

Scio Township Retiree Health Care Plan

GASB Statement Nos. 74 and 75, Accounting and
Financial Reporting for Postemployment Benefit
Plans Other Than Pension Plans

March 31, 2023





May 24, 2023

Board of Trustees
Scio Township Retiree Health Care Plan
827 North Zeeb Road
Ann Arbor, Michigan 48103

Dear Board Members:

This report provides information on behalf of the Scio Township Retiree Health Care Plan in connection with the Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. GASB Statement Nos. 74 and 75 are the accounting standards which apply to Other Postemployment Benefits (OPEB) plans that are administered through trusts or equivalent arrangements. Page 22 of this report also details the calculations under the uniform assumptions as required by Michigan Public Act 202 of 2017.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement Nos. 74 and 75. The calculation of the Plan's liability for this report is not applicable for funding purposes of the Plan. A calculation of the Plan's liability for purposes other than satisfying the requirements of GASB Statement Nos. 74 and 75 may produce significantly different results. This report may be provided to parties other than Scio Township only in its entirety and only with the permission of the Township. GRS is not responsible for unauthorized use of this report.

This report is based upon information furnished to us by Scio Township concerning other postemployment benefits, active members, retirees, and financial data. This information was checked for internal consistency, but was not audited by GRS.

This information is intended to assist in preparation of the financial statements of the Scio Township Retiree Health Care Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Based on the available data, the information contained in this report is accurate and fairly represents the actuarial position of the Scio Township Retiree Health Care Plan as of the reporting date. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as the Actuarial Standards of Practice. If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

The data, actuarial assumptions, and benefit provisions used in this report were used to calculate liabilities associated with GASB report disclosures as of March 31, 2023. Please see the March 31, 2023 biennial actuarial valuation dated May 24, 2023 for additional discussion regarding the data, assumptions, benefit provisions, and the nature of actuarial calculations. In addition, please see the Data comment on page 5 regarding one additional member added after the valuation date.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

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.

The signing actuaries are independent of the plan sponsor.

Heidi G. Barry and Kevin T. Noelke are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Heidi G. Barry, ASA, FCA, MAAA



Kevin T. Noelke, ASA, FCA, MAAA

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SECTION A

EXECUTIVE SUMMARY

Executive Summary as of March 31, 2023

Actuarial Valuation Date	March 31, 2023
Measurement Date of the Net OPEB Liability	March 31, 2023
Employer's Fiscal Year Ending Date (Reporting Date)	March 31, 2023

Membership

Number of	
- Retirees and Beneficiaries	11
- Inactive, Nonretired Members	0
- Active Members	0
- Total	11
Covered Payroll	N/A

Net OPEB Liability

Total OPEB Liability	\$	423,372
Plan Fiduciary Net Position		0
Net OPEB Liability	\$	423,372
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		0.00 %
Net OPEB Liability as a Percentage of Covered Payroll		N/A

Development of the Single Discount Rate

Single Discount Rate - End of Year	3.78 %
Single Discount Rate - Beginning of Year	2.83 %
Long-Term Expected Rate of Investment Return	3.78 %
Long-Term Municipal Bond Rate*	3.78 %
Last year ending March 31 in the 2024 to 2123 projection period for which projected benefit payments are fully funded	N/A

Total OPEB Expense	\$	(741,500)
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Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future OPEB Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 179,125	\$ 22,224
Changes in assumptions	157,450	192,974
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total	\$ 336,575	\$ 215,198

* Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of March 31, 2023. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.



Discussion

Accounting Standard

For Other Postemployment Benefits (OPEB) 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 Statements

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.

GASB Statement No. 75 states the employer contributions made to the OPEB plan subsequent to the measurement date and before the end of the employer’s reporting period should be reported as a deferred outflow of resources. The information contained in this report does not incorporate any employer contributions made subsequent to the measurement date of March 31, 2023.

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.

Discussion

Notes to Financial Statements

GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to OPEB.

GASB Statement Nos. 74 and 75 require the notes of the financial statements for employers and OPEB plans to include certain additional information. The list of disclosure items should include:

- The name of the OPEB plan, the administrator of the OPEB plan; and the identification of whether the OPEB plan is a single-employer, agent, or cost-sharing OPEB plan;
- A description of the benefits provided by the plan;
- A brief description of changes in benefit terms or assumptions that affected the measurement of the Total OPEB Liability since the prior measurement date;
- The number of plan members by category and if the plan is closed;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The OPEB plan's investment policies;
- The OPEB plan's fiduciary net position and the net pension liability;
- The Net OPEB Liability using +/- 1% on the discount rate;
- The Net OPEB Liability using +/- 1% on the healthcare trend rate;
- Significant assumptions and methods used to calculate the total pension liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

OPEB plans that are administered through trusts or equivalent arrangements are required to disclose additional information in accordance with GASB Statement No. 74. This information includes:

- The composition of the OPEB plan's Board and the authority under which benefit terms may be amended;
- A description of how fair value is determined;
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets; and
- Annual money-weighted rate of return.

Discussion

Required Supplementary Information

GASB Statement No. 74 requires a 10-year fiscal history of:

- Sources of changes in the Net OPEB Liability (NOL);
- Information about the components of the NOL and related ratios, including the OPEB plan's fiduciary net position as a percentage of the Total OPEB Liability (TOL), and the NOL as a percent of covered-employee payroll;
- Comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy; and
- For plans with an actuarially determined contribution, the schedule covering each of the 10 most recent fiscal years of the actuarially determined contribution, contributions to the OPEB plan and related ratios.

Frequency and Timing of the Actuarial Valuation

An actuarial valuation to determine the TOL is required to be performed at least every two years. For the employer's financial reporting purposes, the NOL 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. If the actuarial valuation used to determine the TOL is not calculated as of the measurement date, the TOL is required to be rolled-forward from the actuarial valuation date to the measurement date. The TOL shown in this report is based on an actuarial valuation performed as of March 31, 2023 and a measurement date of March 31, 2023.

Roll-Forward Methodology

No roll-forward methodology was needed to calculate the March 31, 2023 TOL. The March 31, 2022 TOL was calculated by rolling-forward the March 31, 2021 TOL by applying one year of Service Cost (increases TOL), actual benefit payments and refunds reported by the Township during the year (reduces TOL), and an interest rate adjustment assuming the beginning of year Single Discount Rate of 2.27%. A full year of interest was applied to the beginning of year TOL and one-half year of interest was applied to the Service Cost and benefit payments. Changes in assumptions and methods (i.e., Discount Rate) were recognized at the end of the measurement period.

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 contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on OPEB plan investments is set equal to the municipal bond rate of 3.78% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"), since the Plan is not funded and no assets are currently set aside in an irrevocable trust.

Discussion

Benefits Valued

The benefit provisions that were valued are described in the Summary of Benefits in the March 31, 2023 biennial actuarial valuation. The summary of major plan provisions is designed to outline principal plan benefits. If the plan summary is not in accordance with the actual provisions, please alert the actuaries immediately, so they can both be sure the proper provisions are valued.

Effective April 1, 2023, this Plan will provide medical insurance benefits to “Eligible Retirees” who retired before April 1, 2023 and met eligibility requirements as described in Section 34 of the Scio Township Employee Handbook. There are currently 11 Eligible Retirees covered by this plan. Actives and other inactive members of Scio Township are no longer covered by this plan. This change decreased liabilities by approximately \$856 thousand (prior to changes in actuarial assumptions).

Actuarial Assumptions

The actuarial assumptions used to value the liabilities are outlined in detail in the March 31, 2023 biennial actuarial valuation. Assumptions were developed from the valuation assumptions used for the most recent pension and OPEB funding valuations of the Municipal Employees Retirement System (MERS) of Michigan. These assumptions were last updated in the March 31, 2021 biennial actuarial valuation.

Effective with the March 31, 2023 valuation, the benefit utilization assumption was lowered from 90% to 75%. The change in Single Discount Rate from 2.83% to 3.78% was also reflected as an assumption change for purposes of this report. The combined effect of these changes lowered liabilities by about \$134 thousand.

Future Uncertainty or Risk

Future results may differ from those anticipated in this valuation. Reasons include, but are not limited to:

- Actual trends differing from expected;
- Changes in the healthcare plan designs offered to active and retired members; and
- Participant behavior differing from expected; e.g.,
 - Elections at retirement;
 - Utilization of benefits; and
 - Time of retirement or termination.

Implicit Rate Subsidy

No implicit rate subsidy is valued herein, since the Plan does not currently provide insurance coverage access. Rather, plan participants must secure their own coverage and may submit the premiums as reimbursable expenses, subject to the annual maximum.

SECTION B

FINANCIAL STATEMENTS

Auditor's Note – This information is intended to assist in preparation of the financial statements of the Scio Township Retiree Health Care Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Statement of OPEB Expense under GASB Statement No. 75

Fiscal Year Ended March 31, 2023

A. Expense

1. Service Cost	\$	42,698
2. Interest on the Total OPEB Liability		33,290
3. Current-Period Benefit Changes		(856,468)
4. Employee Contributions (made negative for addition here)		-
5. Projected Earnings on Plan Investments (made negative for addition here)		-
6. OPEB Plan Administrative Expense		-
7. Other Changes in Plan Fiduciary Net Position		-
8. Recognition of Outflow (Inflow) of Resources due to Liabilities		38,980
9. Recognition of Outflow (Inflow) of Resources due to Assets		-
10. Total OPEB Expense	\$	(741,500)

Statement of Outflows and Inflows Arising from Current Reporting Period Fiscal Year Ended March 31, 2023

A. Outflows (Inflows) of Resources Due to Liabilities

1. Difference between expected and actual experience of the Total OPEB Liability (gains) or losses	\$ 192,008
2. Assumption Changes (gains) or losses	(133,901)
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	7.0
4. Outflow (Inflow) of Resources to be recognized in the current OPEB expense for the difference between expected and actual experience of the Total OPEB Liability	\$ 27,430
5. Outflow (Inflow) of Resources to be recognized in the current OPEB expense for assumption changes	(19,129)
6. Outflow (Inflow) of Resources to be recognized in the current OPEB expense due to Liabilities	<u>\$ 8,301</u>
7. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses for the difference between expected and actual experience of the Total OPEB Liability	164,578
8. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses for assumption changes	(114,772)
9. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses due to Liabilities	<u>\$ 49,806</u>

B. Outflows (Inflows) of Resources Due to Assets

1. Net difference between projected and actual earnings on OPEB plan investments (gains) or losses	\$ -
2. Recognition period for Assets {in years}	5.0
3. Outflow (Inflow) of Resources to be recognized in the current OPEB expense due to Assets	-
4. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses due to Assets	\$ -

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Fiscal Year Ended March 31, 2023

A. Outflows and Inflows of Resources Due to Liabilities and Assets to be Recognized in Current OPEB Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	\$ 79,305	\$ 40,325	\$ 38,980
2. Due to Assets	-	-	-
3. Total	\$ 79,305	\$ 40,325	\$ 38,980

B. Outflows and Inflows of Resources by Source to be Recognized in Current OPEB Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 33,451	\$ 5,556	\$ 27,895
2. Assumption Changes	45,854	34,769	11,085
3. Net Difference between projected and actual earnings on OPEB plan investments	-	-	-
4. Total	\$ 79,305	\$ 40,325	\$ 38,980

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	\$ 179,125	\$ 22,224	\$ 156,901
2. Assumption Changes	157,450	192,974	(35,524)
3. Net Difference between projected and actual earnings on OPEB plan investments	-	-	-
4. Total	\$ 336,575	\$ 215,198	\$ 121,377

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future OPEB Expenses

Year Ending March 31	Net Deferred Outflows of Resources
2024	\$ 38,980
2025	38,979
2026	30,440
2027	11,184
2028	(6,507)
Thereafter	8,301
Total	\$ 121,377

Employer contributions 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 related to OPEB. The information contained in this report does not incorporate any contributions made subsequent to the measurement date.

See paragraph 44 of GASB Statement No. 75 for single and agent employers with trusted plans.

Also, Question 4.32 of Implementation Guide No. 2017-1 provides additional guidance for trusted plans.



Recognition of Deferred Outflows and Inflows of Resources

Fiscal Year Ended March 31, 2023

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) Due to Differences between Expected and Actual Experience on Liabilities					
2019	\$ 36,304	7.0	\$ 5,186	\$ 10,374	2.0
2020	-	7.0	-	-	3.0
2021	(38,893)	7.0	(5,556)	(22,225)	4.0
2022	5,843	7.0	835	4,174	5.0
2023	192,008	7.0	27,430	164,578	6.0
Total			\$ 27,895	\$ 156,901	
Deferred Outflow (Inflow) Due to Assumption Changes					
2019	\$ 23,461	7.0	\$ 3,352	\$ 6,701	2.0
2020	134,783	7.0	19,255	57,763	3.0
2021	162,727	7.0	23,247	92,986	4.0
2022	(109,481)	7.0	(15,640)	(78,202)	5.0
2023	(133,901)	7.0	(19,129)	(114,772)	6.0
Total			\$ 11,085	\$ (35,524)	
Deferred Outflow (Inflow) Due to Differences between Projected and Actual Earnings on Plan Investments					
2020	\$ -	5.0	\$ -	\$ -	1.0
2021	-	5.0	-	-	2.0
2022	-	5.0	-	-	3.0
2023	-	5.0	-	-	4.0
Total			\$ -	\$ -	

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 employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 224 years. Additionally, the total plan membership (active employees and inactive employees) was 32. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 7.0000 years.

Additionally, 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.

Reported History of Benefit Payments

<u>Fiscal Year</u>	<u>Maximum</u>	
	<u>Reimbursement</u>	<u>Benefit Payments</u>
2013-14	\$ 3,655	\$ 10,605
2014-15	3,535	10,764
2015-16	3,588	10,938
2016-17	3,646	10,563
2017-18	3,521	10,659
2018-19	3,553	14,512
2019-20	3,628	11,947
2020-21	3,715	13,905
2021-22	3,735	18,040
2022-23	3,875	18,427

SECTION C

REQUIRED SUPPLEMENTARY INFORMATION

Auditor's Note – This information is intended to assist in preparation of the financial statements of the Scio Township Retiree Health Care Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Schedule of Changes in Net OPEB Liability and Related Ratios

Current Reporting Period

Fiscal Year Ended March 31, 2023

A. Total OPEB liability	
1. Service cost	\$ 42,698
2. Interest on the total OPEB liability	33,290
3. Changes of benefit terms	(856,468)
4. Difference between expected and actual experience of the total OPEB liability	192,008
5. Changes of assumptions	(133,901)
6. Benefit payments, including refunds of employee contributions	(18,427)
7. Net change in total OPEB liability	<u>(740,800)</u>
8. Total OPEB liability – beginning	<u>1,164,172</u>
9. Total OPEB liability – ending	<u><u>\$ 423,372</u></u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 18,427
2. Contributions – nonemployer contributing entities	-
3. Contributions – employee	-
4. Net investment income	-
5. Benefit payments, including refunds of employee contributions	(18,427)
6. OPEB plan administrative expense	-
7. Other	-
8. Net change in plan fiduciary net position	<u>-</u>
9. Plan fiduciary net position – beginning	<u>-</u>
10. Plan fiduciary net position – ending	<u><u>\$ -</u></u>
C. Net OPEB liability	<u><u>\$ 423,372</u></u>
D. Plan fiduciary net position as a percentage of the total OPEB liability	
	0.00 %
E. Covered-employee payroll	
	N/A
F. Net OPEB liability as a percentage of covered-employee payroll	
	N/A

Schedules of Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios

Ultimately 10 Fiscal Years Will Be Shown

Fiscal year ending March 31,	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	\$ 42,698	\$ 45,721	\$ 39,760	\$ 30,227	\$ 26,065
Interest on the total OPEB liability	33,290	27,833	26,028	29,519	27,472
Changes of benefit terms	(856,468)	-	-	-	-
Difference between expected and actual experience	192,008	5,843	(38,893)	-	36,304
Changes of assumptions	(133,901)	(109,481)	162,727	134,783	23,461
Benefit payments, including refunds of employee contributions	(18,427)	(18,040)	(13,905)	(11,947)	(14,512)
Net change in total OPEB liability	(740,800)	(48,124)	175,717	182,582	98,790
Total OPEB liability - beginning	1,164,172	1,212,296	1,036,579	853,997	755,207
Total OPEB liability - ending (a)	\$ 423,372	\$ 1,164,172	\$ 1,212,296	\$ 1,036,579	\$ 853,997
Plan fiduciary net position					
Employer contributions	\$ 18,427	\$ 18,040	\$ 13,905	\$ 11,947	\$ 14,512
Nonemployer contributing entities contributions	-	-	-	-	-
Employee contributions	-	-	-	-	-
OPEB plan net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(18,427)	(18,040)	(13,905)	(11,947)	(14,512)
OPEB plan administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 423,372	\$ 1,164,172	\$ 1,212,296	\$ 1,036,579	\$ 853,997
Plan fiduciary net position as a percentage of total OPEB liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Notes to Schedule:	N/A	N/A	N/A	N/A	N/A



Schedules of Required Supplementary Information

Schedule of the Net OPEB Liability

Ultimately 10 Fiscal Years Will Be Shown

FY Ending March 31,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
2019	\$ 853,997	\$ -	\$ 853,997	0.00 %	N/A	N/A
2020	1,036,579	-	1,036,579	0.00 %	N/A	N/A
2021	1,212,296	-	1,212,296	0.00 %	N/A	N/A
2022	1,164,172	-	1,164,172	0.00 %	N/A	N/A
2023	423,372	-	423,372	0.00 %	N/A	N/A

Schedule of Contributions

Ultimately 10 Fiscal Years Will Be Shown

FY Ending March 31,	Actuarially Determined Contribution #	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2019	N/A	\$ 14,512	N/A	N/A	N/A
2020	N/A	11,947	N/A	N/A	N/A
2021	N/A	13,905	N/A	N/A	N/A
2022	\$ 101,955	18,040	\$ 83,915	N/A	N/A
2023	103,046	18,427	84,619	N/A	N/A

* Actual benefit payments were treated as contributions in the above chart.

The Actuarial Determined Contribution was not calculated prior to the FY Ending March 31, 2022.

Notes to Schedule of Contributions

Valuation Date: March 31, 2021

Notes Actuarially determined contributions are calculated as of March 31 of odd numbered years, which is 1 day prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and Assumptions Used to Determine the Contribution for the Fiscal Year Beginning April 1, 2022:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed, level dollar
Remaining Amortization Period	27 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	2.27% per annum as of March 31, 2021.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Healthy Post-Retirement Mortality: Sex distinct Pub-2010 General Healthy Retiree tables scaled by a factor of 106%. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Disability Retirement Mortality: Sex distinct PubNS-2010 Disabled tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Healthy Pre-Retirement Mortality: Sex distinct Pub-2010 General Employees table without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and ten percent (10%) of the deaths are assumed to be duty related.
Health Care Trend Rates	2.50% for all years
Aging Factors	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs.

Other Information:

Notes The plan is not currently pre-funding and does not currently have assets set aside in a separate trust to pay benefits.



SECTION D

NOTES TO FINANCIAL STATEMENTS

Auditor's Note – This information is intended to assist in preparation of the financial statements of the Scio Township Retiree Health Care Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Single Discount Rate

A Single Discount Rate of 3.78% was used to measure the Total OPEB Liability for the Retiree Health Care Plan. This Single Discount Rate was based on the Municipal bond rate as of the measurement date of 3.78%. We are not aware of any assets set aside to pay benefits out of a trust. Therefore, the crossover date is equal to the measurement date.

Summary of Population Statistics

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	-
Total Plan Members	<hr/> 11

Sensitivity of the Net OPEB Liability

Regarding the sensitivity of the Net OPEB Liability to changes in the Single Discount Rate, the following presents the plan's Net OPEB Liability, calculated using a Single Discount Rate of 3.78% for the Retiree Health Care Plan if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

1% Decrease	Current Single Discount Rate Assumption	1% Increase
2.78%	3.78%	4.78%
\$ 466,738	\$ 423,372	\$ 386,474

Regarding the sensitivity of the Net OPEB Liability to changes in the health care cost trend rates, the following presents the plan's Net OPEB Liability, calculated using the assumed trend rates as well as what the plan's Net OPEB Liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

Sensitivity of Net OPEB Liability to the Health Care Cost Trend Rate Assumption

1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
1.50%	2.50%	3.50%
\$ 384,034	\$ 423,372	\$ 468,881

SECTION E

GLOSSARY OF TERMS

Glossary of Terms

<i>Accrued Service</i>	Service credited under the system that was rendered before the date of the actuarial valuation.
<i>Actuarial Accrued Liability (AAL)</i>	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
<i>Actuarial Assumptions</i>	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
<i>Actuarial Cost Method</i>	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the OPEB trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
<i>Actuarial Equivalent</i>	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
<i>Actuarial Gain (Loss)</i>	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
<i>Actuarial Present Value (APV)</i>	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
<i>Actuarial Valuation</i>	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, Total OPEB Liability, and related actuarial present value of projected benefit payments for OPEB.
<i>Actuarial Valuation Date</i>	The date as of which an actuarial valuation is performed.

Glossary of Terms

Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)

A calculated contribution into an OPEB plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

Amortization Method

The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be “open” (meaning, reset each year) or “closed” (the number of years remaining will decline each year).

Amortization Payment

The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.

Cost-of-Living Adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan (cost-sharing OPEB plan)

A multiple-employer defined benefit OPEB plan in which the OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides benefits through the OPEB plan.

Covered-Employee Payroll

The payroll of employees that are provided with benefits through the OPEB plan.

Deferred Inflows and Outflows

The deferred inflows and outflows of OPEB resources are amounts used under GASB Statement No. 75 in developing the annual OPEB expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in the OPEB expense should be included in the deferred inflows or outflows of resources.

Discount Rate

For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically:

1. The benefit payments to be made while the OPEB plans' fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and
2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

Glossary of Terms

Entry Age Actuarial Cost Method (EAN)

The EAN is a cost method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit age(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

Fiduciary Net Position

The fiduciary net position is the market value of the assets of the trust dedicated to the defined benefit provisions.

GASB

The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.

Long-Term Expected Rate of Return

The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.

Money-Weighted Rate of Return

The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 74, the money-weighted rate of return is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense.

Multiple-Employer Defined Benefit OPEB Plan

A multiple-employer plan is a defined benefit OPEB plan that is used to provide OPEB payments to the employees of more than one employer.

Municipal Bond Rate

The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.

Net OPEB Liability (NOL)

The NOL is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan.

Non-Employer Contributing Entities

Non-employer contributing entities are entities that make contributions to an OPEB plan that is used to provide OPEB payments to the employees of other entities. For purposes of the GASB accounting statements, plan members are not considered non-employer contributing entities.

Glossary of Terms

<i>Normal Cost</i>	The portion of the actuarial present value allocated to a valuation year is called the normal cost. For purposes of application to the requirements of this Statement, the term normal cost is the equivalent of service cost.
<i>Other Postemployment Benefits (OPEB)</i>	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment health care benefits regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
<i>Real Rate of Return</i>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<i>Service Cost</i>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<i>Total OPEB Expense</i>	<p>The total OPEB expense is the sum of the following items that are recognized at the end of the employer's fiscal year:</p> <ol style="list-style-type: none">1. Service Cost2. Interest on the Total OPEB Liability3. Current-Period Benefit Changes4. Employee Contributions (made negative for addition here)5. Projected Earnings on Plan Investments (made negative for addition here)6. OPEB Plan Administrative Expense7. Other Changes in Plan Fiduciary Net Position8. Recognition of Outflow (Inflow) of Resources due to Liabilities9. Recognition of Outflow (Inflow) of Resources due to Assets
<i>Total OPEB Liability (TOL)</i>	The TOL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	The UAAL is the difference between actuarial accrued liability and valuation assets.
<i>Valuation Assets</i>	The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of GASB Statement Nos. 74 and 75, the valuation assets are equal to the market value of assets.

SECTION F

PUBLIC ACT 202 OF 2017 DISCLOSURE

Public Act 202 of 2017 Disclosure

The following table shows necessary disclosures for Public Act 202 of 2017 under the Uniform Actuarial Assumptions for Fiscal Year 2023. These results use the following assumptions:

- Sex distinct Pub-2010 General Employees, Healthy Retiree and Disabled tables (scaled by a factor of 106% for Healthy Retirees). The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries;
- 3.54% investment return assumption; and
- A closed, 26-year amortization period for unfunded liabilities using level-dollar amortization.

Total Normal Cost	\$ -
Member Contributions	-
Employer Normal Cost	\$ -
Active Actuarial Accrued Liability	\$ -
Retired Actuarial Accrued Liability	433,139
Total Accrued Liability	\$ 433,139
Valuation Assets	\$ -
Funded Status	0.00%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 433,139
UAAL Payment (Closed, 26-year period)	25,314
Level Dollar Contribution Requirement	\$ 25,314