

# CITY OF ROCHESTER HILLS, MICHIGAN POSTRETIREMENT HEALTH PLAN

---

GASB 74/75 ACTUARIAL VALUATION  
AS OF JANUARY 1, 2025

LIMITED-YEAR REPORTING



FOR THE DECEMBER 31, 2025  
FINANCIAL STATEMENT REPORTING

668 N. River Road  
Naperville, IL 60563  
Phone: 630.393.1483  
Fax: 630.393.2516  
[lauterbachamen.com](http://lauterbachamen.com)

# Actuarial GASB Disclosures Statements 74 and 75

---



## Lauterbach & Amen, LLP

---

CERTIFIED PUBLIC ACCOUNTANTS

### CITY OF ROCHESTER HILLS, MICHIGAN POSTRETIREMENT HEALTH PLAN

**Fiscal Year Ending: December 31, 2025**

Actuarial Valuation Date: January 1, 2025

Measurement Date: December 31, 2025

Utilizing Data as of January 1, 2025

---

**Submitted by:**

Lauterbach & Amen, LLP  
630.393.1483 Phone  
[www.lauterbachamen.com](http://www.lauterbachamen.com)

**Contact:**

Todd A. Schroeder  
February 12, 2026

***LAUTERBACH & AMEN, LLP***



# TABLE OF CONTENTS

---

ACTUARIAL CERTIFICATION .....	5
MANAGEMENT SUMMARY .....	6
Comments and Analysis .....	7
Comments and Analysis – Continued.....	8
Comments and Analysis – Continued.....	9
POSTRETIREMENT PLAN NET POSITION .....	10
Statement of OPEB Plan Net Position .....	11
Statement of Changes in OPEB Trust and OPEB Plan Net Position .....	12
Statement of OPEB Plan Benefit Payments and Contributions .....	13
ACTUARIAL OPEB LIABILITY INFORMATION .....	14
Statement of Total OPEB Liability .....	15
Expected Benefit Payments .....	16
Statement of Changes in Total OPEB Liability .....	17
Statement of Changes in Net OPEB Liability .....	18
Deferred Outflows and Inflows of Resources .....	19
Deferred Outflows and Inflows of Resources - Details .....	20
OPEB Expense Development .....	21
Breakdown of Results by Group .....	22
Breakdown of Results by Group - Continued .....	23
Notes on Breakdown of Results by Group.....	24
ACTUARIAL ASSUMPTION INFORMATION .....	25
Statement of Significant Actuarial Assumptions .....	26
Statement of Significant Actuarial Assumptions – Continued.....	27
Statement of Significant Actuarial Assumptions – Continued.....	28
Assumption Changes .....	28
Expected Return on OPEB Plan Assets .....	28
Municipal Bond Rate .....	29
Discount Rate .....	29
Inflation Rate .....	29
Assessment and Use of Actuarial Models.....	30
Sensitivity of the Discount Rate .....	31
PARTICIPANT DATA .....	32
Participant Demographic Data.....	33
Expected Future Working Lifetime .....	33



# TABLE OF CONTENTS

---

FUNDING POLICY .....	34
Components of the Actuarially Determined Contribution .....	35
Formal Funding Policy .....	35
Informal Funding Policy .....	35
Informal Funding Policy - Continued .....	36
Funding Policy – Other Considerations .....	37
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION .....	38
Schedule of Changes in the Net OPEB Liability .....	39
Schedule of Total OPEB Liability and Related Ratios .....	40
Schedule of Contributions .....	41
Notes to Schedule of Contributions .....	41
GASB METHODS AND PROCEDURES .....	42
GASB Methods and Procedures .....	43
GASB Methods and Procedures – Continued .....	44
PLAN PROVISIONS .....	45
Summary of Eligibility and Coverage .....	46
Summary of Eligibility and Coverage – Continued .....	47
Summary of Eligibility and Coverage – Continued .....	48
GLOSSARY OF TERMS .....	49
GASB 74/75 Terminology .....	50
GASB 74/75 Terminology – Continued .....	51



## ACTUARIAL CERTIFICATION

This certification provides supplemental information as required by the Governmental Accounting Standards Board. The enclosed schedules were prepared by the undersigned to provide general information to assist in the preparation of the Annual Financial Report. The assumptions and methods used in the preparation of this disclosure meet the parameters set for the disclosures presented in the financial section as required by the Governmental Accounting Standards Board. Additional information is also provided solely to assist the auditors in preparation of the required footnote disclosures.

The results in this report are based on information and data submitted by the City of Rochester Hills, Michigan. We did not prepare the Actuarial Valuations for the years prior to January 1, 2018. Those valuations were prepared by other Actuaries whose reports have been furnished to us, and our disclosures are based upon those reports. An audit of the information was not performed, but high-level reviews were performed for general reasonableness as appropriate based on the purpose of the valuation. The accuracy of the results is dependent upon the precision and completeness of the underlying information. The results of the Actuarial Valuation and these supplemental disclosures rely on the information provided.

The valuation results summarized involve actuarial calculations that require assumptions about future events. The City of Rochester Hills, Michigan selected certain assumptions, while others were the result of guidance and/or judgment. We believe that the assumptions used in the valuation are reasonable and appropriate for the purposes for which they have been used.

In preparing the results, our Actuaries used commercially available software (ProVal) developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing Actuarial Valuations. Our Actuaries coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. The undersigned consultants of Lauterbach & Amen, LLP, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the City of Rochester Hills, Michigan and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder, ASA, FCA, EA, MAAA

Megan Spitzer, ASA, MAAA, ACA



## MANAGEMENT SUMMARY

Comments and Analysis  
Limited-Year Reporting

---



---

## COMMENTS AND ANALYSIS

This report details the data, assumptions, and underlying methodology used in the GASB 74/75 valuation as of January 1, 2025. The results assumed that no significant changes have been made to the retiree medical program and a full valuation is not required. Please confirm with your auditors that limited-year reporting is acceptable for the Fiscal Year ended December 31, 2025, before relying on these results. If you made significant changes to the retiree medical plan, a full valuation may be required.

### **Limited-Year Reporting**

GASB Statement 75 allows for reporting for the current fiscal year-end based on the Actuarial Valuation for the prior year in many circumstances, as long as there have been no significant changes. The Employer has confirmed that there have been no significant changes to the medical premiums, the group covered, or the Eligibility and Coverage provisions. Therefore, they have elected a limited valuation for the current fiscal year reporting. The limited-year valuation relies on census, medical information – including claims and premiums, and eligibility and coverage information utilized in the prior GASB 74/75 valuation. This information is not updated in the limited-year report. The limited-year report does reflect updates to the Measurement Date, discount rate, and Covered-Employee Payroll to stay consistent with the requirements of GASB 74/75.

### **Expected Decrease in Total OPEB Liability**

Each year the Total OPEB Liability is expected to increase with interest and the accrual of additional service by active plan Members. The increases are offset by decreases in liability due to benefit payments. The expected Total OPEB Liability decrease for the current year was approximately \$97,000.

In addition to the expected decrease in Total OPEB Liability, additional changes in Total OPEB Liability occurred between the prior valuation and the current year. Below are the key components of those changes.

### **Demographic Experience**

Limited-year reporting does not update census information, claims, or premiums from the prior year's full valuation.

### **Actuarial Gain/Loss**

The difference between the expected benefit payments calculated in the actuarial valuation year and the benefit payments paid from the OPEB Trust has been recognized as an actuarial gain/loss for the current year. The actuarial gain for the current year was approximately \$18,000.

### **Plan Changes**

Limited-year reporting does not update plan provisions from the prior year's full valuation.

### **Assumption Changes**

The Discount Rate remained the same at 5.00%. See the *Discount Rate* section of this report for further details.



---

## COMMENTS AND ANALYSIS – CONTINUED

### **Long-Term Expected Rate of Return Assumption**

Lauterbach & Amen, LLP does not provide investment advice. We look at a variety of factors when reviewing the expected rate of return on assets assumption selected by the City. These factors include historical rates of return, capital market projections performed by the Fund’s investment advisors, the Fund’s investment policy, capital market forward looking benchmark expected returns by independent investment companies, rates used by comparable pension and OPEB systems, and other factors identified in the Actuarial Standards of Practice.

Generally speaking, the ideal assumption for expected asset returns is one that has a 50% chance of being met over the long-term. Recently, we have observed the following factors that impact expected investment returns:

- Inflation rates on a forward-looking basis are not expected to be as high as historical measures. This is based on the capital market assumptions that come from investment professionals working with pension and OPEB funds. Lower inflation going forward means our “Real Return” actually needs to increase to maintain a similar investment return to historical returns.
- Volatility in the market has been higher which drags down long-term geometric returns.
- Capital Market projections for short-terms are generally lower than the long-term.
- Similar pension and OPEB systems are looking to reduce future expectations.

If actual returns going forward come in less than expected, the OPEB system risks deferring contributions to the future that should be made today, and creating additional contribution volatility. If actual returns are higher, contributions calculated will decrease in the future. The City’s current expected return assumption is on the conservative end of the spectrum compared to other pension and OPEB systems, but is not unreasonable given the market observations, and the short-term nature of the expected benefit payments relative to pensions. We continued to utilize a 5.00% rate of return in this valuation. This lower 5.00% expected rate of return continues to be supportable only because the OPEB Trust’s asset allocation is anticipated to become more conservative in future years, based on our review of current capital market expectations and forward-looking risk assessments.

We recommend the City continue to review the expected return assumption on an annual basis and consider whether or not the assumption is a reasonable representation of future expected asset returns.



---

**COMMENTS AND ANALYSIS – CONTINUED**

**GASB Solvency**

GASB requires the discount rate to be a blend of expected asset returns and market discount rates. The blend is determined based on the anticipated solvency of the OPEB trust projected on the closed group under GASB standards. The discount rate we used is the full expected rate of return on assets based on full anticipated solvency of the OPEB trust. Solvency is reasonably expected based on the Total OPEB Liability being funded currently in excess of 100%, and the employer contributions consistently coming in at or above the Actuarially Determined Contribution (which is determined using 100% funding target).



## POSTRETIREMENT PLAN NET POSITION

Statement of OPEB Plan Net Position  
Statement of Changes in OPEB Trust and OPEB Plan Net Position  
Statement of OPEB Plan Benefit Payments and Contributions

---



---

**STATEMENT OF OPEB PLAN NET POSITION**

	<u>12/31/2024</u>	<u>12/31/2025</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 72,652	\$ 54,081
Total Cash	<u>72,652</u>	<u>54,081</u>
Receivables:		
Due from City	-	-
Investment Income - Accrued Interest	-	-
Prepaid Expenditure	7	6
Total Receivables	<u>7</u>	<u>6</u>
Investments:		
Mutual Funds	2,078,992	2,184,893
Total Investments	<u>2,078,992</u>	<u>2,184,893</u>
Total Assets	<u>2,151,651</u>	<u>2,238,980</u>
<b>Liabilities</b>		
Payables:		
Expenses Due/Unpaid	-	-
Other	-	-
Total Liabilities	<u>-</u>	<u>-</u>
<b>Net Position Restricted for Postretirement Plan</b>	<u>\$ 2,151,651</u>	<u>\$ 2,238,980</u>

The OPEB Plan Net Position shown above is intended to be in accordance with GAAP and GASB rules. The Fair Market Value of Investments has been provided by the City, and the results are being audited by an independent auditor. The City has also confirmed that the Trust is an irrevocable Trust, as defined by GASB statements 74/75, and used solely for the purpose of funding the OPEB benefits. The assets have been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the fair market value of the investments or the designation as an irrevocable Trust. The assets for the Fiscal Year ending December 31, 2025 are based on year end financials only and are preliminary and tentative, subject to change as of the preparation of this report.



---

**STATEMENT OF CHANGES IN OPEB TRUST AND OPEB PLAN NET POSITION**

	<u>12/31/2025</u> <u>OPEB Trust</u>	<u>12/31/2025</u> <u>OPEB Plan</u>
<b>Additions</b>		
Contributions		
Employer	\$ 7,800	\$ 7,800
Member	-	-
Other	-	-
Total Contributions	<u>7,800</u>	<u>7,800</u>
Investment Income		
Net Appreciation in Fair Value of Investments	287,967	287,967
Interest and Dividends	-	-
Less Investment Expense	-	-
Net Investment Income	<u>287,967</u>	<u>287,967</u>
Total Additions	<u>295,767</u>	<u>295,767</u>
<b>Deductions</b>		
Benefit Payments	190,317	190,317
Administrative Expense	18,121	18,121
Other	-	-
Total Deductions	<u>208,438</u>	<u>208,438</u>
Net Increase in Net Position	<u>87,329</u>	<u>87,329</u>
<b>Net Position Restricted for Postretirement Plan</b>		
Beginning of Year	<u>2,151,651</u>	<u>2,151,651</u>
End of Year	<u>\$ 2,238,980</u>	<u>\$ 2,238,980</u>

The OPEB Plan Net Position shown above is intended to be in accordance with GAAP and GASB rules. The Fair Market Value of Investments has been provided by the City, and the results are being audited by an independent auditor. The City has also confirmed that the Trust is an irrevocable Trust, as defined by GASB statements 74/75, and used solely for the purpose of funding the OPEB benefits. The assets have been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the fair market value of the investments or the designation as an irrevocable Trust. The assets for the Fiscal Year ending December 31, 2025 are based on year end financials only and are preliminary and tentative, subject to change as of the preparation of this report.



---

**STATEMENT OF OPEB PLAN BENEFIT PAYMENTS AND CONTRIBUTIONS**

	<u>12/31/2025</u>
Employer Contributions	
OPEB Trust Contributions	\$ 7,800
Contributions from Other City Resources*	-
Total OPEB Plan Contributions	<u>\$ 7,800</u>
Employer Benefit Payments	
Benefit Payments from Trust	\$ 190,317
Payments from Other City Resources*	-
Total OPEB Plan Benefit Payments	<u>\$ 190,317</u>

The Employer Contributions and Benefit Payments are based on the cost sharing provisions.



## ACTUARIAL OPEB LIABILITY INFORMATION

Statement of Total OPEB Liability  
Expected Benefit Payments  
Statement of Changes in Total OPEB Liability  
Statement of Changes in Net OPEB Liability  
Deferred Outflows and Inflows of Resources  
Deferred Outflows and Inflows of Resources – Details  
OPEB Expense Development  
Breakdown of Results by Group  
Notes on Breakdown of Results by Group

---



---

**STATEMENT OF TOTAL OPEB LIABILITY**

	<u>12/31/2024</u>	<u>12/31/2025</u>
Total Active Employees	\$ 245,593	\$ 254,659
Inactive Employees Currently Receiving Benefit Payments	1,635,033	1,510,895
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-
Total Inactive Employees	<u>1,635,033</u>	<u>1,510,895</u>
Total OPEB Liability	<u>\$ 1,880,626</u>	<u>\$ 1,765,554</u>

The Total OPEB Liability shown is dependent on several factors such as Plan Provisions and assumptions used in the report. In addition, the calculation of the Total OPEB Liability may be dependent on the OPEB Plan Net Position shown in the *Statement of OPEB Trust and OPEB Plan Net Position* section of this report. Changes in the OPEB Plan Net Position due to any factor, including adjustment on final audit, could change the Total OPEB Liability. The dependence of the Total OPEB Liability on the Net Position is due to the role of the Net Position (and projected Net Position) on the determination of the discount rate used for the Total OPEB Liability.

The Total OPEB Liability has been determined for GASB 74/75 reporting purposes only. The resulting Total OPEB Liability is intended to be used in the financial statement reporting of the postretirement plan and/or the Employer. The resulting liability is not intended to be a representation of the postretirement plan liability for other purposes, including but not limited to determination of cash funding requirements and recommendations, if applicable.



---

## EXPECTED BENEFIT PAYMENTS

Subsequent to the Measurement Date, the following amounts are expected to be paid out in benefits in upcoming years:

<b>Year Ended</b>	
<b>December 31:</b>	
2026	\$ 210,985
2027	202,660
2028	199,982
2029	194,000
2030	183,198

The table above represents the expected benefit payments for the next 5 years under the OPEB Plan. Benefit payments in an OPEB plan do not necessarily imply the existence of an OPEB trust. The payments include obligations that come from other employer resources. Benefit payments may include direct payments made by the employer for health coverage for the retiree group. Benefit payments may also reflect implicit payments made by the employer that are based on the existence of retirees on employer medical coverage, that are not directly linked to retiree premiums or stipends.



---

## STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

<b>Total OPEB Liability</b>	<b>12/31/2025</b>
Service Cost	\$ 4,133
Interest	88,830
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(17,718)
Changes in Assumptions	-
Benefit Payments*	(190,317)
Net Change in Total OPEB Liability	(115,072)
Total OPEB Liability - Beginning	1,880,626
Total OPEB Liability - Ending (a)	<u>\$ 1,765,554</u>
OPEB Plan Net Position - Ending (b)	<u>\$ 2,238,980</u>
<b>Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ (473,426)</u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	126.81%
Covered-Employee Payroll	\$ 23,064,417
Employer's Net OPEB Liability as a Percentage of Employee Payroll	-2.05%

\*See the benefit breakdown in the *Statement of OPEB Plan Benefit Payments and Contributions* section of this report.

The OPEB Plan Net Position was detailed in the prior section of this report. The Employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position. The changes in the Net OPEB Liability related to changes in assumptions are due to changes detailed in the *Management Summary* section of this report.

Total OPEB Liability may be dependent on the Net Position of the postretirement plan. Any changes in Net Position, including adjustments on final audit, can have an impact on Net OPEB Liability that extends beyond the dollar-for-dollar change in Net Position.

Covered-Employee Payroll is based on Total Covered Payroll for the postretirement plan Members during the Fiscal Year.



**STATEMENT OF CHANGES IN NET OPEB LIABILITY**

The table below illustrates the change in the Net OPEB Liability from the prior Measurement Date to the current Measurement Date. Under Statement 75, the difference between the Net OPEB Liability from the prior Measurement Date to the current Measurement Date should be recognized as an expense, unless permitted to be recognized as a Deferred Outflow or Inflow of Resources.

	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances Beginning at 1/1/2025</b>	\$ 1,880,626	\$ 2,151,651	\$ (271,025)
<b>Changes for the year:</b>			
Service Cost	4,133	-	4,133
Interest	88,830	-	88,830
Actuarial Experience	(17,718)	-	(17,718)
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	7,800	(7,800)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	287,967	(287,967)
Benefit Payments from the Plan	(190,317)	(190,317)	-
Administrative Expense	-	(18,121)	18,121
<b>Net Changes</b>	<u>(115,072)</u>	<u>87,329</u>	<u>(202,401)</u>
<b>Balances Ending at 12/31/2025</b>	<u>\$ 1,765,554</u>	<u>\$ 2,238,980</u>	<u>\$ (473,426)</u>

The changes in Total OPEB Liability above are described on the prior page. The OPEB Plan Net Position was detailed in the prior section of this report. The Employer’s Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position.



---

## DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. Changes in Total OPEB Liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB Expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual		
Earnings on Postretirement Plan Investments	99,657	264,907
Total Deferred to Be Recognized in Future Expense	<u>\$ 99,657</u>	<u>\$ 264,907</u>
Contributions Subsequent to the Measurement Date*	\$ -	\$ -
Total	<u>\$ 99,657</u>	<u>\$ 264,907</u>

\*Contributions subsequent to the Measurement Date may be recognized as a reduction to the Net OPEB Liability. The amount is not known as of the date of this report. Subsequent to the Measurement Date, the following amounts will be recognized in OPEB Expense in the upcoming years:

<b>Year Ended</b>	
<b>December 31:</b>	
2026	\$ 12,099
2027	(87,558)
2028	(53,715)
2029	(36,076)
2030	-
Thereafter	-



**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - DETAILS**

The table below shows the annual detail amounts that have been summarized on the prior page. Under Statement 75, the level of detail shown on the prior page is sufficient for financial statement reporting. The detail shown below is primarily for tracking purposes.

<b>OPEB Expense Source</b>	<b>Date Established</b>	<b>Initial Period</b>	<b>Initial Balance</b>	<b>Remaining Period</b>	<b>12/31/2025 Expense Recognized</b>	<b>12/31/2025 Deferred Balance</b>
Asset Gain	12/31/2025	5.00	\$ (180,384)	5.00	\$ (36,077)	\$ (144,307)
Actuarial Gain	12/31/2025	1.00	(17,718)	1.00	(17,718)	-
Asset Gain	12/31/2024	5.00	(88,190)	4.00	(17,638)	(52,914)
Asset Gain	12/31/2023	5.00	(169,215)	3.00	(33,843)	(67,686)
Asset Loss	12/31/2022	5.00	498,289	2.00	99,658	99,657
Asset Gain	12/31/2021	5.00	\$ (85,530)	1.00	\$ (17,106)	\$ -
<b>Total</b>			<b>\$ (42,748)</b>		<b>\$ (22,724)</b>	<b>\$ (165,250)</b>

Each detail item in the chart above was established as of the Fiscal Year-End shown and the full amount deferred has been determined as of that time. Any events that occur in subsequent Fiscal Years do not have an impact on the prior Fiscal Year. The bases are established independently each year.



---

## OPEB EXPENSE DEVELOPMENT

The table below displays the OPEB Expense development for the current year. The OPEB Expense includes items that change the Net OPEB Liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for development of the OPEB Expense:

	<u>12/31/2025</u>
<b>OPEB Expense/(Income) Under GASB 75</b>	
Service Cost	\$ 4,133
Interest	88,830
Plan Changes	-
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	(107,583)
Administrative Expense	18,121
Other Changes	-
Initial OPEB Expense/(Income)	<u>3,501</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	(17,718)
Recognition of Outflow/(Inflow) of Resources due to Assets	<u>(5,006)</u>
<b>Total OPEB Expense/(Income)</b>	<b><u>\$ (19,223)</u></b>



**BREAKDOWN OF RESULTS BY GROUP**

<b>Division</b>	<b>Fire</b>	<b>General Fund</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
<b>Total OPEB Liability - Beginning</b>	\$ 229,436	\$ 1,506,006	\$ 145,184	\$ 1,880,626
Service Cost	504	3,310	319	4,133
Interest Cost	10,828	71,144	6,858	88,830
Change of Benefit Terms	-	-	-	-
Changes in Proportions from Prior to Current	(187)	187	-	-
Differences Between Expected and Actual Experience	(2,160)	(14,190)	(1,368)	(17,718)
Changes of Assumptions	-	-	-	-
Benefit Payments	(23,200)	(152,425)	(14,692)	(190,317)
<b>Total OPEB Liability - Ending</b>	\$ 215,221	\$ 1,414,032	\$ 136,301	\$ 1,765,554
<b>Market Value of Assets - Beginning</b>	\$ 1,118,858	\$ 279,715	\$ 753,078	\$ 2,151,651
<b>Market Value of Assets - Ending</b>	\$ 291,067	\$ 1,186,660	\$ 761,253	\$ 2,238,980
<b>Net OPEB Liability - Beginning</b>	\$ (889,422)	\$ 1,226,291	\$ (607,894)	\$ (271,025)
<b>Net OPEB Liability - Ending</b>	\$ (75,846)	\$ 227,372	\$ (624,952)	\$ (473,426)
<b>Service Cost - Ending</b>	\$ 504	\$ 3,310	\$ 319	\$ 4,133
<b>Current Year Proportion</b>	12.19%	80.09%	7.72%	
<b>Participant Counts</b>				
Active Employees	1	14	3	18
Inactive Employees Currently Receiving Benefit	10	50	15	75
Inactive Employees Entitled to But Not Yet Receiving Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Plan Members</b>	11	64	18	93



**BREAKDOWN OF RESULTS BY GROUP - CONTINUED**

<b>Division</b>	<b>Fire</b>	<b>General Fund</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
<b>Deferred Outflows</b>				
Differences Between Expected and Actual Experience	\$ -	\$ -	\$ -	\$ -
Changes of Assumptions	-	-	-	-
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	12,148	79,815	7,694	99,657
Contributions Subsequent to the Measurement Date	-	-	-	-
<b>Total Deferred Outflows</b>	<b>\$ 12,148</b>	<b>\$ 79,815</b>	<b>\$ 7,694</b>	<b>\$ 99,657</b>
<b>Deferred Inflows</b>				
Differences Between Expected and Actual Experience	\$ -	\$ -	\$ -	\$ -
Changes of Assumptions	-	-	-	-
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	32,292	212,165	20,451	264,908
Contributions Subsequent to the Measurement Date	-	-	-	-
<b>Total Deferred Inflows</b>	<b>\$ 32,292</b>	<b>\$ 212,165</b>	<b>\$ 20,451</b>	<b>\$ 264,908</b>
Service Cost	\$ 504	\$ 3,310	\$ 319	\$ 4,133
Interest	10,828	71,144	6,858	88,830
Plan Changes	-	-	-	-
Contributions (Employee & Other)	-	-	-	-
Expected Investment Income	(13,115)	(86,163)	(8,305)	(107,583)
Administrative Expense	2,209	14,513	1,399	18,121
Other Changes	-	-	-	-
Recognition of Outflow/(Inflow) of Resources - Liabilities	(2,160)	(14,190)	(1,368)	(17,718)
Recognition of Outflow/(Inflow) of Resources - Assets	(611)	(4,009)	(386)	(5,006)
<b>Total OPEB Expense/(Income)</b>	<b>\$ (2,345)</b>	<b>\$ (15,395)</b>	<b>\$ (1,483)</b>	<b>\$ (19,223)</b>



---

## NOTES ON BREAKDOWN OF RESULTS BY GROUP

### **Estimated Actuarially Determined Contribution (ADC)**

A hypothetical Actuarially Determined Contribution (ADC), not based on the City's Formal Funding Policy, has been used here for purposes of allocating costs to various divisions for internal reporting purposes.

#### **Purpose**

The allocations provided are intended to be used internally by the City for financial statement reporting by the City to the extent that the City wishes to allocate these costs in general. The allocation is not required by GASB 75. The allocated amounts are not intended to provide disclosure for any component unit that requires its own individual audit.

#### **Scope**

Service Cost as of the beginning of the year, Total OPEB Liability, Deferred Inflows and Outflows of Resources related to the difference in actual and expected experience, changes in assumptions, difference between projected and actual earnings and contributions subsequent to the Measurement Date are allocated proportionally to each group based on the ADC.

#### **Method**

The ADC is based on Service Cost and amortizing the Net OPEB Liability over a 20-year time frame on a level percent of payroll basis.

#### **Limitations**

The ADC shown is not based on the City's funding policy and is not intended as a recommendation at this time. It is only intended to provide a metric for allocating financial statement costs to various divisions at the City.



## ACTUARIAL ASSUMPTION INFORMATION

Statement of Significant Actuarial Assumptions  
Assumption Changes  
Expected Return on OPEB Plan Investments  
Municipal Bond Rate  
Discount Rate  
Inflation Rate  
Assessment and Use of Actuarial Models  
Sensitivity of the Discount Rate  
Sensitivity of the Healthcare Cost Trend Rates

---



---

## STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS

The assumptions detailed below are based on the baseline calculations for the Fiscal Year ended December 31, 2024.

### Assumptions (Economic)

Discount Rate Used for the Total OPEB Liability	
Beginning of Year	5.00%
End of Year	5.00%
Long-Term Expected Rate of Return on Plan Assets	5.00%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	
Beginning of Year	4.08%
End of Year	4.83%
Total Payroll Increases	2.50%
Claims and Premiums	See Accompanying Tables
Healthcare Cost Trend Rates	See Accompanying Tables
Retiree Contribution Rates	Same as Healthcare Cost Trend Rates

### Claims

Should an employee elect to remain on medical insurance in retirement, the participant would be covered under a Retiree-only medical insurance resulting in no implicit liability to the City. Therefore, medical insurance claims analysis is not warranted in this analysis.

### Healthcare Cost Trend Rates

As there is no implicit liability to the City, any healthcare cost trend rate assumption would be related to City-provided explicit benefits. City-provided benefits are fixed, not subject to future increases, resulting in a 0% assumed cost increase.



---

**STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED**

**Explicit Benefits**

City-provided benefits are only available to employees who had at least 10 years of service as of March 12, 2001. Benefits are a flat fixed amount based on years of service as of March 12, 2001 for a fixed benefit period as detailed below.

<b>Years of Service as of March 12, 2001</b>	<b>Fixed Monthly</b>	<b>Fixed Benefit Period (Years)</b>
10	\$75	10
11	\$91	11
12	\$108	12
13	\$127	13
14	\$147	14
15	\$169	15
16	\$192	16
17	\$217	17
18	\$243	18
19	\$271	19
20	\$300	20
21	\$331	21
22	\$363	22
23	\$397	23
24	\$432	24
25+	\$469	25

**Election at Retirement**

Coverage election at retirement is assumed at the following rates:

<b>All Groups</b>	100%
-------------------	------

**Spousal Election**

Of those employees assumed to elect coverage in retirement, 80% are assumed to have an eligible spouse/dependent who would receive the benefit in the event the employee passes away. Female spouses are assumed to be 3 years younger than male spouses.



---

## STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

### Retirement Rates

MERS Based on Rates from MERS Experience Study Report dated February 14, 2020

### Termination Rates

MERS Based on Rates from MERS Experience Study Report dated February 14, 2020

### Disability Rates

MERS Based on Rates from MERS Experience Study Report dated February 14, 2020

### Mortality Rates

MERS PubG-2010 Improved Generationally using MP-2020 Improvement Rates, weighted per MERS Experience Study Report dated February 14, 2020

All mortality rates are adjusted for retirement status.

### ASSUMPTION CHANGES

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 4.08% to 4.83% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

The discount rate used in the determination of the Total OPEB Liability has remained the same at 5.00%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20-year Tax Exempt G.O. Bond Rate will impact the blended discount rate. In addition, there are changes that can be made that impact the projection of the OPEB Plan Net Position. For example, changes in the Formal or Informal Funding Policy can impact the blended discount rate.

### EXPECTED RETURN ON OPEB PLAN ASSETS

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return for each of the major asset classes in the plan's investment policy. Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The long-term expected rates of return on assets have not been provided by the City or the plan's investment advisor and should be included as part of the financial statement reporting.



---

## **MUNICIPAL BOND RATE**

The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of year rate shown earlier in the *Statement of Significant Assumptions* section of this report is the 4.08% rate, and the end of year rate shown is the 4.83% rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

## **DISCOUNT RATE**

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate. If the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, then only the Municipal Bond Rate is used in determining the Total OPEB Liability.

If the postretirement plan is funded, as is the case with the City, cash flow projections are used to determine the extent which the plan's future Net Position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected Net Position, the expected rate of return on plan investments is used to determine the portion of the Net OPEB Liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected Net Position, the Municipal Bond Rate is used to determine the portion of the Net OPEB Liability associated with those payments.

Projected benefit payments are determined during the valuation process based on the assumptions. More details on the assumptions are in the *Statement of Significant Assumptions* section of this report. The expected contributions are based on the Funding Policy of the plan. The Funding Policy is discussed in more detail in a later section.

## **INFLATION RATE**

The Long-Term Inflation Expectation used is 2.50%, which is an underlying component of the discount rate and assumed health care trend rates.



---

## ASSESSMENT AND USE OF ACTUARIAL MODELS

Actuarial Valuations rely upon the use of actuarial modeling software to predict the occurrence of future events, which include specific demographic and financial potential outcomes. Actuarial assumptions are established to provide a guideline to use for such modeling.

- The model used in this Actuarial Valuation is intended to determine the Total OPEB Liability to assist in the preparation of the Annual Comprehensive Financial Report. The actuarial assumptions used were developed with this goal in mind.
- There are no known material limitations or inconsistencies among the actuarial assumptions or methods.
- The output from the model is reasonable based on the individual actuarial assumptions and based on the actuarial assumptions in the aggregate.
- The actuarial software used to calculate plan liabilities has been purchased from an outside vendor. We have performed thorough testing of the software, including review of sample participants, to ensure the intended purpose of the model, the operation of the model, sensitivities and dependencies, and strengths and limitations of the model are sufficient for this purpose.
- Census data and financial information have been provided by client professionals, financial advisors, and/or auditors, who are known to be experts in their respective fields. We rely on the fact that the information provided by these experts has been given for the intended purpose of this Actuarial Valuation.
- Where applicable, certain actuarial assumptions and Funding Policy may be required as prescribed by law. In such instances, we have followed legal guidance to ensure conformity.
- The Expected Rate of Return on Investments assumption has been chosen using input from several sources; including, but not limited to: client professionals, financial advisors, auditors, and other capital market outlooks. We have relied on the information provided, in the aggregate, to settle on the selected Expected Rate of Return on Investments assumption.



---

### SENSITIVITY OF THE DISCOUNT RATE

The Net OPEB Liability has been determined using the end of year discount rate listed in the *Statement of Significant Assumptions* section. Below is a table illustrating the sensitivity of the Net OPEB Liability to the discount rate assumption.

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Employer's Net OPEB Liability/(Asset)	(\$385,505)	(\$473,426)	(\$554,017)

The sensitivity of the Net OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.



## PARTICIPANT DATA

Participant Demographic Data  
Expected Future Working Lifetime

---



---

## PARTICIPANT DEMOGRAPHIC DATA

The chart below summarizes the employee count of plan Members:

<b>Measurement Date</b>	<b><u>12/31/2024</u></b>	<b><u>12/31/2025</u></b>
Total Active Employees	18	18
Inactive Employees Currently Receiving Benefit Payments	75	75
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0	0
Total	<u>93</u>	<u>93</u>

Because this is a limited-year report, we did not collect new census data, but instead relied on the census data used in the baseline calculations for the Fiscal Year ended December 31, 2024. The data is assumed to be a reasonable representation of data as of the Measurement Date and may have been collected on or before the Fiscal Year-End date.

## EXPECTED FUTURE WORKING LIFETIME

The chart below summarizes the expected future working lifetime of plan Members:

<b>Measurement Date</b>	<b><u>12/31/2024</u></b>	<b><u>12/31/2025</u></b>
Average Future Working Career (In Years)		
Active Plan Members	2.91	2.91
Inactive Plan Members	0.00	0.00
Total	1.00	1.00

The expected future working lifetime is measured as of the Actuarial Valuation Date and is based on the demographic assumptions used in the preparation of this report.



## FUNDING POLICY

Components of the Actuarially Determined Contribution  
Formal Funding Policy  
Informal Funding Policy

---



---

## **COMPONENTS OF THE ACTUARIALLY DETERMINED CONTRIBUTION**

The Actuarially Determined Contribution (“ADC”) includes the determination of the Normal Cost contribution for active plan Members, as well as a provision for the payment of Unfunded Liability.

The actuarial funding method used in the determination of the Normal Cost and the Actuarial Accrued Liability is the Entry Age Normal Cost method (level percent of pay). The method allocates Normal Cost contributions by employees over the working career of the employee on a level percent of pay basis.

Unfunded Liability is the excess of the Actuarial Liability over the postretirement plan’s Net Position. The Actuarially Determined Contribution includes a payment towards Unfunded Liability existing at the Actuarial Valuation Date. The payment towards Unfunded Liability is set up as a level dollar payment that is not expected to increase during the payment period. The period of repayment is based on a layered amortization with new sources of Unfunded Liability paid off over 15 years.

For the City of Rochester Hills, the determination of an ADC and Normal Cost are provided in supplementary funding exhibits.

## **FORMAL FUNDING POLICY**

There is a Formal Funding Policy that exists for the postretirement plan at this time. The policy states that the City will contribute 100% of the Actuarially Determined Contribution on the above stated funding policy parameters.

## **INFORMAL FUNDING POLICY**

In determining the most appropriate informal funding policy, GASB provides the following guidance in the Statement:

*Application of professional judgment should consider the most recent five-year contribution history of the employers and nonemployer contributing entities as a key indicator of future contributions from those sources and should reflect all other known events and conditions... the amount of projected cash flows for contributions from employers and nonemployer contributing entities should be limited to an average of contributions from those sources over the most recent five-year period and may be modified based on consideration of subsequent events. For this purpose, the basis for the average (for example, percentage of covered payroll contributed or percentage of actuarially determined contributions made) should be a matter of professional judgment.*



---

## INFORMAL FUNDING POLICY - CONTINUED

In our review of informal funding policy, the following factors are considered and described herein:

1. The five-year contribution history of the Employer (with a focus on the average contributions from those sources)
2. All other known events and conditions
3. Consideration of subsequent events

### Five-Year Contribution History of the Employer

Employer contributions (under the informal policy) should be limited to the average over the most recent five years. In determining the basis for the average, we reviewed three possibilities: (a) the average dollar contribution; (b) the average percent of pensionable pay; and (c) the average percent of the actuarial determined contribution. Please see the table below for a summary of these values:

<u>Fiscal Year End</u>	<u>Employer Contributions</u>	<u>Most Applicable ADC</u>	<u>% of ADC</u>	<u>Covered Payroll</u>	<u>% of Payroll</u>
12/31/2025	\$7,800	\$0	0%	\$23,064,417	0.03%
12/31/2024	\$47,520	\$0	0%	\$22,938,821	0.21%
12/31/2023	\$75,110	\$47,520	158%	\$21,300,518	0.35%
12/31/2022	\$75,110	\$42,332	177%	\$20,324,375	0.37%
12/31/2021	\$218,130	\$55,124	396%	\$19,063,880	1.14%

### Informal Funding Policy – Selected

There is a Formal Funding Policy that exists for the City of Rochester Hills Postretirement Health Plan. See the *Formal Funding Policy* section of this report for further details. For this reason, we have not determined an Informal Funding Policy for GASB 74/75 reporting purposes.

### Other Known Events and Conditions

GASB has a provision for consideration of any other known events or conditions in the most recent five-year history in applying judgement for the informal funding policy. There are no events or conditions that have been considered in the development of the informal funding policy.

### Consideration of Subsequent Events

GASB has a provision for modification based on consideration of subsequent events in development of the informal funding policy. There are no subsequent events that have been considered in the development of the informal funding policy.



---

## **FUNDING POLICY – OTHER CONSIDERATIONS**

Under GASB, the future contribution amount is not intended to include dollars contributed on behalf of future employees. Contributions are only intended to cover contributions towards the Normal Cost of existing employees as of the Actuarial Valuation Date as well as payment of unfunded liability on behalf of the current existing employees. Contributions under the funding policy have been adjusted as necessary to exclude dollars that would be anticipated to be contributed on behalf of future employees hired after the actuarial valuation date.

The contribution level may not pay off the unfunded liability during the active working lifetimes of current employees. In that case contributions will persist beyond the working lifetimes of current employees. To the extent a portion of the above total contribution is anticipated to pay contributions for future employee normal cost, the amount has been netted out. The remaining amount is anticipated to be paid towards the unfunded liability existing for current employees.



## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability  
Schedule of Total OPEB Liability and Related Ratios  
Schedule of Contributions  
Notes to Schedule of Contributions

---



## SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
<b>Total OPEB Liability</b>										
Service Cost	\$ 4,133	\$ 7,429	\$ 7,075	\$ 12,577	\$ 11,978	\$ 2,303	\$ 3,804	\$ 3,262	\$ 3,349	
Interest	88,830	93,748	99,157	99,075	103,241	110,608	108,711	117,707	102,677	
Changes of Benefit Terms	-	-	-	80,899	-	-	-	-	-	
Differences Between Expected and Actual Experience	(17,718)	(10,189)	(27,682)	(5,477)	(35,487)	(112,574)	(64,894)	-	10,148	
Change in Assumptions	-	-	-	-	-	(9,462)	(56,647)	349,701	-	
Benefit Payments	(190,317)	(194,365)	(183,052)	(181,405)	(158,904)	(147,580)	(135,994)	(131,552)	(136,717)	
<b>Net Change in Total OPEB Liability</b>	<b>\$ (115,072)</b>	<b>\$ (103,377)</b>	<b>\$ (104,502)</b>	<b>\$ 5,669</b>	<b>\$ (79,172)</b>	<b>\$ (156,705)</b>	<b>\$ (145,020)</b>	<b>\$ 339,118</b>	<b>\$ (20,543)</b>	
<b>Total OPEB Liability - Beginning</b>	<b>1,880,626</b>	<b>1,984,003</b>	<b>2,088,505</b>	<b>2,082,836</b>	<b>2,162,008</b>	<b>2,318,713</b>	<b>2,463,733</b>	<b>2,124,615</b>	<b>2,145,158</b>	
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,765,554</b>	<b>\$ 1,880,626</b>	<b>\$ 1,984,003</b>	<b>\$ 2,088,505</b>	<b>\$ 2,082,836</b>	<b>\$ 2,162,008</b>	<b>\$ 2,318,713</b>	<b>\$ 2,463,733</b>	<b>\$ 2,124,615</b>	
<b>OPEB Plan Net Position</b>										
Contributions - Employer	\$ 7,800	\$ 47,520	\$ 75,110	\$ 75,110	\$ 218,130	\$ 75,110	\$ 75,110	\$ -	\$ -	
Contributions - Members	-	-	-	-	-	-	-	-	-	
Contributions - Other	-	-	-	-	-	-	12,008	10	-	
Net Investment Income	287,967	194,088	267,938	(375,013)	197,896	129,620	338,189	(88,657)	278,839	
Benefit Payments	(190,317)	(194,365)	(183,052)	(181,405)	(158,904)	(147,580)	(135,994)	(131,552)	(127,457)	
Administrative Expense	(18,121)	(13,400)	(16,505)	(9,441)	(18,618)	(17,827)	(21,987)	(25,235)	(9,260)	
Prior Period Audit Adjustment	-	(145)	-	(307)	-	-	-	-	-	
<b>Net Change in OPEB Plan Net Position</b>	<b>\$ 87,329</b>	<b>\$ 33,698</b>	<b>\$ 143,491</b>	<b>\$ (491,056)</b>	<b>\$ 238,504</b>	<b>\$ 39,323</b>	<b>\$ 267,326</b>	<b>\$ (245,434)</b>	<b>\$ 142,122</b>	
<b>OPEB Plan Net Position - Beginning</b>	<b>2,151,651</b>	<b>2,117,953</b>	<b>1,974,462</b>	<b>2,465,518</b>	<b>2,227,014</b>	<b>2,187,691</b>	<b>1,920,365</b>	<b>2,165,799</b>	<b>2,023,677</b>	
<b>OPEB Plan Net Position - Ending (b)</b>	<b>\$ 2,238,980</b>	<b>\$ 2,151,651</b>	<b>\$ 2,117,953</b>	<b>\$ 1,974,462</b>	<b>\$ 2,465,518</b>	<b>\$ 2,227,014</b>	<b>\$ 2,187,691</b>	<b>\$ 1,920,365</b>	<b>\$ 2,165,799</b>	
<b>Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ (473,426)</b>	<b>\$ (271,025)</b>	<b>\$ (133,950)</b>	<b>\$ 114,043</b>	<b>\$ (382,682)</b>	<b>\$ (65,006)</b>	<b>\$ 131,022</b>	<b>\$ 543,368</b>	<b>\$ (41,184)</b>	

The current year information was developed in the completion of this report.



---

## SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 1,765,554</u>	<u>\$ 1,880,626</u>	<u>\$ 1,984,003</u>	<u>\$ 2,088,505</u>	<u>\$ 2,082,836</u>	<u>\$ 2,162,008</u>	<u>\$ 2,318,713</u>	<u>\$ 2,463,733</u>	<u>\$ 2,124,615</u>	
<b>OPEB Plan Net Position - Ending (b)</b>	<u>\$ 2,238,980</u>	<u>\$ 2,151,651</u>	<u>\$ 2,117,953</u>	<u>\$ 1,974,462</u>	<u>\$ 2,465,518</u>	<u>\$ 2,227,014</u>	<u>\$ 2,187,691</u>	<u>\$ 1,920,365</u>	<u>\$ 2,165,799</u>	
<b>Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ (473,426)</u>	<u>\$ (271,025)</u>	<u>\$ (133,950)</u>	<u>\$ 114,043</u>	<u>\$ (382,682)</u>	<u>\$ (65,006)</u>	<u>\$ 131,022</u>	<u>\$ 543,368</u>	<u>\$ (41,184)</u>	
<b>OPEB Plan Net Position as a Percentage of the</b>										
<b>Total OPEB Liability</b>	126.81%	114.41%	106.75%	94.54%	118.37%	103.01%	94.35%	77.95%	101.94%	
<b>Covered-Employee Payroll</b>	\$23,064,417	\$ 22,938,821	\$ 21,300,518	\$ 20,324,375	\$ 19,063,880	\$ 18,142,589	\$ 17,116,176	\$ 16,391,372	\$ 15,444,492	
<b>Employer's Net OPEB Liability as a Percentage of</b>										
<b>Covered-Employee Payroll</b>	-2.05%	-1.18%	-0.63%	0.56%	-2.01%	-0.36%	0.77%	3.31%	-0.27%	

Covered-Employee Payroll is based on Total Covered Payroll for the postretirement plan Members during the Fiscal Year.



**SCHEDULE OF CONTRIBUTIONS**

	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Actuarially Determined Contribution	\$ -	\$ -	\$ 47,520	\$ 42,332	\$ 55,124	\$ 68,214	\$ 69,906	\$ 14,522	\$ 14,522	
Contributions in Relation to the Actuarially Determined Contribution	7,800	47,520	75,110	75,110	218,130	75,110	75,110	-	-	
Contribution Deficiency (excess)	<u>\$ (7,800)</u>	<u>\$ (47,520)</u>	<u>\$ (27,590)</u>	<u>\$ (32,778)</u>	<u>\$ (163,006)</u>	<u>\$ (6,896)</u>	<u>\$ (5,204)</u>	<u>\$ 14,522</u>	<u>\$ 14,522</u>	
Covered-Employee Payroll	<u>\$23,064,417</u>	<u>\$22,938,821</u>	<u>\$21,300,518</u>	<u>\$20,324,375</u>	<u>\$19,063,880</u>	<u>\$18,142,589</u>	<u>\$17,116,176</u>	<u>\$16,391,372</u>	<u>\$15,444,492</u>	
Contributions as a Percentage of Covered-Employee Payroll	0.03%	0.21%	0.35%	0.37%	1.14%	0.41%	0.44%	0.00%	0.00%	

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

The Actuarially Determined Contribution shown above for the fiscal years ending December 31, 2019 through December 31, 2025 are from the Funding Report completed by Lauterbach & Amen, LLP with a 1-year lag on contributions. All other historical Actuarially Determined Contributions are from the City’s December 31, 2017 Comprehensive Annual Financial Report developed under the GASB 43/45 Annual Required Contribution (ARC) concept.



# GASB METHODS AND PROCEDURES

GASB Methods and Procedures

---



---

## GASB METHODS AND PROCEDURES

	<b>Statement 74</b>	<b>Statement 75</b>
	<b><u>OPEB Plan Financials</u></b>	<b><u>Employer Financials</u></b>
Fiscal Year End for Reporting	<b>December 31, 2025</b>	<b>December 31, 2025</b>
Measurement Date	December 31, 2025	December 31, 2025
Actuarial Valuation Date	January 1, 2025	January 1, 2025
Data Date	January 1, 2025	January 1, 2025
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

### **Methodology Used in the Determination of Deferred Inflows and Outflows of Resources**

Amortization Method	Straight Line	Straight Line
Amortization Period		
Actuarial Experience	1.00 Years	1.00 Years
Changes in Assumptions	1.00 Years	1.00 Years
Asset Experience	5.00 Years	5.00 Years

As noted in the table above, the Actuarial Funding Method used in the determination of the Total OPEB Liability is the Entry Age Normal Cost method (level percent of pay). The method allocates Normal Cost contributions by employee over the working career of the employee as a level percent of their pay.

The Total OPEB Liability for the current Fiscal Year has been developed based on the Actuarial Valuation Date shown above, and adjusted to the Measurement Date shown above, based on procedures that conform to generally accepted actuarial principles and practices.



---

## **GASB METHODS AND PROCEDURES – CONTINUED**

We calculated the Total OPEB Liability and Service Cost under the Entry Age Normal funding method as required under GASB 75. We calculated the Present Value of Benefits for each participant at each potential retirement age, factoring in probabilities of survival thereafter. We used the appropriate group tables to determine a probability that active members retire at each age to determine the Present Value of Benefits. We adjusted this using the Present Value of Future Salaries at Entry Age, factoring in interest, salary, and probability of remaining active from entry age to current age, to obtain Normal Cost. We then calculated the Present Value of Future Normal Costs and subtracted this from the Present Value of Benefits to obtain Total OPEB Liability. This methodology is in accordance with GASB Statement 74/75.



## PLAN PROVISIONS

Summary of Eligibility and Coverage

---



**SUMMARY OF ELIGIBILITY AND COVERAGE**

The plan sponsor has reviewed and agreed to the below eligibility and coverage provisions.

**Eligibility Provisions**

*Full-Time Employees- AFSCME Local 2491*

Age 55 with at least 5 years of service

*Full-Time Employees- AFSCME Local 1917 and Firefighters Local 3472*

Age 55 with at least 5 years of service

*Full-Time Employees- Non-Union*

Age 55 with at least 5 years of service

**Types of OPEB Retirement Plans**

*Retiree Health Savings Plan (RHS Plan)*

Funded through City contributions and pre-tax mandatory Employee contributions.

Available to all eligible employees (full-time non-union Employees and Employees covered through CBAs) after they have completed six months of full-time service with the City.

Benefits are based upon accumulated contributions and investment earnings .

*Supplemental Benefit Plan*

Funded through a Retiree Health Care Benefit Trust .

Available only to Employees who had at least 10 years of service as of March 12, 2001.

Benefits are a flat fixed amount based on years of service (maxed at 25 years) as of March 12, 2001 according to the following formula:

$$Benefit = Years\ of\ Service * Years\ of\ Service * .5 * 1.5$$

Years of Service as of March 12, 2001	Fixed Monthly Amount
10	75
11	91
12	108
13	127
14	147
15	169
16	192
17	217

Years of Service as of March 12, 2001	Fixed Monthly Amount
18	243
19	271
20	300
21	331
22	363
23	397
24	432
25+	469



---

## SUMMARY OF ELIGIBILITY AND COVERAGE – CONTINUED

### Medical/Prescription Coverage

#### *Types of Coverage:*

##### For Retirees:

HAP PPO (Group # 10001173-1001)

HAP Buy-Up HMO (Group # 10000725-1401)

HAP Core HMO

#### *Coverage Provisions:*

##### *All Retirees*

##### Pre-65 Coverage:

Retirees and / or Spouses meeting eligibility requirements for the Supplemental Benefit Plan will receive the fixed monthly amount towards health insurance premiums for the City's health plans (medical, dental, and vision) or their own individual plans.

All Retirees must pay for all premiums and provide the City with proof of coverage. The City will reimburse them the Supplemental Benefit.

Dependent and/or Spousal coverage can continue should the Retiree pass away, with the beneficiaries continuing to receive the Supplemental Benefit Plan fixed amount, assuming the Retiree would've continued to receive the fixed amount had they survived. The Dependent and/or Spouse must pay for all premiums and provide the City with proof of coverage. The City will reimburse them the Supplemental Benefit.

Any Retirees not meeting the eligibility requirements for the Supplemental Benefit Plan or Retirees whose benefit has ended may continue City insurance in retirement. However, they are responsible for the full cost of coverage.

##### Post-65 Coverage:

Retirees are not permitted to remain on City insurance once Medicare eligible. However, they may continue to receive the Supplemental Benefit Plan fixed amount based on their period of coverage.

All Retirees must pay for all premiums and provide the City with proof of coverage. The City will reimburse them the Supplemental Benefit.



---

## SUMMARY OF ELIGIBILITY AND COVERAGE – CONTINUED

### **Dental, Vision, and Life Insurance Coverage**

#### *Types of Coverage:*

##### For Retirees:

- Delta Dental Core (Group # 0215-0002)
- Delta Dental Buy-Up (Group # 0215-1002)
- NVA Vision (Group # 51471-000002)
- Life Insurance

#### *Coverage Provisions:*

##### *All Retirees*

##### Pre-65 Coverage:

Life Insurance is not offered to Retirees through the City. Instead, Retirees can convert their policy into an individual policy not through the City. The City will not reimburse for this premium.

For Dental and/or Vision, the Retiree pays the full cost of coverage. Retirees can utilize the Supplemental Benefit Plan funds or their RHS account to pay for premium cost.

##### Post-65 Coverage:

Retirees can pay the premiums and stay on the City's Dental and/or Vision plans. Retirees can utilize the Supplemental Benefit Plan funds or their RHS account to pay for premium cost.



# GLOSSARY OF TERMS

GASB 74/75 Terminology

---



---

## **GASB 74/75 TERMINOLOGY**

***Covered-Employee Payroll*** – The payroll of employees that are provided with OPEB through the OPEB plan.

***Healthcare Cost Trend Rates*** – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

***Implicit Subsidy*** – The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have been applicable to those retirees if that benefit was acquired for them as a separate group.

***Net OPEB Liability (“NOL”)*** – The excess of the Total OPEB Liability over the Market Value of Assets.

***OPEB Expense*** – OPEB Expense arising from certain changes in the collective Net OPEB Liability or collective Total OPEB Liability.

***OPEB Fiduciary Net Position (“Net Position”)*** – The value of cash, investments, other assets and property belonging to an OPEB Trust dedicated to paying OPEB benefits.

***OPEB Trust*** – A system other than a pension or retirement system which manages OPEB assets. Contributions to an OPEB Trust should be irrevocable in order to obtain the most favorable accounting treatment.

***Other Postemployment Benefits (“OPEB”)*** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided.

***Service Cost*** – The present value of future benefits earned by employees during the current Fiscal Year. It is that portion of the actuarial present value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.



---

**GASB 74/75 TERMINOLOGY – CONTINUED**

***Total OPEB Liability (“TOL”)*** – The actuarial present value of future benefits based on employees’ service rendered to the Measurement Date using the selected Actuarial Cost Method. It is that portion of the actuarial present value of plan benefits and expenses allocated to prior years of employment.

*Retirees & Dependents* – Former employees who have satisfied the age and service requirement and are currently receiving postretirement healthcare benefits.

*Actives Fully Eligible* – Active employees who have satisfied the age and service requirement for postretirement healthcare benefits.

*Actives Not Fully Eligible* – Active employees who have not yet satisfied the age and service requirement for postretirement healthcare benefits.