:

1% Decrease	Current Discount Rate Assumption	1% Increase
5.50%	6.50%	7.50%
\$ (63,389,680)	\$ (65,554,053)	\$ (67,354,003)

Below is a table providing the sensitivity of the Net OPEB Liability/(Asset) to changes in the healthcare cost trend rates. In particular, the table shows the plan's Net OPEB Liability/(Asset) if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ (67,568,410)	\$ (65,554,053)	\$ (62,738,561)



SECTION 6

GASB 74/75 – ACCOUNTING EXHIBITS

Exhibit 1

Schedule of OPEB Expense as of June 30, 2024

1. Total Service Cost	\$	143,908
2. Interest on the Total OPEB Liability		1,148,917
3. Current-Period Benefit Changes		0
4. Member Contributions		(30,529)
5. Projected Earnings on Plan Investments		(4,627,408)
6. Administrative Expense		105,079
7. Other Changes in Plan Fiduciary Net Position		0
8. Recognition of Deferred Outflow (Inflow) of Resources due to Liabilities		964,714
9. Recognition of Deferred Outflow (Inflow) of Resources due to Assets		(3,794,387)
10. Total OPEB Expense	\$	(6,089,706)



Exhibit 2

Outstanding Balance of Deferred Outflows and Inflows of Resources to be Recognized in Future Years

	Deferred Outflow of Resources (1)	Deferred Inflow of Resources (2)
1. Differences between expected and actual liability experience	\$ 1,228,345	\$ -
2. Changes in assumptions	994	106,437
3. Differenced between projected and actual earnings on plan investments	4,446,075	13,796,741
4. Employer contributions subsequent to the measurement date	-	
5. Total	\$ 5,675,414	\$ 13,903,178

GASB No. 75 indicates that employer contributions made subsequent to the measurement date of the Net OPEB Liability and prior to the end of the employer's reporting period should be reported by the employer as a deferred outflow of resources. The deferred outflow of \$0 is based on the actuarially determined contribution for fiscal year ending 2025.

Exhibit 3

Summary of Deferred Outflows and Inflows of Resources Arising from Current and Prior Reporting Periods

Differences Between Expected and Actual Liability Experience

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2024	Original Recognition Period (Years)	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected and Actual Liability Experience						
				2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter
2016-2017	\$ 7,216	\$ 2,392	11.97	\$ 603	\$ 603	\$ 603	\$ 603	\$ 583	\$ -	\$ -
2018-2019	9,745	4,765	11.75	830	830	830	830	830	830	615
2022-2023	2,437,557	812,519	3.00	812,519	812,519	-	-	-	-	-
2023-2024	665,695	408,669	2.59	257,026	257,026	151,643	-	-	-	-
		\$ 1,228,345		\$ 1,070,978	\$ 1,070,978	\$ 153,076	\$ 1,433	\$ 1,413	\$ 830	\$ 615

Differences Between Projected and Actual Earnings on OPEB Plan Investments

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2024	Original Recognition Period (Years)	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences Between Projected and Actual Earnings on OPEB Plan Investments						
				2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter
2019-2020	\$ 336,349	\$ -	5.00	\$ 67,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020-2021	(15,810,977)	(3,162,197)	5.00	(3,162,195)	(3,162,197)	-	-	-	-	-
2021-2022	11,115,186	4,446,075	5.00	2,223,037	2,223,037	2,223,038	-	-	-	-
2022-2023	(5,277,241)	(3,166,345)	5.00	(1,055,448)	(1,055,448)	(1,055,448)	(1,055,449)	-	-	-
2023-2024	(9,335,249)	(7,468,199)	5.00	(1,867,050)	(1,867,050)	(1,867,050)	(1,867,050)	(1,867,049)	-	-
		\$ (9,350,666)		\$ (3,794,387)	\$ (3,861,658)	\$ (699,460)	\$ (2,922,499)	\$ (1,867,049)	\$ -	\$ -

Effects of Changes of Assumptions

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2024	Original Recognition Period (Years)	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Assumptions						
				2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter
2018-2019	\$ 2,032	\$ 994	11.75	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173	\$ 129
2022-2023	\$ (319,311)	\$ (106,437)	3.00	\$ (106,437)	\$ (106,437)	\$ -	\$ -	\$ -	\$ -	\$ -
2023-2024	-	-	2.59	-	-	-	-	-	-	-
		\$ (105,443)		\$ (106,264)	\$ (106,264)	\$ 173	\$ 173	\$ 173	\$ 173	\$ 129



Exhibit 4

Summary of Deferred Outflows and Inflows of Resources Arising from Current and Prior Reporting Periods

	Period		Amount
	(1)		(2)
1.	Fiscal Year + 1	\$	(2,896,944)
2.	Fiscal Year + 2		(546,211)
3.	Fiscal Year + 3		(2,920,893)
4.	Fiscal Year + 4		(1,865,463)
5.	Fiscal Year + 5		1,003
6.	Thereafter		744
7.	Total	\$	(8,227,764)



Exhibit 5

Schedule of Changes in the Employers' Net OPEB Liability/(Asset) (\$ in millions)

Fiscal year ending June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability										
Service Cost	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.1	\$ 0.3	\$ 0.3	\$ 0.4		
Interest on the Total OPEB Liability	1.1	1.0	1.0	1.3	1.2	1.5	1.4	2.0		
Benefit Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Difference between Expected and Actual Experience	0.7	2.4	0.0	(4.8)	0.0	(4.4)	0.0	(10.6)		
Assumption Changes	0.0	(0.3)	0.0	(0.4)	0.0	0.0	0.0	2.3		
Benefit Payments and Refunds	(1.0)	(0.9)	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)	(0.7)		
Net Change in Total OPEB Liability	\$ 0.9	\$ 2.3	\$ 0.2	\$ (4.5)	\$ 0.5	\$ (3.4)	\$ 0.9	\$ (6.6)		
Total OPEB Liability - Beginning	18.1	15.9	15.7	20.2	19.7	23.1	22.0	28.6		
Total OPEB Liability - Ending (a)	\$ 19.1	\$ 18.1	\$ 15.9	\$ 15.7	\$ 20.2	\$ 19.7	\$ 23.1	\$ 22.0		
Plan Fiduciary Net Position										
Employer Contributions	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0		
Member Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Transfer in Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
OPEB Plan Net Investment Income	14.0	9.4	(6.5)	19.2	2.9	5.7	3.9	4.9		
Benefit Payments and Refunds	(1.0)	(0.9)	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)	(0.7)		
OPEB Plan Administrative Expense	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Net Change in Plan Fiduciary Net Position	\$ 12.9	\$ 8.5	\$ (7.4)	\$ 18.4	\$ 2.1	\$ 4.9	\$ 3.1	\$ 4.2		
Plan Fiduciary Net Position - Beginning	71.7	63.3	70.7	52.2	50.1	45.1	42.0	37.8		
Prior Period Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Plan Fiduciary Net Position - Ending (b)	\$ 84.6	\$ 71.7	\$ 63.3	\$ 70.7	\$ 52.2	\$ 50.1	\$ 45.1	\$ 42.0		
Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ (65.6)	\$ (53.6)	\$ (47.4)	\$ (55.0)	\$ (32.1)	\$ (30.4)	\$ (22.1)	\$ (20.0)		
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	444.1 %	396.1 %	398.1 %	450.3 %	258.4 %	254.3 %	195.2 %	190.9 %		
Covered Employee Payroll	\$ 4.1	\$ 4.0	\$ 4.2	\$ 4.2	\$ 4.3	\$ 4.3	\$ 4.4	\$ 4.4		
Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	(1,580.7)%	(1,340.0)%	(1,128.6)%	(1,309.5)%	(746.5)%	(707.0)%	(502.3)%	(454.5)%		

* Exhibit may not add due to rounding



Exhibit 6

Schedule of the Employers' Contributions (\$ in millions)

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015					
2016					
2017	\$ 0.0	\$ 0.0	\$ 0.0	\$ 4.4	0.0 %
2018	0.0	0.0	0.0	4.4	0.0 %
2019	0.0	0.0	0.0	4.3	0.0 %
2020	0.0	0.0	0.0	4.3	0.0 %
2021	0.0	0.0	0.0	4.2	0.0 %
2022	0.0	0.0	0.0	4.2	0.0 %
2023	0.0	0.0	0.0	4.0	0.0 %
2024	0.0	0.0	0.0	4.1	0.0 %



Notes to Schedule of Employers' Contributions for FYE 2024

Valuation Date:	July 1, 2021
Notes	The actuarially determined contribution effective for fiscal year ending 2024 that is documented in the schedule on the previous page was calculated as of July 1, 2021.

Methods and Assumptions for Actuarially Determined Contribution Rate for Fiscal Year 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	20 Years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	1% for the next 3 years and 3.5% thereafter
Investment Rate of Return	6.50%
Retirement Age	Experience-based table of rates based on age
Mortality	Pub-2010 (above median) Table for General Employees (headcount weighted) with projected mortality improvements under Projection Scale MP-2020
Healthcare Trend Rates (Pre-65)	6.25% grading to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075
Healthcare Trend Rates (Post-65)	6.25% grading to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075
Participation Rates	100% of future eligible retirees are assumed to elect coverage at retirement.

