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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, 2024

Accounting Results Based on the Actuarial Valuation of Obligations under
GASB No. 75 for the Fiscal Year Ending June 30, 2024



This report supersedes and replaces the GASB valuation results included in the report dated November 20, 2024. It is updated to reflect the reconciliation of the market value of assets and the underlying market value of assets as of June 30, 2024 provided by the City on December 10, 2024.



This report supersedes and replaces the GASB valuation results included in the report dated November 20, 2024. It is updated to reflect the reconciliation of the market value of assets and the underlying market value of assets as of June 30, 2024 provided by the City on December 10, 2024.

December 12, 2024

City of Memphis
125 North Main Street
Memphis, Tennessee 38103

Re: June 30, 2024 Actuarial Valuations for GASB No. 74 and GASB No. 75

We are pleased to present this report containing the results of the June 30, 2024 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 October 5, 2023. 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 Retiree Health and Life Insurance Benefits 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, 2024 and the City's fiscal year ending June 30, 2023, respectively. The City of Memphis also requested that we prepare the Memphis-Shelby County Airport Authority's ("Airport Authority") proportionate share of certain accounting and reporting requirements pursuant to GASB 75.

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, 2023 and June 30, 2024, respectively. The Plan provisions reflect the Plan Amendment that reinstated the Choice Plan effective January 1, 2024. 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,

A handwritten signature in cursive script, reading "Cindy Fraterrigo".

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SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT

This report presents results of the June 30, 2024 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, 2024 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, 2023, provided by the City and summarized in Section IV, assets as of June 30, 2024 disclosed in Section III, assumptions and methods disclosed in Section V, and reflects the plan provisions effective June 30, 2024 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, 2024 valuation, the census data reflects the shift in coverage to a split between the Choice Plan and the Select Plan given the reinstatement of the Choice Plan effective January 1, 2024.

Summary of Net OPEB Liability / (Asset)

	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
1. Total OPEB Liability			
a. Active Participants	\$ 292,492,000	\$ 375,331,000	\$ 238,846,000
b. Retiree/Beneficiary/Disabled Participants	236,653,000	265,249,000	236,745,000
c. Total	\$ 529,145,000	\$ 640,580,000	\$ 475,591,000
2. Plan Fiduciary Net Position (Assets)	\$ 6,528,000	\$ 10,993,000	\$ 19,494,000
3. Net OPEB Liability/(Asset) (1)(c) - (2)	\$ 522,617,000	\$ 629,587,000	\$ 456,097,000
4. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (2) ÷ (1)(c)	1.2%	1.7%	4.1%
Valuation Date	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2023	June 30, 2024
Valuation Interest Rate	4.09%	4.13%	4.21%
Healthcare Trend			
Initial Trend (Pre-65 / Post-65)	6.50% / 6.50%	7.0% / 7.0%	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	2032	2033	2034

SECTION I - EXECUTIVE SUMMARY

HIGHLIGHTS OF THE ACTUARY'S REPORT

Summary of Changes in the Net OPEB Liability

	June 30, 2023	June 30, 2024
1. Expected Net OPEB Liability		
a. Net OPEB Liability at beginning of year	\$ 522,617,000	\$ 629,587,000
b. Employer Service Cost at beginning of year	15,545,000	20,325,000
c. Interest to End of Year ¹	22,136,000	27,167,000
d. Employer Contribution	(23,667,000)	(28,538,000)
e. Change in Benefit Terms ²	(12,955,000)	16,136,000
f. Expected Net OPEB Liability at end of year (a) + (b) + (c) + (d) + (e)	\$ 523,676,000	\$ 664,677,000
2. Change in the Net OPEB Liability (Decrease) / Increase		
a. Change due to Asset Experience ³	\$ (392,000)	\$ (578,000)
b. Change in Assumptions ⁴	107,697,000	(209,363,000)
c. Plan Experience - Difference in Actual and Expected Experience	(1,394,000)	1,361,000
d. Change in Net OPEB Liability: (a) + (b) + (c)	\$ 105,911,000	\$ (208,580,000)
3. Net OPEB Liability at Valuation Date: (1)(f) + (2)(d)	\$ 629,587,000	\$ 456,097,000

¹ Includes interest on the increase in liability due to census at July 1, 2023 of \$7,226,000 which is part of the Plan Experience loss shown above. Also includes interest on the net benefit payments during the year but does not include interest on the employer contributions since the plan is treated as an unfunded plan or on the change in benefit terms which was measured as of the end of the year.

² The plan was amended effective April 1, 2023 to reflect the elimination of the Choice Plan. The impact of this amendment was reflected in the FYE 2023 accounting results. The plan was amended effective January 1, 2024 to reflect the reinstatement of the Choice Plan. The impact of this amendment was reflected in the FYE 2024 accounting results.

³ For the 2024 fiscal year, the net investment return for the year was \$578,000 compared to the expected return on assets of \$0.

⁴ The participation, per capita claims costs, trend, discount rate, and pension plan change assumptions were updated for the June 30, 2024 valuation. The gain at June 30, 2024 was primarily driven by updated per capita costs. Other gains due to updated participation, discount rate and pension plan change assumptions were offset by losses due to the trend assumption. 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, 2024 is \$(3,871,000).

GASB 75 Information:

Fiscal Year Ending	<u>June 30, 2023</u>	<u>June 30, 2024</u>
1. Net OPEB Liability	\$ 629,587,000	\$ 456,097,000
2. Deferred (Inflows) / Outflows of Resources, after Recognition in OPEB Expense		
a. Deferred (Inflows) of Resources	\$ (73,612,000)	\$ (182,530,000)
b. Deferred Outflows of Resources	<u>88,145,000</u>	<u>55,980,000</u>
c. Total	\$ <u>14,533,000</u>	\$ <u>(126,550,000)</u>
3. OPEB Expense		
a. Employer Service Cost	\$ 15,545,000	\$ 20,325,000
b. Interest Cost	22,136,000	27,167,000
c. Expected Return on Assets	-	-
d. Changes in Benefit Terms	(12,955,000)	16,136,000
e. Recognition of deferred (inflows)/outflows of resources	<u>(14,178,000)</u>	<u>(67,499,000)</u>
f. Total collective OPEB expense / (income)	\$ <u>10,548,000</u>	\$ <u>(3,871,000)</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, 2023. 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 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024 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:
 - 60% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 65%).
- 5) The participation assumptions for all other participants changed based on emerging experience and the City's best estimate of long-term enrollment rates:
 - 40% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 45%).
 - 60% of the Pre-65 line-of-duty disabled retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 65%).
 - 25% of current Pre-65 opt-outs are assumed to elect Post-65 Retiree Exchange coverage (down from 35%).
- 6) Specified eligible public safety employees and non-commissioned dispatchers and paramedics currently participating in the 2016 Plan were given the option to make a one-time irrevocable election to return to the legacy 1978 Plan. The June 30, 2024 valuation census data reflects this change. The retirement rates were updated to reflect which Pension Plan formula the active participant is entitled to based on their election.

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, 2024:

- 1) Effective January 1, 2024, the City of Memphis reinstated the Choice Plan. As of July 1, 2024, the date of this valuation, both the Select Plan and the Choice Plan are self-insured plan options available to actives and retirees. No decisions have been made or communicated regarding plan offerings for 2025. (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, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Census Information			
1. Active			
a. Number	6,796	6,692	6,847
b. Average Age	45.24	45.43	44.97
c. Average Years of Service	13.1	13.1	12.5
d. Actual Covered Payroll ¹	\$ 378,824,000	\$ 368,709,000	\$ 369,163,000
2. Inactive (Retirees, Disabled, and Dependent Spouses)			
a. Number Eligible (Retiree/Disabled)	5,683	5,523	6,009
b. Number Enrolled (Retiree/Disabled)	2,296	2,285	2,372
c. Number Enrolled (Dependent Spouse)	<u>1,027</u>	<u>1,008</u>	<u>1,066</u>
d. Number Enrolled (Total) = b. + c.	3,323	3,293	3,438

¹ The actual covered payroll represents the total covered payroll for the prior 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 2023, the average salary was \$57,418.

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, 2024
 - b. Valuation Date June 30, 2023
 - 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
2025	7.00%
2026	6.72%
2027	6.44%
2028	6.17%
2029	5.89%
2030	5.61%
2031	5.33%
2032	5.06%
2033	4.78%
2034+	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 (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 4.21% as of June 30, 2024, 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, 2024, 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, 2024.

h. Discount Rate Sensitivity

	<u>1% Decrease (3.21%)</u>	<u>Current Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
Net OPEB Liability (ooo's)	\$ 504,788	\$ 456,097	\$ 413,815

i. Healthcare Trend Sensitivity

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (ooo's)	\$ 415,684	\$ 456,097	\$ 503,004

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 (continued)

3. Classes of plan members covered:

a. Retired members, beneficiaries and disabled members eligible for benefits	6,009
b. Active plan members	6,847
c. Total membership	<u>12,856</u>

4. The components of the Net OPEB Liability (ooo's) for the plan as of July 1, 2024 are as follows:

a. Total OPEB Liability	\$ 475,591
b. Plan Fiduciary Net Position	<u>19,494</u>
c. Net OPEB Liability	\$ 456,097
d. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.1%

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
2024	\$ 640,580	\$ 20,325	\$ 27,167	\$ 1,361	\$ (209,363)	\$ 16,136	\$ (20,615)	\$ 475,591

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 4.13% on the beginning-of-year Total OPEB Liability (including the change due to updated census as of July 1, 2023) 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 participation, per capita costs, trend, discount rate and plan change assumptions.

⁴ For 2024, the plan change reflects the reinstatement of the Choice Plan effective January 1, 2024.

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
2024	\$ 10,993	\$ 28,538	\$ 3,923	\$ 578	\$ (15,890)	\$ (8,648)	\$ -	\$ 19,494

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%
2024	\$ 475,591	\$ 19,494	\$ 456,097	4.1%	\$ 399,234	114.2%

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 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 2023, the average salary was \$57,418.

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%
2024	\$ 28,538	\$ 28,538	\$ -	\$ 399,234	7.1%

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 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 2023, the average salary was \$57,418.

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, 2024 (000's)

1. Total OPEB Liability		
a. Total OPEB Liability - Beginning of year		\$ 640,580
b. Service Cost ¹		\$ 20,325
c. Interest Cost ²		\$ 27,167
d. Experience (gains)/losses		\$ 1,361
e. Assumption Changes		\$ (209,363)
f. Changes of Benefit Terms		\$ 16,136
g. Benefit Payments and expenses, net of retiree contributions		\$ (20,615)
h. Total OPEB Liability - End of year		\$ 475,591
2. Plan Fiduciary Net Position		
a. Plan Fiduciary Net Position - Beginning of year		\$ 10,993
b. Employer Contributions		\$ 28,538
c. Employee Contributions		\$ 3,923
d. Investment return		
i. Total Investment Return	\$ 578	
ii. Investment Expenses	<u>-</u>	
iii. Net Investment Return		\$ 578
e. Benefit Payments		\$ (15,890)
f. Member Reassignments		\$ -
g. Administrative Expenses		\$ (8,648)
h. Plan Fiduciary Net Position - End of year		\$ 19,494
3. Net OPEB Liability		
a. Net OPEB Liability: (1)(h) - (2)(h)		\$ 456,097
b. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability : (2)(h) / (1)(h)		4.1%

¹ Determined as of the beginning of the year.

² Includes interest of 4.13% on the beginning-of-year service cost and the change in liability due to updated census as of July 1, 2023.

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, 2024

OPEB Expense (ooo's)

1. Service cost ¹	\$	20,325
2. Interest Cost ²		
a. Interest on Total OPEB Liability at BOY	\$	26,754
b. Interest on Service Cost		839
c. Half-year of interest on Benefit Payments		(426)
d. Total: (a) + (b) + (c)	\$	27,167
3. Expected Return on Assets ³	\$	-
4. Changes of Benefit Terms ⁴	\$	16,136
5. Recognition of deferred (inflows) / outflows of resources related to:		
a. Liability Experience (gains) / losses		2,431
b. Assumption Changes (gains) / losses		(69,656)
c. Investment (gains) / losses		(274)
d. Total: (a) + (b) + (c)	\$	(67,499)
6. Total Collective OPEB Expense / (Income): (1) + (2)(d) + (3) + (4) + (5)(d)	\$	(3,871)

¹ Determined as of the beginning of the year.

² Includes interest of 4.13% and interest on the change in the actuarial accrued liability due to the change in census data at July 1, 2023.

³ No expected return on assets included as all assets, including contributions during year, assumed to be used to pay claims during the year.

⁴ Reflected as of June 30, 2024, therefore no interest applied.

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, 2024

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						
			2024	2025	2026	2027	2028	2029	Thereafter
2017	\$ 18,838	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (11,621)	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (13,201)	4.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (2,264)	4.40	\$ (204)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ (2,215)	4.22	\$ (525)	\$ (115)	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ 12,287	3.89	\$ 3,159	\$ 2,810	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ (1,394)	3.86	\$ (361)	\$ (361)	\$ (311)	\$ -	\$ -	\$ -	\$ -
2024	\$ 1,361	3.76	\$ 362	\$ 362	\$ 362	\$ 275	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense:			\$ 2,431	\$ 2,696	\$ 51	\$ 275	\$ -	\$ -	\$ -

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, 2024

Changes in Assumptions (ooo'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						
			2024	2025	2026	2027	2028	2029	Thereafter
2017	\$ 25,586	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (76,034)	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (21,941)	4.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 21,629	4.40	\$ 1,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ (74,550)	4.22	\$ (17,666)	\$ (3,886)	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ (101,817)	3.89	\$ (26,174)	\$ (23,295)	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ 107,697	3.86	\$ 27,901	\$ 27,901	\$ 23,994	\$ -	\$ -	\$ -	\$ -
2024	\$ (209,363)	3.76	\$ (55,682)	\$ (55,682)	\$ (55,682)	\$ (42,317)	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense			\$ (69,656)	\$ (54,962)	\$ (31,688)	\$ (42,317)	\$ -	\$ -	\$ -

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, 2024

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				
			2024	2025	2026	2027	2028
2017	\$ (289)	5.00	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (257)	5.00	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (221)	5.00	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (190)	5.00	\$ (38)	\$ -	\$ -	\$ -	\$ -
2021	\$ (905)	5.00	\$ (181)	\$ (181)	\$ -	\$ -	\$ -
2022	\$ 693	5.00	\$ 139	\$ 139	\$ 137	\$ -	\$ -
2023	\$ (392)	5.00	\$ (78)	\$ (78)	\$ (80)	\$ (80)	\$ -
2024	\$ (578)	5.00	\$ (116)	\$ (116)	\$ (116)	\$ (116)	\$ (114)
Net increase (decrease) in OPEB expense			\$ (274)	\$ (236)	\$ (59)	\$ (196)	\$ (114)

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, 2024

Deferred Outflows and Inflows (000's)				Cumulative Amounts Recognized in Expense through June 30, 2024	Balances at June 30, 2024	
	Established in Fiscal Year Ending June 30,	Loss	(Gain)		Deferred Outflows of Resources	Deferred Inflows of Resources
		(a)	(b)	(c)	(d) = (a) - (c)	(e) = (b) - (c)
<i>a. Experience (Gains) and Losses</i>	2019		\$ (13,201)	\$ (13,201)	\$ -	\$ -
	2020		\$ (2,264)	\$ (2,264)	\$ -	\$ -
	2021		\$ (2,215)	\$ (2,100)	\$ -	\$ (115)
	2022	\$ 12,287		\$ 9,477	\$ 2,810	\$ -
	2023		\$ (1,394)	\$ (722)	\$ -	\$ (672)
	2024	\$ 1,361		\$ 362	\$ 999	\$ -
					\$ 3,809	\$ (787)
<i>b. Changes in Assumptions</i>	2019		\$ (21,941)	\$ (21,941)	\$ -	\$ -
	2020	\$ 21,629		\$ 21,629	\$ -	\$ -
	2021		\$ (74,550)	\$ (70,664)	\$ -	\$ (3,886)
	2022		\$ (101,817)	\$ (78,522)	\$ -	\$ (23,295)
	2023	\$ 107,697		\$ 55,802	\$ 51,895	\$ -
	2024		\$ (209,363)	\$ (55,682)	\$ -	\$ (153,681)
					\$ 51,895	\$ (180,862)
<i>c. Investment (Gains) and Losses</i>	2019		\$ (221)	\$ (221)	\$ -	\$ -
	2020		\$ (190)	\$ (190)	\$ -	\$ -
	2021		\$ (905)	\$ (724)	\$ -	\$ (181)
	2022	\$ 693		\$ 417	\$ 276	\$ -
	2023		\$ (392)	\$ (154)	\$ -	\$ (238)
	2024		\$ (578)	\$ (116)	\$ -	\$ (462)
					\$ 276	\$ (881)
<i>d. Collective Deferred Outflows/(Inflows) of Resources: (a) + (b) + (c)</i>					\$ 55,980	\$ (182,530)

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 (ooo'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:

2025	\$	(52,502)
2026	\$	(31,696)
2027	\$	(42,238)
2028	\$	(114)
2029	\$	-
Thereafter	\$	-

SECTION III - ASSETS

ASSETS

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A. Reconciliation of Market Value of Assets and Investment Return	20

SECTION III - ASSETS

A. Reconciliation of Market Value of Assets and Investment Return

1.	Market Value of Assets at June 30, 2023	\$	10,993,000
2.	Contributions		
a.	Employer Contributions	\$	28,538,000
b.	Employee Contributions		<u>3,923,000</u>
c.	Total	\$	32,461,000
3.	Benefit Payments in 2023 - 2024	\$	15,890,000
4.	Expenses		
a.	Investment Fees	\$	-
b.	Administrative Fees		<u>8,648,000</u>
c.	Total	\$	8,648,000
5.	Interest and Dividend Income	\$	108,000
6.	Net Appreciation/(Depreciation)	\$	470,000
7.	Other Revenue	\$	<u>-</u>
8.	Total Income: (5) + (6) + (7)	\$	578,000
9.	Market Value of Assets at June 30, 2024: (1) + (2)(c) - (3) - (4)(c) + (8)	\$	19,494,000
10.	Investment Return: $[2 \times (8)] \div [(1) + (9) - (8)]^1$		3.87%

¹ 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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B. Distribution of Active Members by Age and Service	22
C. Distribution of Inactive Plan Members (Retirees, Disabled, and Dependent Spouses)	23

SECTION IV - CENSUS DATA

A. Census Information

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
1. Active			
a. Number	6,796	6,692	6,847
b. Average Age	45.24	45.43	44.97
c. Average Years of Service	13.1	13.1	12.5
d. Actual Covered Payroll ¹	\$ 378,824,000	\$ 368,709,000	\$ 369,163,000
2. Inactive (Retirees, Disabled, and Dependent Spouses)			
a. Number Eligible (Retiree/Disabled)	5,683	5,523	6,009
b. Number Enrolled (Retiree/Disabled)	2,296	2,285	2,372
c. Number Enrolled (Dependent Spouse)	1,027	1,008	1,066
d. Number Enrolled (Total)	3,323	3,293	3,438

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 2023, the average salary was \$57,418.

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, 2023										
	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	161	176	5								342
25-29	183	380	90								653
30-34	123	313	285	41	5						767
35-39	81	212	232	187	81	6					799
40-44	58	146	158	162	200	75	3				802
45-49	45	79	102	103	195	228	56	1			809
50-54	50	104	89	87	144	276	270	44			1,064
55-59	30	83	98	49	81	157	154	98	39	1	790
60-64	9	58	65	43	53	80	74	58	55	11	506
65-69	3	19	25	23	31	27	32	22	20	23	225
70&Up	3	6	9	8	7	17	9	8	9	14	90
Total	746	1,576	1,158	703	797	866	598	231	123	49	6,847

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, 2023					
	City Self-Insured Plans ¹		HRA Exchange		Not Enrolled	Total
	Retiree/Disabled	Dependent Spouse	Retiree/Disabled	Dependent Spouse	Retiree/Disabled	
<40	31	10	2		48	91
40-44	45	24	1		15	85
45-49	55	27	1		58	141
50-54	146	69	8	4	182	409
55-59	216	88	18	8	343	673
60-64	207	73	56	25	477	838
65-69	33	9	280	170	588	1,080
70-74	61	14	293	168	653	1,189
75-79	53	16	362	199	540	1,170
80-84	27	2	254	106	344	733
85-89	12	2	131	37	228	410
90&Up	6	2	74	13	161	256
Total	892	336	1,480	730	3,637	7,075

¹ Self-Insured counts reflect the reinstatement of the Choice Plan. Therefore, the City Self-Insured Plans includes retirees/disableds and dependent spouses from both the Choice Plan and the Select Plan.

SECTION V - ASSUMPTIONS AND METHODS

ASSUMPTIONS AND METHODS

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C. Actuarial Methods for GASB 74 and GASB 75 Purposes	34

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 4.21% per annum at June 30, 2024
 4.13% per annum at June 30, 2023

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 to June 30, 2024 for Police and Fire employees. Effective July 1, 2024, the original salary increase assumption described above will be used.

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.

60% 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.

40% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage.

The 40% 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) 60% of the Pre-65 line-of-duty disabled retirees elect to participate on the Post-65 Retiree Exchange; and

(c) 25% 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 were developed by PwC based on historical calendar year 2021-2023 claims experience for City of Memphis retired participants adjusted for enrollment and plan design provisions. The Choice plan was reinstated effective January 1, 2024.

The age-weighted per capita claims cost curve for the fiscal year beginning July 1, 2024 were based on the following average costs (before rebates):

Cohort	Select Plan	Choice Plan
All Ages ¹	\$14,928	\$19,608

Annual prescription drug rebates for the fiscal year beginning July 1, 2024 are assumed to be \$1,752 per member and were reflected as an offset to the above costs.

¹Self-insured per capita costs apply only to Pre-65 line of duty disabled, commissioned police and fire, paramedics, and dispatchers and Post-65 No Medicare retirees. All other retirees are not eligible for coverage in the self-insured plans.

SECTION V - ASSUMPTIONS AND METHODS

A. Assumptions (continued)

Self-Insured Premiums 2025 Calendar Year Monthly Retiree Premiums that were used for the fiscal year beginning July 1, 2024 are provided below:

	<u>Select Plan</u>	<u>Choice Plan</u>
Single	\$216	\$309
Family	\$427	\$614

The Choice Plan was reinstated effective January 1, 2024.

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

<u>Annual Health Care Trend Rate</u>	<u>Fiscal Year Ending</u>	<u>Trend</u>
	2025	7.00%
	2026	6.72%
	2027	6.44%
	2028	6.17%
	2029	5.89%
	2030	5.61%
	2031	5.33%
	2032	5.06%
	2033	4.78%
	2034+	4.50%

HRA amounts are not assumed to increase in the future.

¹ Working 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 observed in the 2020 experience study and future expectations with periodic monitoring of observed gains and losses caused by disability patterns different than assumed.
Termination ^{1,2}	Termination rates are set based on the plan's historical experience observed in the 2020 experience study and future expectations with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.
Retirement Rates ^{1,3}	Retirement rates are set based on the plan's historical experience observed in the 2020 experience study 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 historical costs for the prior three years 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.

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).

² For the 1978/2012 plan participants, the select period is based on the prior experience study performed in 2014 as these individuals had no select period experience during the most recent experience study performed in 2020.

³ For the 1978/2012 Plan participants, retirement rates were updated based on observations in the 2020 experience study. For the 2016 Plan participants, very limited exposures exist. Therefore, the retirement rates were selected by the City based on their best estimate of anticipated future experience at the time of the plan change in 2016. The City will continue to monitor as actual experience becomes available.

SECTION V - ASSUMPTIONS AND METHODS

B. Assumptions Rationale (continued)

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.
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, 2023
----------------	---------------

Measurement Date	June 30, 2024
------------------	---------------

Fiscal Year End Reporting Date	June 30, 2024
--------------------------------	---------------

Benefit obligations were determined using a July 1, 2023 Valuation Date and based on census data as of that date. The resulting valuation was then rolled forward to the June 30, 2024 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 participation, per capita cost, trend, discount rate, and pension plan change 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 Choice Plan or Select Plan. The Choice Plan was reinstated effective January 1, 2024.

The City pays for costs in excess of required retiree premiums. Plan provisions are summarized on the following pages.

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.

		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

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.

SECTION VI - SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions (continued)

Summary of Self-Insured Medical Plan Benefits (2024 and 2025)

Type of Benefit (In-Network)	2024 Plan Designs		2025 Plan Designs	
	Choice	Select	Choice	Select
Medical				
Deductible (single / family)	N/A	\$1,500 / \$3,000	\$750 / \$1,500	\$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)	N/A	\$5,000 / \$10,000	\$6,000 / \$12,000	\$5,000 / \$10,000
Coinsurance Percentage	N/A	20%	20% / 40%	20%
Pharmacy				
Deductible (single / family)	N/A	\$250 / \$500	\$250 / \$500	\$250 / \$500
Generic Copay (retail / mail)	N/A	\$7 / \$14	\$7 / \$14	\$7 / \$14
Brand Formulary Copay (retail / mail)	N/A	Ded. then \$30 / \$60	Ded. then \$30 / \$60	Ded. then \$30 / \$60
Brand Non-Formulary Copay (retail / mail)	N/A	Ded. then 20% min. \$50 / \$100 max. \$100 / \$200	Ded. then \$50 / \$100	Ded. then 20% min. \$50 / \$100 max. \$100 / \$200

Subsequent Events

The HRA for pre-65 retirees will change from \$1,000 to \$1,250 effective January 1, 2025. Given this amendment was adopted after the June 30, 2024 year end, the impact was not reflected in the valuation.

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
<u> </u>	<u> </u>	<u> </u>	<u> </u>
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
2024	\$ 362,000	\$ 28,176,000	\$ 28,538,000

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 2019 - 2023 fiscal years | \$ 1,748,000 |
| ii. Total contributions for 2019 - 2023 fiscal years | \$ 83,201,000 |
| iii. Allocation percentage as of the beginning of the reporting period (i) ÷ (ii) | 2.10% |
| | |
| b. Development of allocation percentage as of the <i>ending</i> of the reporting period | |
| i. Airport Authority contributions for 2020 - 2024 fiscal years | \$ 1,754,000 |
| ii. Total contributions for 2020 - 2024 fiscal years | \$ 99,080,000 |
| iii. Allocation percentage as of the ending of the reporting period (i) ÷ (ii) | 1.77% |

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, 2024 | | | | | | | | | | | | | | | | | | | | | | |
|-------------|-------------------------|---|-------------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|-------|-------|
| b. | Valuation Date | June 30, 2023 | | | | | | | | | | | | | | | | | | | | | | |
| c. | Investment Yield | N/A | | | | | | | | | | | | | | | | | | | | | | |
| d. | Mortality Assumption | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> | | | | | | | | | | | | | | | | | | | | | | |
| e. | Future Trend Assumption | <table border="0"><thead><tr><th>Fiscal Year</th><th>Trend</th></tr></thead><tbody><tr><td>2025</td><td>7.00%</td></tr><tr><td>2026</td><td>6.72%</td></tr><tr><td>2027</td><td>6.44%</td></tr><tr><td>2028</td><td>6.17%</td></tr><tr><td>2029</td><td>5.89%</td></tr><tr><td>2030</td><td>5.61%</td></tr><tr><td>2031</td><td>5.33%</td></tr><tr><td>2032</td><td>5.06%</td></tr><tr><td>2033</td><td>4.78%</td></tr><tr><td>2034+</td><td>4.50%</td></tr></tbody></table> | Fiscal Year | Trend | 2025 | 7.00% | 2026 | 6.72% | 2027 | 6.44% | 2028 | 6.17% | 2029 | 5.89% | 2030 | 5.61% | 2031 | 5.33% | 2032 | 5.06% | 2033 | 4.78% | 2034+ | 4.50% |
| Fiscal Year | Trend | | | | | | | | | | | | | | | | | | | | | | | |
| 2025 | 7.00% | | | | | | | | | | | | | | | | | | | | | | | |
| 2026 | 6.72% | | | | | | | | | | | | | | | | | | | | | | | |
| 2027 | 6.44% | | | | | | | | | | | | | | | | | | | | | | | |
| 2028 | 6.17% | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | 5.89% | | | | | | | | | | | | | | | | | | | | | | | |
| 2030 | 5.61% | | | | | | | | | | | | | | | | | | | | | | | |
| 2031 | 5.33% | | | | | | | | | | | | | | | | | | | | | | | |
| 2032 | 5.06% | | | | | | | | | | | | | | | | | | | | | | | |
| 2033 | 4.78% | | | | | | | | | | | | | | | | | | | | | | | |
| 2034+ | 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 4.21% as of June 30, 2024, 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, 2024, 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, 2024.

h. Discount Rate Sensitivity	<u>1% Decrease (3.21%)</u>		<u>Current Rate (4.21%)</u>		<u>1% Increase (5.21%)</u>	
Net OPEB Liability (ooo's)	\$	8,935	\$	8,073	\$	7,325
i. Healthcare Trend Sensitivity	<u>1% Decrease</u>		<u>Current Trend Rates</u>		<u>1% Increase</u>	
Net OPEB Liability (ooo's)	\$	7,358	\$	8,073	\$	8,903

3. The Airport Authority's proportionate share of the Net OPEB Liability (ooo's) as of July 1, 2024 are as follows:

i. Total OPEB Liability	\$	8,418
ii. Plan Fiduciary Net Position		<u>345</u>
iii. Net OPEB Liability	\$	8,073
iv. Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		4.1%

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)	(2)	(3)	(4)	(5)	(6)
Year Ending June 30	Proportion of of the Net Liability (Asset) ²	Proportionate Share of Net OPEB Liability	Actual Covered Employee Payroll ³	Net OPEB Liability as a Percentage of Covered Payroll (3) ÷ (4)	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%
2022	2.24%	\$ 11,707	\$ 20,272	57.7%	1.2%
2023	2.10%	\$ 13,221	\$ 19,004	69.6%	1.7%
2024	1.77%	\$ 8,073	\$ 20,613	39.2%	4.1%

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

³ The actual covered payroll represents the total covered payroll for the year for those participants identified as Airport Authority in the census data.

APPENDIX I

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB 74 AND 75

E. Schedule of Employer Contributions under GASB 75 (ooo'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%
2024	\$ 362	\$ 362	\$ -	\$ 20,613	1.8%

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 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 year for those participants identified as Airport Authority in the census data.

APPENDIX I

EMPLOYER FINANCIAL STATEMENTS UNDER GASB 75

F. OPEB Expense under GASB 75 for the Fiscal Year Ending June 30, 2024

OPEB Expense (ooo's)¹

		<u>FY24</u>
Airport Authority Proportionate Share		1.77%
1. Service cost ²	\$	360
2. Interest Cost	\$	481
3. Expected Return on Assets	\$	-
4. Changes in Benefit Terms	\$	286
5. Recognition of deferred (inflows) / outflows of resources related to:		
a. Liability Experience (gains) / losses	\$	43
b. Assumption Changes (gains) / losses		(1,233)
c. Investment (gains) / losses		(5)
d. Changes in proportion of net OPEB liability and deferred (inflows) / outflows		(572)
e. Changes in actual contributions and proportionate share of contributions		(77)
f. Total: (a) + (b) + (c) + (d) + (e)	\$	<u>(1,844)</u>
6. Total Collective OPEB Expense: (1) + (2) + (3) +(4) + (5)(f)	\$	(717)

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, 2024

Deferred Outflows and Inflows (000's)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>a. Experience (Gains) and Losses</i>	\$ 67	\$ (14)
<i>b. Changes in Assumptions</i>	\$ 919	\$ (3,201)
<i>c. Investment (Gains) and Losses</i>	\$ 5	\$ (15)
<i>d. Changes in Proportionate Share of Net OPEB Liability and Deferred Outflows and Inflows</i>	\$ 116	\$ (1,913)
<i>e. Difference Between Airport Authority Contribution and Proportionate Share of Contribution</i>	\$ 3	\$ (185)
<i>f. Deferred Outflows/(Inflows) of Resources (a) + (b) + (c) + (d) + (e)</i>	\$ 1,110	\$ (5,328)

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 (ooo'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:

2025	\$	(1,671)
2026	\$	(1,359)
2027	\$	(1,187)
2028	\$	(2)
2029	\$	-
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, 2024

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						
			2024	2025	2026	2027	2028	2029	Thereafter
2017	\$ (891)	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 152	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (488)	4.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (612)	4.40	\$ (56)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ 693	4.22	\$ 164	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ 343	3.89	\$ 88	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ (879)	3.86	\$ (228)	\$ (228)	\$ (195)	\$ -	\$ -	\$ -	\$ -
2024	\$ (2,030)	3.76	\$ (540)	\$ (540)	\$ (540)	\$ (410)	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense			\$ (572)	\$ (652)	\$ (735)	\$ (410)	\$ -	\$ -	\$ -

- 1 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, 2024

Difference in Actual and Proportionate Share of Contributions (ooo'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						
			2024	2025	2026	2027	2028	2029	Thereafter
2017	\$ (180)	5.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (42)	4.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 70	4.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 32	4.40	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ 71	4.22	\$ 17	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ (127)	3.89	\$ (33)	\$ (28)	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ (106)	3.86	\$ (27)	\$ (27)	\$ (25)	\$ -	\$ -	\$ -	\$ -
2024	\$ (143)	3.76	\$ (38)	\$ (38)	\$ (38)	\$ (29)	\$ -	\$ -	\$ -
Net increase (decrease) in OPEB expense			\$ (77)	\$ (90)	\$ (63)	\$ (29)	\$ -	\$ -	\$ -

- ¹ The 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 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.