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City of Memphis

Retiree Health and Life Insurance Benefits

Accounting Results Based on the Actuarial Valuation of Obligations under GASB No. 74 for the Plan Year Ending June 30, 2023

Accounting Results Based on the Actuarial Valuation of Obligations under GASB No. 75 for the Fiscal Year Ending June 30, 2023





October 20, 2023

Chief Shirley Ford
Chief Financial Officer
City of Memphis
125 North Main Street
Memphis, Tennessee 38103

Re: June 30, 2023 Actuarial Valuations for GASB No. 74 and GASB No. 75

Dear Chief Ford,

We are pleased to present this report containing the results of the June 30, 2023 actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits ("the Plan"), pursuant to our engagement letter with the City of Memphis ("the City") dated July 1, 2019. This report has been prepared pursuant to an engagement between PwC and its client and is intended solely for the use and benefit of such client and not for reliance by any other person.

We were retained by the City of Memphis to perform an actuarial valuation of the Retirement System for the purpose of calculating accounting results in accordance with Governmental Accounting Standards Board Statement No. 74 (GASB 74) and Governmental Accounting Standards Board Statements No. 75 (GASB 75) for the Plan's fiscal year ending June 30, 2023 and the City's fiscal year ending June 30, 2022, respectively.

This valuation has been conducted in accordance with the required Actuarial Standards of Practice as issued by the American Academy of Actuaries.

Actuarial calculations and disclosures under GASB 74 are for purposes of fulfilling the Plan's financial accounting requirements only and are not suitable for any other purposes. Actuarial calculations and disclosures under GASB 75 are for the purposes of fulfilling the City's financial accounting requirements and are not suitable for any other purposes. The calculations reported herein have been made on a basis consistent with our understanding of GASB 74 and GASB 75.

In preparing the results presented in this report, we have relied upon information the City of Memphis provided to us regarding plan provisions, plan participants, unaudited plan assets, employee and employer contributions and benefit payments. The census data and plan asset information used in calculating the results herein were collected as of June 30, 2022 and June 30, 2023, respectively. The Plan provisions reflect the Plan Amendment during 2023 that eliminated the Choice Plan effective April 1, 2023. No other changes to the Plan provisions were recognized in the valuation. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

GASB 74 and GASB 75 require that each significant assumption reflect the best estimate of the City's future experience solely with respect to that assumption. The City of Memphis has determined and taken responsibility for the assumptions and the accounting policies and methods employed in the valuation of obligations and costs.

A range of results different from those presented in this report could be considered reasonable. Future actuarial measurements may differ significantly from the current measurement presented in this report due to a number of factors including but not limited to: plan experience differing from that anticipated by the economic and



demographic assumptions, increases or decreases expected as part of the natural operation of the methods used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status), rounding conventions and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

This report was prepared for the internal use of the City of Memphis in connection with our actuarial valuation of the Plan for determining the GASB 74 and GASB 75 results only and not for reliance by any other person. PwC disclaims any contractual or other responsibility or duty of care to others based upon the services or deliverables provided in connection with this report.

This report does not purport to comply with any other purposes not stated herein. Significantly different results from what is presented in this report may be needed for other purposes.

In preparing the results presented herein, we used and evaluated actuarial models in accordance with Actuarial Standards of Practice ("ASOP") No. 56. We use the ProVal valuation system developed by Winklevoss Technologies, LLC in performing actuarial valuations of pension and postretirement benefit plans. ProVal measures plan liabilities and costs based on participant data by projecting retirement benefits and applying plan specific assumptions, actuarial methods and plan provisions under applicable accounting and funding standards. We utilized the ProVal software to prepare the actuarial valuation results presented herein. We are not aware of any material limitations or known weaknesses in the ProVal software.

The content of this document is limited to the matters specifically addressed herein and does not address any other potential tax consequences, or the potential application of tax penalties, to any matter other than as set forth herein. Our conclusions are not binding upon any taxing authority or the courts and there is no assurance that any relevant taxing authority will not successfully assert a contrary position. In addition, no exceptions (including the reasonable cause exception) are available for any federal or state penalties imposed if any portion of a transaction is determined to lack economic substance or fails to satisfy any similar rule of law, and our advice will not protect you from any such penalties. This document supersedes all prior written or oral advice with respect to the issues addressed in this document and all such prior communications should not be relied upon by any person for any purpose.

Each of the undersigned actuaries is a member of the Society of Actuaries and the American Academy of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to OPEB plans. To the best of our knowledge, the individuals involved in this engagement have no relationship that may impair, or appear to impair, the objectivity of our work.

We appreciate this opportunity to be of service to the City of Memphis. We are available to answer any questions with respect to our report.

Respectfully submitted,

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SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT

This report presents results of the June 30, 2023 actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits and is intended to provide the City and Plan with certain accounting and disclosure information related to the Plan.

This report also includes financial statement reporting information for the City of Memphis for the fiscal year ending June 30, 2023 in accordance with the City's and our understanding of Government Accounting Standards Board Statement No. 75. The valuation was performed using census data as of June 30, 2022, provided by the City and summarized in Section IV, assets as of June 30, 2023 disclosed in Section III, assumptions and methods disclosed in Section V, and reflects the plan provisions effective June 30, 2023 as summarized in Section VI.

Beginning with the 2021 fiscal year, a valuation date that is 12 months prior to the fiscal year end is used. The resulting valuation is then rolled forward to the measurement date using standard actuarial techniques with adjustments for service cost, interest, benefit payments, and significant changes subsequent to the valuation data and before the measurement date. For the June 30, 2023 valuation, the census data reflects the shift in coverage from the Choice Plan to the Select Plan given the removed of the Choice Plan effective April 1, 2023.

Summary of Net OPEB Liability / (Asset)

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
1. Total OPEB Liability			
a. Active Participants	\$ 290,094,000	\$ 292,492,000	\$ 375,331,000
b. Retiree/Beneficiary/Disabled Participants	<u>328,062,000</u>	<u>236,653,000</u>	<u>265,249,000</u>
c. Total	\$ 618,156,000	\$ 529,145,000	\$ 640,580,000
2. Plan Fiduciary Net Position (Assets)	<u>\$ 3,980,000</u>	<u>\$ 6,528,000</u>	<u>\$ 10,993,000</u>
3. Net OPEB Liability/(Asset) (1)(c) - (2)	\$ 614,176,000	\$ 522,617,000	\$ 629,587,000
4. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (2) ÷ (1)(c)	0.6%	1.2%	1.7%
Valuation Date	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date	June 30, 2021	June 30, 2022	June 30, 2023
Valuation Interest Rate	2.18%	4.09%	4.13%
Healthcare Trend			
Initial Trend (Pre-65 / Post-65)	6.06% / 6.06%	6.50% / 6.50%	7.0% / 7.0%
Ultimate Trend (Pre-65 / Post-65)	4.50% / 4.50%	4.50% / 4.50%	4.50% / 4.50%
Year Ultimate Trend is Reached	2029	2032	2033

SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT

Summary of Changes in the Net OPEB Liability

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
1. Expected Net OPEB Liability		
a. Net OPEB Liability at beginning of year	\$ 614,176,000	\$ 522,617,000
b. Employer Service Cost at beginning of year	17,340,000	15,545,000
c. Interest to End of Year ¹	13,871,000	22,136,000
d. Employer Contribution	(21,528,000)	(23,667,000)
e. Change in Benefit Terms ²	(12,405,000)	(12,955,000)
f. Expected Net OPEB Liability at end of year	\$ 611,454,000	\$ 523,676,000
(a) + (b) + (c) + (d) + (f)		
2. Change in the Net OPEB Liability (Decrease) / Increase		
a. Change due to Asset Experience ³	\$ 693,000	\$ (392,000)
b. Change in Assumptions ⁴	(101,817,000)	107,697,000
c. Plan Experience - Difference in Actual and Expected Experience	12,287,000	(1,394,000)
d. Change in Net OPEB Liability: (a) + (b) + (c)	\$ (88,837,000)	\$ 105,911,000
3. Net OPEB Liability at Valuation Date: (1)(f) + (2)(d)	\$ 522,617,000	\$ 629,587,000

¹ Includes interest on the change due to census at July 1, 2022 of \$6,335,000 which is part of the Plan Experience gain shown above.

² The plan was amended effective January 1, 2023 to reflect changes in the OOP Max, Tier II Coinsurance, and Retiree Contributions for the Choice Plan in addition to Senate Bill 2458/House Bill 2661 which will increase costs for both Choice and Select Plans.

The impact of these amendments were reflected in the FYE 2022 accounting results.

The plan was amended effective April 1, 2023 to reflect the elimination of the Choice Plan.

The impact of these amendments were reflected in the FYE 2023 accounting results.

³ For the 2023 fiscal year, the net investment return for the year was \$392,000 compared to the expected return on assets of \$0

⁴ The Medicare enrollment, participation, per capita claims costs, trend, salary increase, inflation, and discount rate assumptions were updated for the June 30, 2023 valuation. The loss at June 30, 2023 was primarily driven by updated per capita costs. Other losses due to updated Medicare eligibility, participation, and trend assumptions were offset by gains due to updated salary increase, inflation, and discount rate assumptions. Details may be found in the Summary of Assumptions and Methods section.

SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

The OPEB (income)/expense under GASB 75 for the fiscal year ending June 30, 2023 is \$10,548,000 .

GASB 75 Information:

Fiscal Year Ending	<u>June 30, 2022</u>	<u>June 30, 2023</u>
1. Net OPEB Liability	\$ 522,617,000	\$ 629,587,000
2. Deferred (Inflows) / Outflows of Resources, after Recognition in OPEB Expense		
a. Deferred (Inflows) of Resources	\$ (122,119,000)	\$ (73,612,000)
b. Deferred Outflows of Resources	16,563,000	88,145,000
c. Total	<u>\$ (105,556,000)</u>	<u>\$ 14,533,000</u>
3. OPEB Expense		
a. Employer Service Cost	\$ 17,340,000	\$ 15,545,000
b. Interest Cost	13,871,000	22,136,000
c. Expected Return on Assets	-	-
d. Changes in Benefit Terms	(12,405,000)	(12,955,000)
e. Recognition of deferred (inflows)/outflows of resources	<u>(55,172,000)</u>	<u>(14,178,000)</u>
f. Total collective OPEB expense / (income)	<u>\$ (36,366,000)</u>	<u>\$ 10,548,000</u>

SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

Changes in Assumptions and Methods from Prior Year

The last actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits was performed as of July 1, 2022. As requested by the City, the following changes were made since the prior valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The discount rate assumption changed from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 4) The participation assumptions for commissioned police and fire, paramedics, and dispatchers ("restored") changed based on emerging experience and the City's best estimate of long-term enrollment rates:
 - 65% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 75%).
- 5) The participation assumptions for all other participants changed based on emerging experience and the City's best estimate of long-term enrollment rates:
 - 45% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 55%).
- 6) The future spouse assumption was changed from 56% for general male retirees, 15% for general female retirees, and 46% for police and fire retirees to 60% for all future participating male retirees and 15% for all future female participating retirees, based on emerging experience and the City's best estimate of long-term enrollment rates.
- 7) The percentage of current pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 99% of all current pre-65 retirees as of June 30, 2022 to 90% of only those pre-65 retirees hired prior to 1986 as of June 30, 2023 and 100% for all other pre-65 retirees based on recent plan experience.
- 8) Per the City, the valuation will reflect the known salary increase ranging from 2% to 14% effective on July 1, 2023.

There were no other changes in assumptions or methods since the prior year.
See Section V for further details on the assumptions.

SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

Changes in Plan Provisions from Prior Year

The following changes are reflected in the valuation effective January 1, 2023:

- 1) Effective April 1, 2023, the City of Memphis eliminated the Choice plan, due to unforeseen changes in the Choice Plan network that didn't support offering this plan option. As of July 1, 2023, the date of this valuation, the Select Plan is the only self-insured plan option available to actives and retirees and no decisions have been made or communicated regarding plan offerings for 2024. (See Section VI for more details).

Plan Experience

Below is a table summarizing the changes in the census information over the prior fiscal years.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Census Information			
1. Active			
a. Number	7,172	6,796	6,692
b. Average Age	45.18	45.24	45.43
c. Average Years of Service	12.7	13.1	13.1
d. Actual Covered Payroll ¹	\$ 410,167,000	\$ 378,824,000	\$ 368,709,000
2. Inactive (Retirees, Disabled, and Dependent Spouses)			
a. Number Eligible (Retiree/Disabled)	4,995	5,683	5,523
b. Number Enrolled (Retiree/Disabled)	1,993	2,296	2,285
c. Number Enrolled (Dependent Spouse)	911	1,027	1,008
d. Number Enrolled (Total) = b. + c.	<u>2,904</u>	<u>3,323</u>	<u>3,293</u>

¹ The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2022, the average salary was \$58,336.

SECTION II - ACCOUNTING

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SECTION II - ACCOUNTING

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB 74 AND GASB 75

A. Selected Notes to the Financial Statements under GASB 74 and GASB 75

1. The Plan is a single-employer plan for GASB accounting purposes.

2. Significant assumptions and other inputs used to measure the total OPEB liability:

a. Measurement Date June 30, 2023

b. Valuation Date June 30, 2022

c. Investment Yield N/A

d. Mortality Assumption Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

e.	Future Trend Assumption	Fiscal Year	Trend
		2024	7.00%
		2025	6.72%
		2026	6.44%
		2027	6.17%
		2028	5.89%
		2029	5.61%
		2030	5.33%
		2031	5.06%
		2032	4.78%
		2033+	4.50%

f. Experience Study Experience study based on 5 years of census data (between 2016-2020)

SECTION II - ACCOUNTING

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB 74 AND GASB 75

A. Selected Notes to the Financial Statements under GASB 74 and GASB 75 (Cont.)

3. Classes of plan members covered:

a. Retired members, beneficiaries and disabled members eligible for benefits	5,523
b. Active plan members	6,692
c. Total membership	<u>12,215</u>

4. The components of the Net OPEB Liability (000's) for the plan as of July 1, 2023 are as follows:

a. Total OPEB Liability	\$ 640,580
b. Plan Fiduciary Net Position	<u>10,993</u>
c. Net OPEB Liability	\$ 629,587
d. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.7%

SECTION II - ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND GASB 75

B. Schedule of Changes in the Net OPEB Liability and Related Ratios under GASB 74 and GASB 75 ¹

Total OPEB Liability (ooo's)

(1) Year Ending June 30	(2) Beginning Total OPEB Liability	(3) Total Service Cost	(4) Interest ²	(5) Experience (Gains)/ Losses	(6) Assumption Changes ³	(7) Changes of Benefit Terms ⁴	(8) Net Benefit Payments ⁵	(9) Ending Total OPEB Liability
2017	\$ 691,738	\$ 14,943	\$ 18,877	\$ 18,838	\$ 25,586	\$ (331,901)	\$ (20,190)	\$ 417,891
2018	\$ 417,891	\$ 8,035	\$ 13,113	\$ (11,621)	\$ (76,034)	\$ -	\$ (13,928)	\$ 337,456
2019	\$ 337,456	\$ 5,042	\$ 10,015	\$ (13,201)	\$ (21,941)	\$ -	\$ (12,817)	\$ 304,554
2020	\$ 304,554	\$ 4,176	\$ 8,437	\$ (2,264)	\$ 21,629	\$ 346,334	\$ (12,678)	\$ 670,188
2021	\$ 670,188	\$ 20,348	\$ 18,184	\$ (2,215)	\$ (74,550)	\$ -	\$ (13,799)	\$ 618,156
2022	\$ 618,156	\$ 17,340	\$ 13,871	\$ 12,287	\$ (101,817)	\$ (12,405)	\$ (18,287)	\$ 529,145
2023	\$ 529,145	\$ 15,545	\$ 22,136	\$ (1,394)	\$ 107,697	\$ (12,955)	\$ (19,594)	\$ 640,580

¹ This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years.

At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

² For the current fiscal year, includes interest at 4.09% on the beginning-of-year Total OPEB Liability (including the change due to updated census as of July 1, 2022) and service cost offset by a half-year of interest on benefit payments.

³ Assumption changes for the most recent fiscal year reflect changes to the mortality, Medicare eligibility, per capita costs, trend, and discount rate assumptions.

⁴ For 2023, the plan change reflects the elimination of the Choice Plan effective April 1, 2023.

⁵ Paid claims including administrative expenses less retiree contributions.

SECTION II - ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND GASB 75

B. Schedule of Changes in the Net OPEB Liability and Related Ratios under GASB 74 and GASB 75 (continued) ¹

Plan Fiduciary Net Position (ooo's) ²

(1) Year Ending June 30	(2) Beginning Fiduciary Net Position	(3) Employer Contribution ³	(4) Employee Contribution	(5) Investment Return	(6) Benefit Payments ⁴	(7) Administrative Expenses	(8) Investment Expenses	(9) Ending Fiduciary Net Position
2017	\$ 6,450	\$ 16,654	\$ 5,531	\$ 289	\$ (21,476)	\$ (4,245)	\$ -	\$ 3,203
2018	\$ 3,203	\$ 14,420	\$ 1,829	\$ 257	\$ (6,468)	\$ (9,289)	\$ -	\$ 3,952
2019	\$ 3,952	\$ 12,659	\$ 1,945	\$ 221	\$ (8,112)	\$ (6,650)	\$ -	\$ 4,015
2020	\$ 4,015	\$ 12,263	\$ 1,807	\$ 190	\$ (7,222)	\$ (7,263)	\$ -	\$ 3,790
2021	\$ 3,790	\$ 13,084	\$ 2,573	\$ 905	\$ (8,763)	\$ (7,609)	\$ -	\$ 3,980
2022	\$ 3,980	\$ 21,528	\$ 3,668	\$ (693)	\$ (14,331)	\$ (7,624)	\$ -	\$ 6,528
2023	\$ 6,528	\$ 23,667	\$ 3,967	\$ 392	\$ (14,885)	\$ (8,676)	\$ -	\$ 10,993

¹ This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years.

At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

² Asset information, including all cash flows, was provided by the City of Memphis.

³ Includes employer contributions to the trust and transfers from other funds.

⁴ Includes benefits paid less Medicare Part D subsidies and pharmacy Rx rebates received.

SECTION II - ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND GASB 75

B. Schedule of Changes in the Net OPEB Liability and Related Ratios under GASB 74 and GASB 75 (continued) ¹

Net OPEB Liability (ooo's)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year Ending June 30	Total OPEB Liability	Net Fiduciary Position	Net OPEB Liability	Fiduciary Net Position as % of Total OPEB Liability	Actual Covered Employee Payroll ²	Net OPEB Liability as a Percentage of Covered Payroll
			(2) - (3)	(3) ÷ (2)		(4) ÷ (6)
2017	\$ 417,891	\$ 3,203	\$ 414,688	0.8%	\$ 379,324	109.3%
2018	\$ 337,456	\$ 3,952	\$ 333,504	1.2%	\$ 368,922	90.4%
2019	\$ 304,554	\$ 4,015	\$ 300,539	1.3%	\$ 400,195	75.1%
2020	\$ 670,188	\$ 3,790	\$ 666,398	0.6%	\$ 410,167	162.5%
2021	\$ 618,156	\$ 3,980	\$ 614,176	0.6%	\$ 378,824	162.1%
2022	\$ 529,145	\$ 6,528	\$ 522,617	1.2%	\$ 368,709	141.7%
2023	\$ 640,580	\$ 10,993	\$ 629,587	1.7%	\$ 369,163	170.5%

¹ This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

² The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2022, the average salary was \$58,336.

SECTION II - ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND GASB 75

C. Schedule of Contributions under GASB 74 and GASB 75 (000's)¹

(1)	(2)	(3)	(4)	(5)	(6)
Year Ending June 30	Contractual Contribution ²	Actual Employer Contributions	Contribution Excess/(Deficiency) (3) - (2)	Actual Covered Employee Payroll ³	Contributions as a Percentage of Covered Payroll (3) ÷ (5)
2017	\$ 16,654	\$ 16,654	\$ -	\$ 379,324	4.4%
2018	\$ 14,420	\$ 14,420	\$ -	\$ 368,922	3.9%
2019	\$ 12,659	\$ 12,659	\$ -	\$ 400,195	3.2%
2020	\$ 12,263	\$ 12,263	\$ -	\$ 410,167	3.0%
2021	\$ 13,084	\$ 13,084	\$ -	\$ 378,824	3.5%
2022	\$ 21,528	\$ 21,528	\$ -	\$ 368,709	5.8%
2023	\$ 23,667	\$ 23,667	\$ -	\$ 369,163	6.4%

¹ At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

² The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in the retiree exchange or an allowable plan. Any difference between actual benefits paid and employer contributions is due to a timing difference plus retiree contributions.

³ The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2022, the average salary was \$58,336.

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

D. Net OPEB Liability under GASB 74 and GASB 75 for the Fiscal Year Ending June 30, 2023 (000's)

1. Total OPEB Liability		
a. Total OPEB Liability - Beginning of year		\$ 529,145
b. Service Cost ¹		\$ 15,545
c. Interest Cost ²		\$ 22,136
d. Experience (gains)/losses		\$ (1,394)
e. Assumption Changes		\$ 107,697
f. Changes of Benefit Terms		\$ (12,955)
g. Benefit Payments and expenses, net of retiree contributions		\$ (19,594)
h. Total OPEB Liability - End of year		<u>\$ 640,580</u>
2. Plan Fiduciary Net Position		
a. Plan Fiduciary Net Position - Beginning of year		\$ 6,528
b. Employer Contributions		\$ 23,667
c. Employee Contributions		\$ 3,967
d. Investment return		
i. Total Investment Return	\$ 392	
ii. Investment Expenses	<u>-</u>	
iii. Net Investment Return		\$ 392
e. Benefit Payments		\$ (14,885)
f. Member Reassignments		\$ -
g. Administrative Expenses		\$ (8,676)
h. Plan Fiduciary Net Position - End of year		<u>\$ 10,993</u>
3. Net OPEB Liability		
a. Net OPEB Liability: (1)(h) - (2)(h)		\$ 629,587
b. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability : (2)(h) / (1)(h)		1.7%

¹ Determined as of the beginning of the year.

² Includes interest of 4.09% on the beginning-of-year service cost and the change in liability due to updated census as of July 1, 2022.

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

E. OPEB Expense under GASB 74 and GASB 75 for the Fiscal Year Ending June 30, 2023

OPEB Expense (000's)

1. Service cost ¹	\$	15,545
2. Interest Cost ²		
a. Interest on Total OPEB Liability at BOY	\$	21,901
b. Interest on Service Cost		636
c. Half-year of interest on Benefit Payments		(401)
d. Total: (a) + (b) + (c)	\$	22,136
3. Expected Return on Assets	\$	-
4. Changes of Benefit Terms	\$	(12,955)
5. Recognition of deferred (inflows) / outflows of resources related to:		
a. Liability Experience (gains) / losses		(11)
b. Assumption Changes (gains) / losses		(13,964)
c. Investment (gains) / losses		(203)
d. Total: (a) + (b) + (c)	\$	(14,178)
6. Total Collective OPEB Expense / (Income): (1) + (2)(d) + (3) + (4) + (5)(d)	\$	10,548

¹ Determined as of the beginning of the year.

² Includes interest of 4.09% and interest on the change in the actuarial accrued liability due to the change in census data at July 1, 2021.

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

F. Schedule of Differences between Expected and Actual Experience under GASB 74 and GASB 75 for the Fiscal Year Ending June 30, 2023

Experience Gains and Losses (000's)

Fiscal Year Ending June 30,	Experience (Gain)/Loss	Original Recognition Period	Increase (Decrease) in OPEB Expense Arising from Recognition of Experience Gains and Losses							
			2023	2024	2025	2026	2027	2028	Thereafter	
2017	\$ 18,838	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (11,621)	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (13,201)	4.62	\$ (1,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (2,264)	4.40	\$ (515)	\$ (204)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ (2,215)	4.22	\$ (525)	\$ (525)	\$ (115)	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ 12,287	3.89	\$ 3,159	\$ 3,159	\$ 2,810	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ (1,394)	3.86	\$ (361)	\$ (361)	\$ (361)	\$ (311)	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense:			\$ (11)	\$ 2,069	\$ 2,334	\$ (311)	\$ -	\$ -	\$ -	\$ -

¹ Gains and losses in the liability attributable to plan experience is amortized over the expected remaining service lives of all employees provided with OPEB (both active and inactive employees) determined as of the beginning of the measurement period.

² Deferred outflows are presented as positive amounts and deferred inflows are presented as negative amounts. Positive amounts increase OPEB expense and negative amounts decrease OPEB expense.

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

G. Schedule of Changes in Assumptions under GASB 74 and GASB 75 for the Fiscal Year Ending June 30, 2023

Changes in Assumptions (000's)

Fiscal Year Ending June 30,	(Gain)/Loss Due to Change in Assumption	Original Recognition Period	Increase (Decrease) in OPEB Expense Arising from Recognition of Effects of Changes of Assumptions							
			2023	2024	2025	2026	2027	2028	Thereafter	
2017	\$ 25,586	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (76,034)	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (21,941)	4.62	\$ (2,941)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 21,629	4.40	\$ 4,916	\$ 1,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ (74,550)	4.22	\$ (17,666)	\$ (17,666)	\$ (3,886)	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ (101,817)	3.89	\$ (26,174)	\$ (26,174)	\$ (23,295)	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ 107,697	3.86	\$ 27,901	\$ 27,901	\$ 27,901	\$ 23,994	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense			\$ (13,964)	\$ (13,974)	\$ 720	\$ 23,994	\$ -	\$ -	\$ -	\$ -

¹ Gains and losses in the liability attributable to assumption changes are amortized over the expected remaining service lives of all employees provided with OPEB (both active and inactive employees) determined as of the beginning of the measurement period.

² Deferred outflows are presented as positive amounts and deferred inflows are presented as negative amounts. Positive amounts increase OPEB expense and negative amounts decrease OPEB expense.

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

H. Schedule of Differences between Projected and Actual Earnings on Investments under GASB 74 and GASB 75 for the Fiscal Year Ending June 30, 2023

Investment Gains and Losses (000's)

Fiscal Year Ending June 30,	Investment (Gain)/Loss	Original Recognition Period	Increase (Decrease) in OPEB Expense Arising from Recognition of Investment Gains and Losses				
			2023	2024	2025	2026	2027
2017	\$ (289)	5.00	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (257)	5.00	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (221)	5.00	\$ (45)	\$ -	\$ -	\$ -	\$ -
2020	\$ (190)	5.00	\$ (38)	\$ (38)	\$ -	\$ -	\$ -
2021	\$ (905)	5.00	\$ (181)	\$ (181)	\$ (181)	\$ -	\$ -
2022	\$ 693	5.00	\$ 139	\$ 139	\$ 139	\$ 137	\$ -
2023	\$ (392)	5.00	\$ (78)	\$ (78)	\$ (78)	\$ (78)	\$ (80)
Net increase (decrease) in OPEB expense			\$ (203)	\$ (158)	\$ (120)	\$ 59	\$ (80)

1 Gains and losses in the assets attributable to investment experience is amortized over a five-year period determined as of the beginning of the measurement period. For this purpose, the investment gain or loss is net of investment expenses.

2 Deferred outflows are presented as positive amounts and deferred inflows are presented as negative amounts. Positive amounts increase OPEB expense and negative amounts decrease OPEB expense.

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

I. Determination of Resources of Deferred Outflows and Resources of Deferred Inflows for the Fiscal Year Ending June 30, 2023

Deferred Outflows and Inflows (000's)				Cumulative Amounts Recognized in Expense through June 30, 2023	Balances at June 30, 2023		
Established in Fiscal Year Ending June 30,	Loss	(Gain)	(a)		(b)	(c)	Deferred Outflows of Resources (d) = (a) - (c)
<i>a. Experience (Gains) and Losses</i>	2019		\$ (13,201)	\$ (13,201)	\$ -	\$ -	
	2020		\$ (2,264)	\$ (2,060)	\$ -	\$ (204)	
	2021		\$ (2,215)	\$ (1,575)	\$ -	\$ (640)	
	2022	\$ 12,287		\$ 6,318	\$ 5,969	\$ -	
	2023		\$ (1,394)	\$ (361)	\$ -	\$ (1,033)	
					\$ 5,969	\$ (1,877)	
<i>b. Changes in Assumptions</i>	2019		\$ (21,941)	\$ (21,941)	\$ -	\$ -	
	2020	\$ 21,629		\$ 19,664	\$ 1,965	\$ -	
	2021		\$ (74,550)	\$ (52,998)	\$ -	\$ (21,552)	
	2022		\$ (101,817)	\$ (52,348)	\$ -	\$ (49,469)	
	2023	\$ 107,697		\$ 27,901	\$ 79,796	\$ -	
					\$ 81,761	\$ (71,021)	
<i>c. Investment (Gains) and Losses</i>	2019		\$ (221)	\$ (221)	\$ -	\$ -	
	2020		\$ (190)	\$ (152)	\$ -	\$ (38)	
	2021		\$ (905)	\$ (543)	\$ -	\$ (362)	
	2022	\$ 693		\$ 278	\$ 415	\$ -	
	2023		\$ (392)	\$ (78)	\$ -	\$ (314)	
					\$ 415	\$ (714)	
<i>d. Collective Deferred Outflows/(Inflows) of Resources: (a) + (b) + (c)</i>					\$ 88,145	\$ (73,612)	

SECTION II - ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB 74 AND EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

J. Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources to be Recognized in Future OPEB Expense under GASB 74 and GASB 75

Future Amortization of Deferred Outflows and Inflows (000's)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs recognized in OPEB expense as follows:

Year Ending June 30:

2024	\$	(12,063)
2025	\$	2,934
2026	\$	23,742
2027	\$	(80)
2028	\$	-
Thereafter	\$	-

SECTION III - ASSETS

ASSETS

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SECTION III - ASSETS

A. Reconciliation of Market Value of Assets and Investment Return

1.	Market Value of Assets at June 30, 2022	\$	6,528,000
2.	Contributions		
	a. Employer Contributions	\$	23,667,000
	b. Employee Contributions		3,967,000
	c. Total	\$	27,634,000
3.	Benefit Payments in 2022 - 2023	\$	14,885,000
4.	Expenses		
	a. Investment Fees	\$	-
	b. Administrative Fees		8,676,000
	c. Total	\$	8,676,000
5.	Interest and Dividend Income	\$	87,000
6.	Net Appreciation/(Depreciation)	\$	305,000
7.	Other Revenue ¹	\$	-
8.	Total Income: (5) + (6) + (7)	\$	392,000
9.	Market Value of Assets at June 30, 2023: (1) + (2)(c) - (3) - (4)(c) + (8)	\$	10,993,000
10.	Investment Return: $[2 \times (8)] \div [(1) + (9) - (8)]^2$		4.58%

¹ Provided by the City. Includes an audit adjusting entry to an end of year adjustment for Incurred But Not Reported medical billings.

² Assumes payments and contributions made equally throughout the year. Actual timing may have been different.

SECTION IV - CENSUS DATA

CENSUS DATA

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SECTION IV - CENSUS DATA

A. Census Information

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
1. Active			
a. Number	7,172	6,796	6,692
b. Average Age	45.18	45.24	45.43
c. Average Years of Service	12.7	13.1	13.1
d. Actual Covered Payroll ¹	\$ 410,167,000	\$ 378,824,000	\$ 368,709,000
2. Inactive (Retirees, Disabled, and Dependent Spouses)			
a. Number Eligible (Retiree/Disabled)	4,995	5,683	5,523
b. Number Enrolled (Retiree/Disabled)	1,993	2,296	2,285
c. Number Enrolled (Dependent Spouse)	911	1,027	1,008
d. Number Enrolled (Total)	2,904	3,323	3,293

¹ The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2022, the average salary was \$58,336.

SECTION IV - CENSUS DATA

B. Distribution of Active Members by Age and Service

Attained Age	Distribution of Active Members by Age and Service as of June 30, 2022										
	Under 1 year	1 to 4 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	30 to 34 years	35 to 39 years	Over 40 years	Total
<25	124	115	7								246
25-29	132	381	87								600
30-34	91	334	267	53	2						747
35-39	61	201	232	249	47	3					793
40-44	35	132	145	214	161	81	5				773
45-49	36	86	99	137	198	247	53	3			859
50-54	26	90	101	100	159	314	252	43			1,085
55-59	28	82	94	67	82	163	124	109	39		788
60-64	8	56	63	51	44	86	72	59	59	7	505
65-69	4	18	26	26	20	41	26	22	18	19	220
70&Up		5	10	6	8	14	6	10	6	11	76
Total	545	1,500	1,131	903	721	949	538	246	122	37	6,692

SECTION IV - CENSUS DATA

C. Distribution of Inactive Plan Members (Retirees, Disabled, and Dependent Spouses)

Medicare Plan	Distribution of Inactive Members (Retirees, Disabled, Dependent Spouse) by Age and Medical Plan as of June 30, 2022					
	City Self-Insured Plans ¹		HRA Exchange		Not Enrolled	Total
	Retiree/Disabled	Dependent Spouse	Retiree/Disabled	Dependent Spouse	Retiree/Disabled	
<40	29	10	2		37	78
40-44	38	23	2		19	82
45-49	59	29	1		42	131
50-54	116	49	5	3	146	319
55-59	189	76	10	5	298	578
60-64	182	61	36	17	418	714
65-69	27	11	252	146	506	942
70-74	71	12	319	184	623	1,209
75-79	57	18	364	191	482	1,112
80-84	27	3	249	108	305	692
85-89	11	3	142	44	219	419
90&Up	5	1	92	14	143	255
Total	811	296	1,474	712	3,238	6,531

¹Self-Insured counts reflect migration of 345 retirees/disableds and 201 dependent spouses from the Choice Plan to the the Select Plan after the elimination of the Choice Plan effective April 1, 2023

SECTION V - ASSUMPTIONS AND METHODS

ASSUMPTIONS AND METHODS

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SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions

The assumptions used in the valuation were selected and approved by the City of Memphis. The actuary and other economic and investment professionals provide advice for selecting the economic and demographic assumptions. The assumptions are considered reasonable for purposes of this valuation.

Mortality ¹

Service Cost

Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Net OPEB Liability

Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

¹ All current inactive plan members were treated as retirees as we did not have an indicator of survivor status. Survivor tables were not applied to current survivors.

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Discount Rate 4.13% per annum at June 30, 2023
 4.09% per annum at June 30, 2022

Termination Select and Ultimate rates. Sample rates are shown below:

1978 Plan

Police & Fire: Males

Age	Years of Service					
	0	1	2	3	4	5+
20	13.0%	5.0%	5.0%	5.0%	5.0%	7.0%
25	15.0%	5.0%	5.0%	5.0%	5.0%	7.0%
30	17.0%	5.0%	4.0%	4.0%	3.0%	5.0%
35	15.0%	5.0%	5.0%	5.0%	4.0%	5.0%
40	18.0%	4.0%	4.0%	4.0%	2.0%	3.0%
45	17.0%	20.0%	5.0%	5.0%	2.0%	3.0%
50	15.0%	20.0%	5.0%	5.0%	2.0%	3.0%
55	15.0%	20.0%	5.0%	5.0%	2.0%	3.0%

Police & Fire: Females

Age	Years of Service					
	0	1	2	3	4	5+
20	25.0%	22.0%	20.0%	20.0%	20.0%	15.0%
25	24.0%	16.0%	14.0%	10.0%	12.0%	15.0%
30	26.0%	17.0%	12.0%	13.0%	13.0%	15.0%
35	14.0%	11.0%	15.0%	11.0%	11.0%	15.0%
40	18.0%	14.0%	8.0%	8.0%	7.0%	15.0%
45	18.0%	14.0%	8.0%	8.0%	5.0%	15.0%
50	6.0%	6.0%	7.0%	7.0%	5.0%	15.0%
55	6.0%	6.0%	7.0%	7.0%	5.0%	15.0%

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Termination (continued) Select and Ultimate rates. Sample rates are shown below:

1978 Plan

General: Males

Age	Years of Service					
	0	1	2	3	4	5+
20	55.0%	52.0%	47.0%	45.0%	40.0%	25.0%
25	63.0%	57.0%	31.0%	17.0%	7.0%	15.0%
30	46.0%	46.0%	18.0%	14.0%	14.0%	15.0%
35	22.0%	22.0%	17.0%	7.0%	7.0%	8.0%
40	26.0%	4.0%	11.0%	11.0%	10.0%	6.0%
45	5.0%	5.0%	5.0%	5.0%	5.0%	6.0%
50	5.0%	5.0%	5.0%	5.0%	4.0%	5.0%
55	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%

General: Females

Age	Years of Service					
	0	1	2	3	4	5+
20	25.0%	22.0%	20.0%	20.0%	20.0%	15.0%
25	24.0%	16.0%	14.0%	10.0%	12.0%	10.0%
30	26.0%	17.0%	12.0%	13.0%	13.0%	8.0%
35	14.0%	11.0%	15.0%	11.0%	11.0%	7.0%
40	18.0%	14.0%	8.0%	8.0%	7.0%	7.0%
45	18.0%	14.0%	8.0%	8.0%	5.0%	7.0%
50	6.0%	6.0%	7.0%	7.0%	5.0%	7.0%
55	6.0%	6.0%	7.0%	7.0%	5.0%	5.0%

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Termination (continued) Select and Ultimate rates. Sample rates are shown below:

2016 Plan

Police & Fire: Males			Police & Fire: Females		
Age	Years of Service		Age	Years of Service	
	0	1+		0	1+
20	25.0%	7.0%	20	15.0%	15.0%
25	25.0%	7.0%	25	15.0%	15.0%
30	25.0%	5.0%	30	15.0%	15.0%
35	25.0%	5.0%	35	15.0%	15.0%
40	15.0%	3.0%	40	15.0%	15.0%
45	15.0%	3.0%	45	15.0%	15.0%
50	15.0%	3.0%	50	15.0%	15.0%
55	15.0%	3.0%	55	15.0%	15.0%

General: Males			General: Females		
Age	Years of Service		Age	Years of Service	
	0-3	3+		0-3	3+
20	40.0%	25.0%	20	25.0%	15.0%
25	40.0%	15.0%	25	20.0%	10.0%
30	35.0%	15.0%	30	17.5%	8.0%
35	25.0%	8.0%	35	15.0%	7.0%
40	15.0%	6.0%	40	15.0%	7.0%
45	6.0%	6.0%	45	15.0%	7.0%
50	6.0%	5.0%	50	10.0%	7.0%
55	6.0%	5.0%	55	10.0%	5.0%

Disability 1968 Social Security Experience Table. Sample rates are shown below:

Age	Combined Male / Female
20	0.10%
25	0.10%
30	0.10%
35	0.10%
40	0.17%
45	0.28%
50	0.63%
55+	1.33%

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Retirement Rates For both General employees and Police and Fire employees, the rates vary by age, gender, and pension plan (1978/2012 or 2016 Plan):

1978 Plan

Police & Fire Males & Females		General Males & Females	
Age	Rate	Age	Rate
45 - 49	50%	45 - 49	15%
50 - 54	30%	50 - 54	15%
55 - 59	20%	55 - 59	15%
60 - 64	20%	60 - 64	15%
65 - 69	50%	65 - 69	25%
70	100%	70	100%

2016 Plan ¹

Police & Fire Males & Females		General Males & Females	
Age	Rate	Age	Rate
52-59	20%	62	20%
60	100%	63	20%
		64	20%
		65	100%

Future Salary Increases Rates vary by age and service and do not include inflation (assumed to be 2.25%) ²:

Age	Years of Service	
	0-4	4+
<25	7.25%	4.25%
26-30	6.00%	3.00%
31-35	5.00%	2.00%
36-40	5.00%	2.00%
41-45	3.00%	2.00%
46-50	2.50%	1.50%
50-55	2.25%	1.25%
56+	2.00%	1.00%

¹ For the 2016 Plan participants, there is minimal retirement experience to date. Therefore, this assumption was not based on the most recent experience study and will continue to be monitored as additional experience becomes available.

² Per the City, the valuation will reflect the known salary increase ranging from 2% to 14% effective on July 1, 2023.

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Participation Rates

Commissioned Police and Fire, Paramedics, and Dispatchers

100% of active employees are assumed to elect Pre-65 Retiree self-insured coverage upon retirement.
0% of current Pre-65 and Post-65 retirees that have opted out of Retiree Exchange coverage are assumed to elect coverage in future years.
65% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage.

All Other Participants

10% of active employees are assumed to elect Pre-65 Retiree Exchange coverage upon retirement.
0% of current Pre-65 and Post-65 retirees that have opted out of Retiree Exchange coverage are assumed to elect coverage in future years.
45% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage. The 45% Post-65 Retiree Exchange coverage assumption is based on the following:
(a) 80% of participants on the Pre-65 Retiree Exchange continue to participate on the Post-65 Retiree Exchange;
(b) 65% of the Pre-65 line-of-duty disabled retirees elect to participate on the Post-65 Retiree Exchange; and
(c) 35% of current Pre-65 opt-outs are assumed to participate in the Post-65 Retiree Exchange

60% of future participating male General Employee and Police and Fire retirees and 15% of future participating female General Employee and Police and Fire retirees are assumed to have spouses that elect to be covered.

Per Capita Costs

The per capita claims costs for the self-insured Select plan was developed by PwC based on historical calendar year 2021-2022 claims experience for City of Memphis retired participants adjusted for enrollment and plan design provisions. The Choice plan was eliminated effective April 1, 2023.

Calendar Year 2024 annual per capita costs that were used to develop per capita costs (before rebates) for the fiscal year beginning July 1, 2023 are provided below:

<u>Cohort</u>	<u>Select Plan</u>	<u>Choice Plan</u>
Pre-65 ¹	\$17,760	n/a
Post-65 No Medicare	\$20,316	n/a

Annual prescription drug rebates for the fiscal year beginning July 1, 2023 are assumed to be \$1,701 per member.

¹ Pre-65 self-insured per capita costs apply only to line of duty disabled, commissioned police and fire, paramedics, and dispatchers. All other retirees are not eligible for Pre-65 coverage in the self-insured plans.

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Self-Insured Premiums 2024 Calendar Year Monthly Retiree Premiums that were used to develop per capita costs for the fiscal year beginning July 1, 2023 are provided below:

	Select Plan	Choice Plan
Single	\$216	n/a
Family	\$427	n/a

The Choice Plan was eliminated effective April 1, 2023.

Tobacco Surcharge \$120 per month per family; based on current inactive experience 10% of future inactive participants are assumed to pay the tobacco surcharge.

Working Spouse Fee ¹ \$150 per month

Administrative Expenses Included in per capita costs

Annual Health Care Trend Rate	Fiscal Year Ending	Trend
	2024	7.00%
	2025	6.72%
	2026	6.44%
	2027	6.17%
	2028	5.89%
	2029	5.61%
	2030	5.33%
	2031	5.06%
	2032	4.78%
	2033+	4.50%

HRA amounts are not assumed to increase in the future.

¹Working spouse fee applies only to commissioned police and fire, paramedics, and dispatchers. All other retirees are not allowed coverage for working spouses.

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Medicare Eligibility	100% of future retirees and current pre-65 retirees hired in 1986 or later are eligible for Medicare at age 65. 90% of current pre-65 retirees hired prior to 1986 are assumed to be Medicare eligible at age 65.
Persistence Assumption	All inactive participants are assumed to continue to receive retiree medical coverage for their lifetime.
Spouse Age Difference	Husbands are assumed to be three years older than wives for future retirees who are married and assume to cover a spouse.
Life Insurance Per Capita Costs	Face amounts are \$5,000

SECTION V - ASSUMPTIONS AND METHODS

B. Assumptions Rationale

Mortality ¹	Mortality rates are set based on the SOA's recent study of US mortality trends for pensions and adjusted based on future expectations with periodic monitoring of observed gains and losses caused by mortality patterns different than assumed.
Disability ¹	Disability rates are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by disability patterns different than assumed.
Termination ¹	Termination rates are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.
Retirement Rates ¹	Retirement rates are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.
Participation Rates	Participation rates are set based on the plan's historical experience under the current plan design and future expectations with periodic monitoring of observed gains and losses caused by participation patterns different than assumed.
Discount Rate	The discount rate is based on the S&P Municipal Bond 20-Year High Grade Index rate as of the valuation date.
Future Salary Increases ¹	This assumption is set considering underlying inflation and historical salary increases coupled with management's best estimate of future expectations.
Per Capita Costs	This assumption is set using prior year costs and expected effects of aging on the per capita cost curve. This represents management's best estimate for future year expected costs.
Tobacco Surcharge	Tobacco surcharge rates are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by tobacco usage patterns different than assumed.
Annual Health Care Trend Rate	Annual health care trend assumptions represent a blend of medical and drug trends and are set based on the plan's historical experience and future industry expectations with periodic monitoring of observed gains and losses caused by trend patterns different than assumed.
Medicare Eligibility	Medicare eligibility assumptions are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by Medicare eligibility patterns different than assumed.

¹ Note, assumptions were reviewed and/or updated based on an experience study performed on September 28, 2020 based on 5 years of census data (between 2016-2020).

SECTION V - ASSUMPTIONS AND METHODS

B. Assumptions Rationale (continued)

Persistence Assumption	Persistence rates are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by persistence patterns different than assumed.
Spouse Age Difference ¹	Marital rates are set based on the plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by marital patterns different than assumed.

¹ Note, assumptions were reviewed and/or updated based on an experience study performed on September 28, 2020 based on 5 years of census data (between 2016-2020).

SECTION V - ASSUMPTIONS AND METHODS

C. Actuarial Methods

1. Actuarial Cost Method

The actuarial cost method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants.

2. Asset Valuation Method

Fair value of assets.

3. Measurement of Benefit Obligations and Balance Sheet Adjustments

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Fiscal Year End Reporting Date	June 30, 2023

Benefit obligations were determined using a July 1, 2022 Valuation Date and based on census data as of that date. The resulting valuation was then rolled forward to the June 30, 2023 measurement date using standard actuarial techniques with adjustments for service cost, interest, benefit payments, and significant changes subsequent to the Valuation Date and before the Measurement Date.

Significant changes in the valuation include updates in the mortality improvement scale, Medicare enrollment, per capita cost, trend, and discount rate assumptions.

4. Changes in Actuarial Methods

None

SECTION VI - SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

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SECTION VI - SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions

Below is a summary of the plan provisions that are pertinent to the valuation herein and may exclude certain provisions that are not deemed relevant to our calculations. This summary is based on our understanding of the plan provisions set forth in the applicable statutes of the City of Memphis. If there is a discrepancy between the summary below and the applicable statutes, the applicable statutes shall govern.

Plan Year All benefit plans have plan year January 1 - December 31

Employee Eligibility Provisions Eligibility for OPEB benefits are based on two pension options: normal retirement or disability retirement. The applicable pension plans are:

	Normal	Disability
<i>General Employees</i> 1948 Plan Participants	Age 60 & 10 years of service, or 25 years of service	Non-Line of Duty: 5 years of service
<i>General Employees</i> 1978 Plan Participants	Age 60 & 10 years of service, or Age 65 & 5 years of service, or 25 years of service	
<i>General Employees</i> 2012 and 2016 Plan Participants	Age 65 & 5 years of service, or 25 years of service	
<i>Police & Fire</i> 1948 Plan Participants	Age 55 & 10 years of service, or 25 years of service	Line-of-Duty: No service requirement
<i>Police & Fire</i> 1978, 2012 and 2016 Plan Participants	Age 55 & 10 years of service 25 years of service	

Spouse Eligibility for Benefits Spouses of eligible retirees may receive postretirement medical benefits. Surviving widowed spouses are eligible if receiving a pension payment from the City of Memphis and coverage was in force prior to the retiree's death.

Effective January 1, 2021, working spouses of commissioned police and fire, paramedics, and dispatchers may receive postretirement medical benefits provided that they pay a fee of \$150 per month. For all other participants, working spouses with available coverage elsewhere do not receive postretirement medical benefits.

SECTION VI - SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions (continued)

Medical Plan Benefits Available

Pre-65 Line of Duty Disableds/Commissioned Police and Fire/Paramedics/Dispatchers and Grandfathered Post-65 Retirees without Medicare

Postretirement medical and drug coverage through the City's self-insured Select Plan. The Choice Plan was eliminated effective April 1, 2023. The City pays for costs in excess of required retiree premiums. Plan provisions are summarized on the following page.

All other Participants

Pre-65 and Post-65 retirees are provided with a set amount of money each year that goes into a Health Retirement Account (HRA). The amount depends on the type of retiree (LOD/Other) and age according to the table below:

		Annual HRA Amount	
		Retiree	Spouse
LOD	Pre-65	\$10,000	\$10,000
	Post-65	\$2,000	\$1,000
Other	Pre-65	\$5,000	\$5,000
	Post-65	\$1,000	\$500

SECTION VI - SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions (continued)

Life Benefits Available to Retirees

The City provides a life insurance benefit of \$5,000 to all participants.

The payment of the \$5,000 by the City depends on if the participant had supplemental insurance as an active participant prior to retirement. If the participant elected supplemental life insurance as an active employee, the supplemental insurance drops to \$3,000, and is fully insured by the City. In addition, the City pays an additional \$2,000, which is self-insured. If the participant did not elect supplemental life insurance as an active employee, the City pays \$5,000 upon death, which is self-insured.

Summary of Self-Insured Medical Plan Benefits (2023 and 2024)

Type of Benefit (In-Network)	2023 Plan Designs		2024 Plan Designs	
	Choice	Select	Choice	Select
Medical				
Deductible (single / family)	\$750 / \$1,500	\$1,500 / \$3,000	N/A	\$1,500 / \$3,000
HRA/HSA (single / family)	N/A	\$750 / \$1,500	N/A	\$750 / \$1,500
Annual Out-of-Pocket Maximum (single / family)	\$6,000 / \$12,000	\$5,000 / \$10,000	N/A	\$5,000 / \$10,000
Coinsurance Percentage	20% / 40%	20%	N/A	20%
Pharmacy				
Deductible (single / family)	\$250 / \$500	\$250 / \$500	N/A	\$250 / \$500
Generic Copay (retail / mail)	\$7 / \$14	\$7 / \$14	N/A	\$7 / \$14
Brand Formulary Copay (retail / mail)	Ded. then \$30 / \$60	Ded. then \$30 / \$60	N/A	Ded. then \$30 / \$60
Brand Non-Formulary Copay (retail / mail)	Ded. then \$50 / \$100	Ded. Then 20% min. \$50 / \$100 max. \$100 / \$200	N/A	Ded. Then 20% min. \$50 / \$100 max. \$100 / \$200

APPENDIX I

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Memphis-Shelby County Airport Authority

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APPENDIX I

DEVELOPMENT OF ACCOUNTING INFORMATION FOR COST-SHARING EMPLOYERS - AIRPORT AUTHORITY

A. Historical Contributions to City of Memphis Retirement System

Per the direction of the City of Memphis and the Airport Authority, the allocation method for determining the Airport Authority's proportionate share of accounting information under GASB 75 is to use a historical approach equal to the ratio of the sum of Airport Authority employer contributions for the preceding five (5) fiscal years over the sum of the total employer contributions for the preceding five (5) fiscal years.

(1) Year Ending June 30	(2) Airport Authority	(3) City of Memphis	(4) Total
2018	\$ 303,000	\$ 14,117,000	\$ 14,420,000
2019	\$ 356,000	\$ 12,303,000	\$ 12,659,000
2020	\$ 288,000	\$ 11,975,000	\$ 12,263,000
2021	\$ 358,000	\$ 12,726,000	\$ 13,084,000
2022	\$ 355,000	\$ 21,173,000	\$ 21,528,000
2023	\$ 391,000	\$ 23,276,000	\$ 23,667,000

B. Development of Allocation Factor to Determine Airport Authority's Proportionate Share

a. Development of allocation percentage as of the <i>beginning</i> of the reporting period		
i. Airport Authority contributions for 2018 - 2022 fiscal years	\$	1,660,000
ii. Total contributions for 2018 - 2022 fiscal years	\$	73,954,000
iii. Allocation percentage as of the beginning of the reporting period (i) ÷ (ii)		2.24%
b. Development of allocation percentage as of the <i>ending</i> of the reporting period		
i. Airport Authority contributions for 2019 - 2023 fiscal years	\$	1,748,000
ii. Total contributions for 2019 - 2023 fiscal years	\$	83,201,000
iii. Allocation percentage as of the ending of the reporting period (i) ÷ (ii)		2.10%

APPENDIX I

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB 74 AND 75

C. Selected Notes to the Financial Statements under GASB 75 for the Airport Authority

1. Significant assumptions and other inputs used to measure the total OPEB liability:

- a. Measurement Date June 30, 2023
- b. Valuation Date June 30, 2022
- c. Investment Yield N/A
- d. Mortality Assumption Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.

Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.

e. Future Trend Assumption	Fiscal Year	Trend
	2024	7.00%
	2025	6.72%
	2026	6.44%
	2027	6.17%
	2028	5.89%
	2029	5.61%
	2030	5.33%
	2031	5.06%
	2032	4.78%
	2033+	4.50%

- f. Experience Study Experience study based on 5 years of census data (between 2016-2020)

APPENDIX I

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB 74 AND 75

C. Selected Notes to the Financial Statements under GASB 75 for the Airport Authority (continued)

2. Significant assumptions and other inputs used to measure the total OPEB liability (continued):

g. Discount Rate The discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2023, which is equal to the single rate of return developed pursuant to GASB 75. GASB 75 requires that projected benefit payments expected to be satisfied by the plan's fiduciary net position (i.e. assets) be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan's fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher.

Based on our understanding of the City's current funding policy effective June 30, 2023, the Plan's fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. Additionally, paragraph 4.99 of Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting) states that the total of the benefit payments that are projected to occur in a period during which the OPEB plan's fiduciary net position is projected to not be sufficient to make those benefit payments may be classified as unfunded. As determined by the City, the discount rate assumption for determining the total OPEB liability was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2023.

h. Discount Rate Sensitivity	<u>1% Decrease (3.13%)</u>	<u>Current Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Net OPEB Liability (000's)	\$ 14,560	\$ 13,221	\$ 12,046
i. Healthcare Trend Sensitivity	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (000's)	\$ 12,011	\$ 13,221	\$ 14,625

3. The Airport Authority's proportionate share of the Net OPEB Liability (000's) as of July 1, 2023 are as follows:

i. Total OPEB Liability	\$ 13,452
ii. Plan Fiduciary Net Position	231
iii. Net OPEB Liability	<u>\$ 13,221</u>
iv. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.7%

APPENDIX I

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND 75

D. Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios under GASB 75 ¹

Net OPEB Liability (ooo's)

(1) Year Ending June 30	(2) Proportion of of the Net Liability (Asset) ²	(3) Proportionate Share of Net OPEB Liability	(4) Actual Covered Employee Payroll ³	(5) Net OPEB Liability as a Percentage of Covered Payroll (3) ÷ (4)	(6) Fiduciary Net Position as Percentage of Total OPEB Liability
2017	2.35%	\$ 9,745	\$ 18,709	52.1%	0.8%
2018	2.39%	\$ 7,971	\$ 18,111	44.0%	1.2%
2019	2.26%	\$ 6,792	\$ 18,645	36.4%	1.3%
2020	2.09%	\$ 13,928	\$ 18,281	76.2%	0.6%
2021	2.19%	\$ 13,450	\$ 20,175	66.7%	0.6%
2023	2.24%	\$ 11,707	\$ 20,272	57.7%	1.2%
2023	2.10%	\$ 13,221	\$ 19,004	69.6%	1.7%

¹ This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

² Based on the cost sharing allocation percentage as of the measurement date.

³ The actual covered payroll represents the total covered payroll for the calendar year.

APPENDIX I

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND 75

E. Schedule of Employer Contributions under GASB 75 (000's) ¹

(1)	(2)	(3)	(4)	(5)	(6)
Year Ending June 30	Statutorily Required Contribution ²	Actual Employer Contributions	Contribution Excess/(Deficiency) (3) - (2)	Actual Covered Employee Payroll ³	Contributions as a Percentage of Covered Payroll (3) ÷ (5)
2017	\$ 211	\$ 211	\$ -	\$ 18,709	1.1%
2018	\$ 303	\$ 303	\$ -	\$ 18,111	1.7%
2019	\$ 356	\$ 356	\$ -	\$ 18,645	1.9%
2020	\$ 288	\$ 288	\$ -	\$ 18,281	1.6%
2021	\$ 358	\$ 358	\$ -	\$ 20,175	1.8%
2022	\$ 355	\$ 355	\$ -	\$ 20,272	1.8%
2023	\$ 391	\$ 391	\$ -	\$ 19,004	2.1%

¹ This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years.

At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

² The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in the retiree exchange or an allowable plan. Any difference between actual benefits paid and employer contributions is due to a timing difference plus retiree contributions.

³ The actual covered payroll represents the total covered payroll for the calendar year.

APPENDIX I

EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

F. OPEB Expense under GASB 75 for the Fiscal Year Ending June 30, 2023

OPEB Expense (000's)¹	FY23
Airport Authority Proportionate Share	2.10%
1. Service cost ²	\$ 326
2. Interest Cost	\$ 465
3. Expected Return on Assets	\$ -
4. Changes in Benefit Terms	\$ (272)
5. Recognition of deferred (inflows) / outflows of resources related to:	
a. Liability Experience (gains) / losses	\$ (1)
b. Assumption Changes (gains) / losses	(294)
c. Investment (gains) / losses	(5)
d. Changes in proportion of net OPEB liability and deferred (inflows) / outflows	(179)
e. Changes in actual contributions and proportionate share of contributions	(26)
f. Total: (a) + (b) + (c) + (d) + (e)	\$ (505)
6. Total Collective OPEB Expense: (1) + (2) + (3) +(4) + (5)(f)	\$ 14

¹ Components of the collective OPEB expense may be found in Section II of this report.

² The components of OPEB expense for items 1 - 5(c) above are determined based on the proportionate share of the collective OPEB expense as of the end of the reporting period.

APPENDIX I

EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

G. Determination of Resources of Deferred Outflows and Resources of Deferred Inflows for the Fiscal Year Ending June 30, 2023

Deferred Outflows and Inflows (000's)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>a. Experience (Gains) and Losses</i>	\$ 126	\$ (39)
<i>b. Changes in Assumptions</i>	\$ 1,716	\$ (1,491)
<i>c. Investment (Gains) and Losses</i>	\$ 9	\$ (15)
<i>d. Changes in Proportionate Share of Net OPEB Liability and Deferred Outflows and Inflows</i>	\$ 368	\$ (707)
<i>e. Difference Between Airport Authority Contribution and Proportionate Share of Contribution</i>	\$ 24	\$ (140)
<i>f. Deferred Outflows/(Inflows) of Resources (a) + (b) + (c) + (d) + (e)</i>	<u>\$ 2,243</u>	<u>\$ (2,392)</u>

¹ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.

APPENDIX I

EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

H. Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources to be Recognized in Future OPEB Expense under GASB 75

Future Amortization of Deferred Outflows and Inflows (000's)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB recognized in OPEB expense as follows:

Year Ending June 30:

2024	\$	(324)
2025	\$	(102)
2026	\$	279
2027	\$	(2)
2028	\$	-
Thereafter	\$	-

APPENDIX I

EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

I. Schedule of Change in Airport Authority's Proportionate Share of Net OPEB Liability and Deferred (Inflows) / Outflows under GASB 75 for the Fiscal Year Ending June 30, 2023

Change in Proportionate Share (000's)

Fiscal Year Ending June 30,	Original (Inflow) or Outflow	Original Recognition Period	Increase (Decrease) in OPEB Expense Arising from Change in Proportion of Net OPEB Liability and Deferred (Inflows) / Outflows							
			2023	2024	2025	2026	2027	2028	Thereafter	
2017	\$ (891)	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 152	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (488)	4.62	\$ (64)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (612)	4.40	\$ (139)	\$ (56)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ 693	4.22	\$ 164	\$ 164	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ 343	3.89	\$ 88	\$ 88	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ (879)	3.86	\$ (228)	\$ (228)	\$ (228)	\$ (195)	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense			\$ (179)	\$ (32)	\$ (112)	\$ (195)	\$ -	\$ -	\$ -	\$ -

¹ Pursuant to paragraph 54 under GASB 75, gains and losses resulting from the net effect of the change in the Airport Authority's proportion of collective net OPEB liability and collective deferred inflows and outflows as of the beginning of the measurement period are amortized over the expected remaining service lives of all employees eligible for OPEB benefits (both active and inactive employees) determined as of the beginning of the measurement period.

² If there is a beginning collective net OPEB liability, an increase in proportion results in an increase in OPEB expense and a deferred outflow of resources. Conversely, a decrease in proportion results in a decrease in expense and a deferred inflow of resources.

APPENDIX I

EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

J. Schedule of Difference between the Airport Authority's Actual Contribution and their Proportionate Share of Total Contributions under GASB 75 for the Fiscal Year Ending June 30, 2023

Difference in Actual and Proportionate Share of Contributions (000's)

Fiscal Year Ending June 30,	Original (Inflow) or Outflow	Original Recognition Period	Increase (Decrease) in OPEB Expense Arising from Differences in Employer Actual Contribution and their Proportionate Share of the Total Contribution							
			2023	2024	2025	2026	2027	2028	Thereafter	
2017	\$ (180)	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (42)	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 70	4.62	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 32	4.40	\$ 7	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ 71	4.22	\$ 17	\$ 17	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ (127)	3.89	\$ (33)	\$ (33)	\$ (28)	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ (106)	3.86	\$ (27)	\$ (27)	\$ (27)	\$ (25)	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense			\$ (26)	\$ (39)	\$ (52)	\$ (25)	\$ -	\$ -	\$ -	\$ -

- 1 Pursuant to paragraph 55 under GASB 68, difference between the Airport Authority's actual contributions and the Airport Authority's proportionate share of total contributions for the current reporting period are amortized over the expected remaining service lives of all employees provided with OPEB benefits (both active and inactive employees) determined as of the beginning of the measurement period.
- 2 Deferred outflows are presented as positive amounts and deferred inflows are presented as negative amounts. Positive amounts increase OPEB expense and negative amounts decrease OPEB expense.
- 3 Per Illustration 3b in GASB 68, if the employer's actual contributions exceed its proportionate share of total contributions, the difference increases OPEB expense and results in a deferred outflow of resources. If the employer's actual contributions is less than its proportionate share of total contributions, the difference decreases OPEB expense and results in a deferred inflow of resources.