

April 26, 2024

PERSONAL & CONFIDENTIAL

Dan Rushford
Alger County Road Commission
E9264 M-28
Munising, MI 49862

RE: Alger County Road Commission Other Post-Employment Benefits Plan

Dear Dan:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending December 31, 2023. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 74 (GASB 74) Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and Statement No. 75 (GASB 75) Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The actuarial values shown in this report are based on December 31, 2022 results rolled forward to December 31, 2023.

If you have any questions about this report, please call me at (616) 742-9244.

Sincerely,



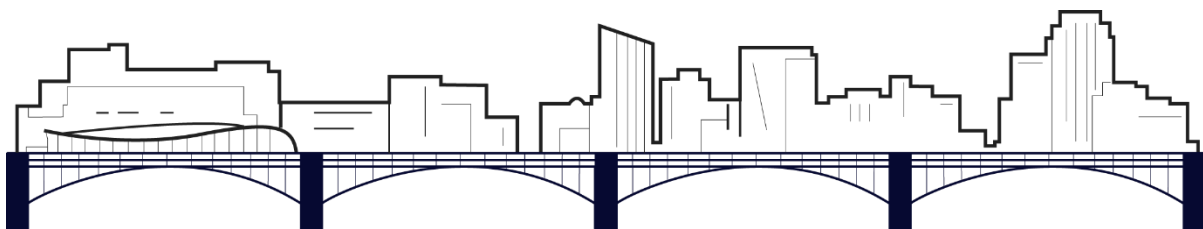
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Alger County Road Commission Other Post-Employment Benefits Plan

Accounting Report

for the Period Ending December 31, 2023
under GASB Statement 74 & 75



Report presented by:



April 2024

CONTENTS

INTRODUCTION AND CERTIFICATION1

COMMENTS2

PLAN DESCRIPTION3

ASSUMPTIONS AND METHODS4

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY5

 Changes in the Net OPEB Liability 5

 Net OPEB Liability – Discount and Trend Rate Sensitivities 5

 OPEB Expense 6

 OPEB Plan Fiduciary Net Position 6

 Deferred Inflows and Outflows of Resources Related to OPEB Plan 6

 Reconciliation of Net OPEB Liability 7

 Total OPEB Liability by Participant Status 7

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION8

 Description of Actuarially Determined Contributions 8

 State of Michigan Public Acts 530 and 202 Information 9

 Changes in Net OPEB Liability and Related Ratios 10

 Assumptions and Methods for Calculation of Actuarially Determined Contribution 11

 Assumptions used for PA 202 Reporting 12

 Schedule of Difference between Actual and Expected Experience 13

 Schedule of Changes in Assumptions 13

 Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments 13

 Total Deferred Outflow/(Inflow) of Resources 13

TRUSTEE AND FORM 5720 INFORMATION14

SUMMARY OF PLAN PROVISIONS15

GLOSSARY16

INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. This information may, at the discretion of the management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 74 and 75 and may be inappropriate for other purposes.

The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared based on participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted and has no reason to believe that any information which would have a material effect on the results of this valuation, was not considered in the preparation of the report.

The actuary certifying this report represents herself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared and Certified by:



Leah A. Dudley, FCA, ASA, MAAA
Health Actuary

Reviewed by:



Lisa J. Hayes
Senior OPEB Analyst

COMMENTS

Purpose of Governmental Accounting Standards Board (GASB) Reporting

The objective of GASB is to provide guidelines and requirements for accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources and methods and assumptions that are required to be used to project benefit payments and discount those payments to their actuarial present value.

State of Michigan Public Act 202

Public Act 202 (PA 202) was drafted to address the underfunded status of pension and retiree healthcare plans of local governments in Michigan. Accordingly, PA 202 included transparency and funding requirements. In addition, in order that the plans' funded status be reported on a consistent basis, Uniform Assumptions were published. While all of the Uniform Assumptions have a sound and reasonable basis, some might not be appropriate for each plan and therefore may be different than what is used for funding. Additionally, some of the assumptions may differ from what is required for reporting under GASB.

PA 202 further requires that plans covering 100 or more Plan Members – active and inactive:

- 1. At least every 5 years, the local unit of government (city, village, township, county, county road commission or other districts, authorities created by the state or 1 or more these entities) shall have an actuarial experience study conducted by the plan actuary for each retirement system of the local unit of government and**
- 2. At least every 8 years, the local unit of government shall do at least 1 of the following:**
 - a. Have a peer actuarial audit conducted by an actuary that is not the plan actuary**
 - b. Replace the plan actuary**

Actuarial Experience Study – Not applicable; there are fewer than 100 participants in the plan

Changes in Actuarial Assumptions, Plan Changes and Expected Actuarial Experience

There was a gain to the plan of \$1,288 due to the retiree benefits being lower than projected. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated an increase in liability of \$23,939.

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Alger County Road Commission Other Post-Employment Benefits Plan and additions to/deductions from the Road Commission’s fiduciary net position have been determined on the same basis as they are reported by the Alger County Road Commission. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Alger County Road Commission Other Post-Employment Benefits Plan is a single employer plan established and administered by **Alger County Road Commission** and can be amended at its discretion.

Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

Summary of Plan Participants

As of December 31, 2022, Retirement Plan membership consisted of the following:

Active members	26
Inactive members	0
Retirees and beneficiaries	3
Total members	29

Contributions

The Alger County Road Commission Other Post-Employment Benefits Plan was established and is being funded under the authority of the Road Commission. The plan's funding policy is to contribute \$25,000 annually into their OPEB trust pursuant to their Corrective Action Plan in addition to paying plan benefits from general operating funds. There are no long-term contracts for contributions to the plan.

ASSUMPTIONS AND METHODS

The Alger County Road Commission's OPEB liability was measured as of December 31, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. The following actuarial assumptions were used in the measurement:

Inflation	2.5%
Salary increases	3.0% (for purpose of allocating liability)
Investment rate of return	7.0% (including inflation)
20-year Aa Municipal bond rate	4.0%
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Private Assets	20.0%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.0%.

Discount Rate

The discount rate used to measure the total OPEB liability was **5.53%**. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make annual contributions of \$25,000, in addition to paying retiree healthcare costs from general operating funds until the plan is at least 40% funded. After reaching 40% funding, we have assumed that the Road Commission will make annual contributions equal to the normal cost. Based on these assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members through 2041 – the crossover point. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2022 the discount rate used to value OPEB liabilities was 5.76%.

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2022	\$945,749	\$152,814	\$792,935
Changes during the Year			
Service Cost	45,896		45,896
Interest	54,903		54,903
Experience (Gains)/Losses	(1,288)		(1,288)
Change in plan terms	0		0
Change in actuarial assumptions	23,939		23,939
Contributions to OPEB trust		25,000	(25,000)
Contributions/benefit from general operating funds		76,930	(76,930)
Employee Contributions		0	0
Net Investment Income		18,914	(18,914)
Benefit Payments; Including Refunds of Employee Contributions	(76,930)	(76,930)	0
Administrative Expenses		(324)	324
Other Changes		0	0
Total Changes	46,520	43,590	2,930
Balance at December 31, 2023	\$992,269	\$196,404	\$795,865

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the Road Commission, calculated using trend and discount rates 1% higher and lower than base assumptions:

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$1,045,865	\$992,269	\$942,194
Plan Fiduciary Net Position	196,404	196,404	196,404
Net OPEB Liability	\$849,461	\$795,865	\$745,790
Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$921,373	\$992,269	\$1,072,661
Plan Fiduciary Net Position	196,404	196,404	196,404
Net OPEB Liability	\$724,969	\$795,865	\$876,257

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 12/31/2023
Service Cost	\$45,896
Interest on Total OPEB Liability	54,903
Experience (Gains)/Losses	(19,483)
Changes in Plan Terms	0
Changes in Assumptions	(23,623)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(11,124)
Investment Earnings (Gains)/Losses	672
Administrative Expenses	324
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$47,565

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2023 is \$196,404.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	43,771	118,353
Changes of Assumptions	24,616	96,321
Investment Earnings (Gains)/Losses	5,971	0
Total	\$74,358	\$214,674

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

Year Ended December 31,	Amount Recognized
2024	\$(41,572)
2025	(40,768)
2026	(39,449)
2027	(21,121)
2028	(10,544)
Thereafter	13,138

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability December 31, 2022	\$792,935
Total OPEB expense	47,565
Contributions	(101,930)
Change in deferred outflows of resources	5,773
Change in deferred inflows of resources	51,522
Net OPEB Liability December 31, 2023	\$795,865

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$779,463
Inactive participants	0
Retirees and beneficiaries	212,806
Total OPEB Liability	\$992,269

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

Although not required as part of GASB reporting, we have included an Actuarially Determined Contribution in order to provide information for funding. This recommended contribution is designed to eventually fund your plan enough that you can pay retiree benefits directly from the trust instead of general operating funds. The amortization period is based on average future working years for active employees.

Actuarially Determined Contribution (ADC) ¹	Fiscal Year Ending December 31,	
	2024	2023
Discount rate	5.53%	5.76%
Amortization period	8 years	9 years
Amortization method	Level % of pay	Level % of pay
Normal cost	41,544	45,896
Amortization of Net OPEB Liability	108,134	97,706
Interest to end of year	8,277	8,272
Total ADC	\$157,955	\$151,874

PA 202 was issued by the State of Michigan and requires the calculation of other “contribution” amounts. These are

1. The Actuarially Determined Contribution (ADC) using Assumptions for financial reporting and
2. The minimum required amount to be deposited into an OPEB trust

The first of these contributions as shown above, \$151,874, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn’t yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the normal cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. Because past contributions have been sufficient to cover the past service liability and normal cost for those hired after June 30, 2018, this contribution requirement has been met for 2023. The minimum required amount to be deposited into OPEB trust in 2023 (actuarially calculated) is \$5,067. Because the plan has committed to make annual contributions of \$25,000 to the OPEB trust, this required amount will be met. The projected normal cost for 2024 is \$5,288.

In addition, you may not draw on the trust until employees hired after June 30, 2018, begin to retire if the only amount deposited is the minimal amount noted above. Accordingly, you must continue to pay retiree OPEB benefits from general operating funds. That amount (\$76,930 for 2023) when added to what you deposit into the trust, generates a total minimum required amount of \$81,997.

¹ ADC for 2023 and 2024 is based on actuarial assumptions consistent with reporting as of December 31, 2022 and December 31, 2023, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2023
Assets (Fiduciary net position)	196,404
Liabilities (Total OPEB Liability)	992,269
Funded ratio for the Plan Year	19.79%
Actuarially Determined Contribution	\$151,874
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2023
Number of active members	26
Number of inactive members	0
Number of retirees and beneficiaries	3
Premiums paid on behalf of the retirants	\$76,930

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2023
Actuarially assumed rate of investment return	7.00%
Discount rate	5.53%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	9 years
Is each division closed to new employees	Yes
Healthcare inflation assumption next year	7.25%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2023
Actuarial value of assets using uniform assumptions	196,404
Actuarial accrued liability using uniform assumptions	1,004,911
Funded ratio using uniform assumptions	19.54%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$163,147

Information for Summary Report (minimum required contribution) ¹	2023
Retiree insurance premiums for the year (1)	76,930
Normal cost for employees hired after June 30, 2018 (2)	5,067
Minimum required contribution under PA 202 (1) + (2)	\$81,997

¹ Senate Bill 686 requires that a local unit must contribute at least both of the following – Normal cost for employees first hired after June 30, 2018, and retiree premiums due to retirants in the retirement system; In order to obtain 40% funding, higher contributions may be needed.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability						
Service Cost	\$45,896	\$48,705	\$88,283	\$44,595	\$77,956	\$75,685
Interest	54,903	63,289	64,354	63,515	32,617	30,188
Changes of Benefit Terms	0	0	0	0	0	0
Difference between Expected and Actual Experience	(1,288)	56,101	(58,537)	(100,880)	(60,240)	0
Change of Assumptions	23,939	(5,698)	(20,932)	6,364	(198,727)	0
Benefit Payments (Including Refunds of Employee Contributions)	(76,930)	(58,025)	(38,148)	(53,582)	(29,067)	(25,268)
Net Change in Total OPEB Liability	46,520	104,372	35,020	(39,988)	(177,461)	80,605
Total OPEB Liability – Beginning	945,749	841,377	806,357	846,345	1,023,806	943,201
Total OPEB Liability – Ending (a)	\$992,269	\$945,749	\$841,377	\$806,357	\$846,345	\$1,023,806
Plan Fiduciary Net Position						
Contributions to OPEB trust	\$25,000	\$25,000	\$25,000	\$25,000	\$65,000	\$0
Contributions/benefit payments made from general operating funds	76,930	58,025	38,148	53,582	29,067	25,268
Net Investment Income	18,914	(15,111)	14,674	9,561	4,328	0
Benefit Payments (Including Refunds of Employee Contributions)	(76,930)	(58,025)	(38,148)	(53,582)	(29,067)	(25,268)
Administrative Expenses	(324)	(238)	(203)	(125)	(72)	0
Other	0	0	0	0	0	0
Net Change in Fiduciary Net Position	43,590	9,651	39,471	34,436	69,256	0
Plan Fiduciary Net Position – Beginning	152,814	143,163	103,692	69,256	0	0
Plan Fiduciary Net Position – Ending (b)	196,404	152,814	143,163	103,692	69,256	0
Net OPEB Liability – Ending (a)-(b)	\$795,865	\$792,935	\$698,214	\$702,665	\$777,089	\$1,023,806
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	19.8%	16.2%	17.0%	12.9%	8.2%	0.0%
Covered Employee Payroll	\$2,017,549	\$2,057,126	\$1,817,289	\$1,795,147	\$1,788,767	\$1,702,216
Net OPEB Liability as Percentage of Payroll	39.5%	38.6%	38.4%	39.1%	43.4%	60.2%
Actuarially Determined Contribution	\$151,874	\$149,994	\$184,998	\$140,342	\$185,747	\$166,274
Employer Contribution/benefit payments	(101,930)	(83,025)	(63,148)	(78,582)	(94,067)	(25,268)
Contribution Deficiency/(Excess)	\$49,944	\$66,969	\$121,850	\$61,760	\$91,680	\$141,006
ADC as a Percentage of Covered Payroll	7.5%	7.3%	10.2%	7.8%	10.4%	9.8%
Employer Contribution as a Percentage of Covered Payroll	5.1%	4.0%	3.5%	4.4%	5.3%	1.5%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date December 31, 2022

Measurement date December 31, 2023

Reporting date December 31, 2023

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 5.76% for 2023 contribution; 5.53% for 2023 liability and 2024 contribution
Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.0%
Rationale – S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2023

Salary Scale – 3.0% (for purpose of allocating liability)
Rationale – Per employer expectations

Return on Plan Assets – 7.0% (including inflation)
Rationale – Provided by investment manager

Mortality Rates – Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement scale
Rationale – Current mortality rates for municipalities

Utilization – 100% of future retirees will elect coverage at retirement consistent with current coverage; actual coverage used for non-active
Rationale – Historical

Termination Rates – See sample rates below:

Age	Rate
20	0.07788
25	0.06780
30	0.04662
35	0.03187
40	0.02209
45	0.01591
50	0.00000

Rationale – Standard municipal turnover assumption published by GASB

Retirement Rates – 100% at retirement eligibility age
Rationale – This rate was chosen based on this plan’s historical experience

Marital Assumption – Not applicable
Rationale – No spouse coverage

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Pre-65 Monthly Medical and Prescription per-capita costs valued – See rates below:

Age	BCBS Premium	Age	BCBS Premium
55	\$ 969.89	60	\$1,180.40
56	1,014.69	61	1,222.15
57	1,059.52	62	1,249.55
58	1,108.20	63	1,283.91
59	1,132.12	64	1,304.79

Rationale – Actual Blue Cross/Blue Shield premiums in effect as of the valuation date

Other Costs – Dental, Vision, Opt-Out, and HRA monthly costs

Coverage	Rate
Dental	\$40.84
Vision	13.77
HRA	150.00 ¹
Opt out	291.66

Rationale – Actual rates in effect as of the valuation date for Dental and Vision; HRA cost is based on experience; the Opt out amount is per the plan provisions

Implicit Subsidy – Not applicable; premiums are age-graded

Medical Trend – 7.25% for two years, then graded down to 4.5% by 0.25% per year

Rationale – Based on State of Michigan trend survey

Dental and Vision Trend – 3.0% per annum

Rationale – Based on national trend surveys

Data Collection

Date and form of data - All personnel and asset data were prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Assumption changes since prior valuation

- Discount rate changed from 5.76% to 5.53%
- Medical trend updated

Assumptions used for PA 202 Reporting

Discount rate – 5.18%

Salary Scale – 3.25%

All other assumptions are the same as used for GASB

¹ The Road Commission will reimburse up to \$5,600 into an HRA for members that have not opted out of coverage

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2019	(60,240)	8.25	(7,302)	(7,302)	(7,302)	(7,302)	(1,824)			-	(23,730)
2020	(100,880)	8.89	(11,348)	(11,348)	(11,348)	(11,348)	(11,348)	(10,096)		-	(55,488)
2021	(58,537)	8.55	(6,846)	(6,846)	(6,846)	(6,846)	(6,846)	(6,846)	(3,769)	-	(37,999)
2022	56,101	9.10	6,165	6,165	6,165	6,165	6,165	6,165	12,946	43,771	-
2023	(1,288)	8.48	(152)	(152)	(152)	(152)	(152)	(152)	(376)	-	(1,136)
Net recognized in OPEB expense			\$ (19,483)	\$ (19,483)	\$ (19,483)	\$ (19,483)	\$ (14,005)	\$ (10,929)	\$ 8,801	\$ 43,771	\$ (118,353)

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2019	(198,727)	8.25	(24,088)	(24,088)	(24,088)	(24,088)	(6,023)			-	(78,287)
2020	6,364	8.89	716	716	716	716	716	636		3,500	-
2021	(20,932)	8.55	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(1,348)	-	(13,588)
2022	(5,698)	9.10	(626)	(626)	(626)	(626)	(626)	(626)	(1,316)	-	(4,446)
2023	23,939	8.48	2,823	2,823	2,823	2,823	2,823	2,823	7,001	21,116	-
Net recognized in OPEB expense			\$ (23,623)	\$ (23,623)	\$ (23,623)	\$ (23,623)	\$ (5,558)	\$ 385	\$ 4,337	\$ 24,616	\$ (96,321)

Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Difference between expected and actual earnings on OPEB assets	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2019	(4,328)	5.00	(864)							-	-
2020	(4,017)	5.00	(803)	(805)						-	(805)
2021	(6,601)	5.00	(1,320)	(1,320)	(1,321)					-	(2,641)
2022	26,083	5.00	5,217	5,217	5,217	5,215				15,649	-
2023	(7,790)	5.00	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)			-	(6,232)
Net recognized in OPEB expense			\$ 672	\$ 1,534	\$ 2,338	\$ 3,657	\$ (1,558)			\$ 15,649	\$ (9,678)

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended December 31,					
	2024	2025	2026	2027	2028	2029+
Total Deferred Outflow/(Inflow) of Resources	\$ (41,572)	\$ (40,768)	\$ (39,449)	\$ (21,121)	\$ (10,544)	\$ 13,138

TRUSTEE AND FORM 5720 INFORMATION

Projected benefit payments and contributions

Form 5720 (the Form) – Corrective Action Plan Monitoring: Application for Certification of Compliance, Section 4 asks for supporting documentation that shows projected benefit payments and contributions as a percentage of projected governmental fund revenues over the next five years. A link to a spreadsheet is provided with the Form, and within the spreadsheet, there is a link to instructions on how to complete the spreadsheet.

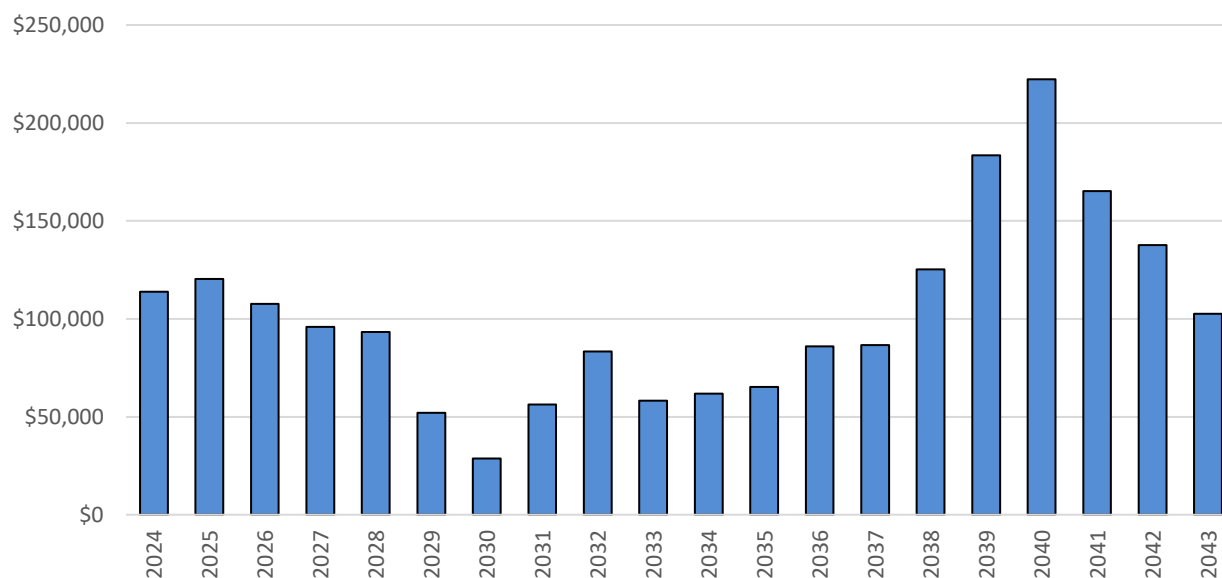
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next five. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the same period as either reported to us or developed with assistance from Watkins Ross:

Fiscal Year	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)
2023	\$ 76,930	\$25,000
2024	113,822	25,000
2025	120,435	25,000
2026	107,655	25,000
2027	95,957	25,000
2028	93,298	25,000

In addition to the benefit payments shown above, a graphic illustration of 20 years of projected benefit payments for the current group of covered lives is shown below. Plans open to new participants could see higher than expected payments if new members are hired and are eligible to retire during the projection period.

The chart below reflects expected cash flows to pay benefits for current plan participants.

20-Year Expected Payouts



SUMMARY OF PLAN PROVISIONS

Plan name	Alger County Road Commission Other Post-Employment Benefits Plan
Benefit eligibility	Employed full-time and attained age 55 with 10 years of service
Benefit	Alger CRC provides pre-65 medical, HRA contributions, dental, and vision coverage for retirees for 5 years or until age 65, whichever comes first. The Road Commission pays \$3,500 per year for the individuals that have opted out of coverage.
Retiree contribution	None
Changes since prior valuation	None

GLOSSARY

A number of special terms and concepts are used in connection with OPEB plans and the OPEB accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Actuarially Determined Contribution (ADC) – A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Cost Method – This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability are determined.

Net OPEB Liability (NOL) – The Total OPEB Liability less the Plan Fiduciary Net Position.

Normal Cost – For GASB 74/75 purposes, normal cost is the equivalent of service cost (see definition of service cost).

Other Post-Employment 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. OPEB does not include termination benefits or termination payments for sick leave.

OPEB Expense (OE) – The change in the Net OPEB Liability (NOL) recognized in the current measurement period. Changes to the NOL not fully recognized in a given year's OPEB expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the OPEB expense over time.

GLOSSARY

Plan assets – Stocks, bonds and other investments that have been segregated and restricted (usually in a trust) to provide for post-retirement benefits. Assets not segregated in a trust, or otherwise effectively restricted so that they cannot be used by the employer for other purposes, are not plan assets, even though it may be intended that those assets be used to provide post-retirement benefits.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Present Value – The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive participants as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Reporting Date – The date that represents the fiscal year end for the plan or employer.

Service Cost – The value of portion of Total OPEB Liability earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total OPEB Liability (TOL) – The actuarial present value of the accrued benefit determined under the Entry Age actuarial cost method calculated using the blended Single Equivalent Discount Rate.

Valuation Date – The date as of which an actuarial valuation is performed.