

Lauterbach & Amen, LLP
668 N. River Road
Naperville, IL 60563

Actuarial Valuation
as of July 1, 2020



LINCOLNWOOD SCHOOL
DISTRICT #74
POSTRETIREMENT HEALTH
PLAN

GASB 74/75 Financial Statement Reporting

LAUTERBACH & AMEN, LLP

Actuarial GASB Disclosures Statements 74 and 75



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

LINCOLNWOOD SCHOOL DISTRICT #74 POSTRETIREMENT HEALTH PLAN

Fiscal Year Ending: June 30, 2020
Actuarial Valuation Date: July 1, 2020
Measurement Date: June 30, 2020

Submitted by:

Lauterbach & Amen, LLP
630.393.1483 Phone
www.lauterbachamen.com

Contact:

Todd A. Schroeder
October 8, 2020

LAUTERBACH & AMEN, LLP



TABLE OF CONTENTS

ACTUARIAL CERTIFICATION	1
MANAGEMENT SUMMARY	2
Comments and Analysis	3
Comments and Analysis – Continued.....	4
POSTRETIREMENT PLAN NET POSITION	5
Statement of OPEB Plan Net Position	6
Statement of Changes in OPEB Trust and OPEB Plan Net Position	7
Statement of OPEB Plan Benefit Payments and Contributions	8
ACTUARIAL OPEB LIABILITY INFORMATION	9
Statement of Total OPEB Liability.....	10
Statement of Changes in Total OPEB Liability	11
Statement of Changes in Net OPEB Liability	12
Deferred Outflows and Inflows of Resources.....	13
Deferred Outflows and Inflows of Resources - Details	14
OPEB Expense Development	15
Breakdown of Liability.....	16
ACTUARIAL ASSUMPTION INFORMATION	17
Statement of Significant Actuarial Assumptions	18
Statement of Significant Actuarial Assumptions – Continued.....	19
Statement of Significant Actuarial Assumptions – Continued.....	20
Statement of Significant Actuarial Assumptions – Continued.....	21
Assumption Changes	22
Expected Return on OPEB Plan Investments	22
Municipal Bond Rate	23
Discount Rate	23
Inflation Rate	23
Development of Starting Claims Costs.....	24
Sensitivity of the Discount Rate	25
Sensitivity of the Healthcare Cost Trend Rates	25
PARTICIPANT DATA	26
Participant Demographic Data.....	27
Expected Future Working Lifetime	27
FUNDING POLICY	28
Components of the Actuarially Determined Contribution	29
Formal Funding Policy	29
Informal Funding Policy.....	29



TABLE OF CONTENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION	30
Schedule of Changes in the Net OPEB Liability	31
Schedule of Total OPEB Liability and Related Ratios	32
Schedule of Contributions	33
Notes to Schedule of Contributions	33
GASB METHODS AND PROCEDURES	34
GASB Methods and Procedures	35
GASB Methods and Procedures – Continued.....	36
PLAN PROVISIONS	37
Summary of Eligibility and Coverage	38
Summary of Eligibility and Coverage - Continued.....	39
Summary of Eligibility and Coverage - Continued.....	40
Summary of Eligibility and Coverage - Continued.....	41
GLOSSARY OF TERMS	42
GASB 74/75 Terminology.....	43



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 Lincolnwood School District #74. We did not prepare the Actuarial Valuations for the years prior to July 1, 2014. 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 Lincolnwood School District #74 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.

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 consultant of Lauterbach & Amen, LLP, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the Lincolnwood School District #74 and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

A handwritten signature in cursive script that reads "Todd A. Schroeder".

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



MANAGEMENT SUMMARY

Comments and Analysis



COMMENTS AND ANALYSIS

The following paragraphs are intended to describe the changes in Total OPEB Liability that occurred between the District's last Measurement Date of June 30, 2019, and the current Measurement Date of June 30, 2020.

For the prior Measurement Date, the Employer elected to determine the Total OPEB Liability under limited procedures as allowed under GASB Statement Number 75. A full valuation was not run. Changes in the market discount rates were reflected but full census and premium information was not collected and processed. Changes that are reflected in Total OPEB Liability year over year may be reflective of Member population updates or claims/premium experience over the course of two years.

Expected Increase 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 increase for the current year was approximately \$66,000.

In addition to the expected increase 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.

Actuarial Experience

The current valuation census contains 18 retirees while the previous valuation census contained 19. The current valuation census also contains 174 active employees, 35 of whom are waiving coverage. The previous valuation census contained 165 total actives, 16 of whom were waiving coverage.

Medical costs came in slightly lower than expected on a net claims to employer basis.

Total actuarial experience resulted in a net increase in Total OPEB Liability of approximately \$133,000.

Plan Changes

The District revised the eligibility and coverage for medical benefits for Retirees based on the most recent Collective Bargaining Agreements. Premiums paid by TRS members to the Teachers Retirement Insurance Program on behalf of spouses and children under age 26 will no longer be reimbursed by the District. In addition, reimbursements to the Teachers themselves will be limited to \$5,000 annually until age 65 or a \$35,000 lump sum. These changes resulted in a significant decrease in future reimbursements from the District. Age and service requirements for District reimbursements to IMRF pension members was changed. Updates to the plan provisions resulted in a net decrease in the Total OPEB Liability in the current year of approximately \$3,170,000.



COMMENTS AND ANALYSIS – CONTINUED

Discount Rate

The Discount Rate was decreased from 3.50% for the Fiscal Year-Ended June 30, 2019 to 2.21% to better reflect the current high-quality fixed income environment. The underlying index used is the Bond Buyer 20-Bond G.O. Index. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the index. The rate selected is as of June 25, 2020, and is the most recent rate available prior to the Measurement Date. The change was made to reflect our understanding of the requirements for reporting under GASB Statement 75. See the *Actuarial Assumption Information* section of this report for further details.

Assumption Changes

The Actuary for TRSIL performed a study of assumptions for Teachers in the State of Illinois. The actuarial assumptions were changed in the current year to the tables shown in the *Statement of Significant Assumptions* section of this report. The assumptions impacted include:

- Inflation Rate
- Total Payroll Increases
- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates

In addition, the discount rate was updated as noted above.

The changes in the assumptions were made to better reflect the future anticipated experience in the plan. The changes included a review of the experience studies for the underlying pension systems for the employee groups and the requirements of GASB 75. The changes in assumptions resulted in a net increase in the Total OPEB Liability in the current year of approximately \$56,000.

Qualified Teachers may be eligible to participate in the Teachers Health Insurance System (“THIS”), and the District may pay a fee to THIS annually to Fund that system. To the extent the THIS plan is considered an Agent Multiple-Employer plan, a separate liability may need to be reported in the financial statements. That liability would be provided by the State and not included in this report.



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>6/30/2019</u>	<u>6/30/2020</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ -
Total Cash	<u>-</u>	<u>-</u>
Receivables:		
Due from District	-	-
Investment Income - Accrued Interest	-	-
Other	-	-
Total Receivables	<u>-</u>	<u>-</u>
Investments:		
Common Stock	-	-
Total Investments	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>-</u>
Liabilities		
Payables:		
Expenses Due/Unpaid	-	-
Other	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position Restricted for Postretirement Plan	<u>\$ -</u>	<u>\$ -</u>

The Total OPEB Liability is an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.



STATEMENT OF CHANGES IN OPEB TRUST AND OPEB PLAN NET POSITION

	<u>6/30/2020</u> <u>OPEB Trust</u>	<u>6/30/2020</u> <u>OPEB Plan</u>
Additions		
Contributions		
Employer	\$ -	\$ 325,643
Member	-	-
Other	-	-
Total Contributions	<u>-</u>	<u>325,643</u>
Investment Income		
Net Appreciation in Fair Value of Investments	-	-
Interest and Dividends	-	-
Less Investment Expense	-	-
Net Investment Income	<u>-</u>	<u>-</u>
Total Additions	<u>-</u>	<u>325,643</u>
Deductions		
Benefit Payments	-	325,643
Administrative Expense	-	-
Other	-	-
Total Deductions	<u>-</u>	<u>325,643</u>
Net Increase in Net Position	<u>-</u>	<u>-</u>
Net Position Restricted for Postretirement Plan		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>

The Total OPEB Liability is an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.



STATEMENT OF OPEB PLAN BENEFIT PAYMENTS AND CONTRIBUTIONS

	<u>6/30/2020</u>
Employer Contributions	
OPEB Trust Contributions	\$ -
Contributions from Other District Resources*	325,643
Total OPEB Plan Contributions	<u>\$ 325,643</u>
Employer Benefit Payments	
Benefit Payments from Trust	\$ -
Payments from Other District Resources*	325,643
Total OPEB Plan Benefit Payments	<u>\$ 325,643</u>

A portion of the Employer Contributions and Benefit Payments is based on the cost sharing provisions. In addition, a portion is related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

*Contributions from Other District Resources and Benefit Payments from Other District Resources refers to contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Of the benefit payments from Other District Resources, \$301,990 are explicit benefit payments due to Retirees and \$23,653 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums.



ACTUARIAL OPEB LIABILITY INFORMATION

Statement of Total OPEB Liability
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 Liability



STATEMENT OF TOTAL OPEB LIABILITY

	<u>6/30/2019</u>	<u>6/30/2020</u>
Total Active Employees	\$ 4,122,780	\$ 1,311,699
Inactive Employees Currently Receiving Benefit Payments	1,003,400	899,960
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	<u>-</u>	<u>-</u>
Total Inactive Employees	<u>1,003,400</u>	<u>899,960</u>
Total OPEB Liability	<u>\$ 5,126,180</u>	<u>\$ 2,211,659</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 on the prior page. 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.

Qualified Teachers may be eligible to participate in the Teachers Health Insurance System (“THIS”), and the District may pay a fee to THIS annually to Fund that system. To the extent the THIS plan is considered an Agent Multiple-Employer plan, a separate liability may need to be reported in the financial statements. That liability would be provided by the State and not included in this report.



STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

Total OPEB Liability	6/30/2020
Service Cost	\$ 217,888
Interest	173,718
Changes of Benefit Terms	(3,169,801)
Differences Between Expected and Actual Experience	133,068
Changes in Assumptions	56,249
Benefit Payments*	<u>(325,643)</u>
Net Change in Total OPEB Liability	(2,914,521)
Total OPEB Liability - Beginning	<u>5,126,180</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,211,659</u>
OPEB Plan Net Position - Ending (b)	<u>\$ -</u>
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 2,211,659</u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered-Employee Payroll	\$ 14,373,723
Employer's Net OPEB Liability as a Percentage of Employee Payroll	15.39%

*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)
Balances Beginning at 7/1/2019	<u>\$ 5,126,180</u>	<u>\$ -</u>	<u>\$ 5,126,180</u>
Changes for the year:			
Service Cost	217,888	-	217,888
Interest	173,718	-	173,718
Actuarial Experience	133,068	-	133,068
Assumptions Changes	56,249	-	56,249
Plan Changes	(3,169,801)	-	(3,169,801)
Contributions - Employer	-	325,643	(325,643)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments from the Plan	(325,643)	(325,643)	-
Administrative Expense	-	-	-
Net Changes	<u>(2,914,521)</u>	<u>-</u>	<u>(2,914,521)</u>
Balances Ending at 6/30/2020	<u>\$ 2,211,659</u>	<u>\$ -</u>	<u>\$ 2,211,659</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	\$ 123,239	\$ -
Changes of Assumptions	168,628	-
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-
Total Deferred to Be Recognized in Future Expense	\$ 291,867	\$ -
Contributions Subsequent to the Measurement Date*	\$ -	\$ -
Total	\$ 291,867	\$ -

*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:

Year Ended	
June 30:	
2021	\$ 26,316
2022	26,316
2023	26,316
2024	26,316
2025	26,316
Thereafter	160,287



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.

OPEB Expense Source	Date Established	Initial Period	Initial Balance	Remaining Period	6/30/2020 Expense Recognized	6/30/2020 Deferred Balance
Change in Assumptions Loss	6/30/2020	13.54	\$ 56,249	13.54	\$ 4,155	\$ 52,094
Actuarial Loss	6/30/2020	13.54	133,068	13.54	9,829	123,239
Change in Assumptions Loss	6/30/2019	11.45	\$ 141,198	10.45	\$ 12,332	\$ 116,534
Total			\$ 330,515		\$ 26,316	\$ 291,867

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>6/30/2020</u>
OPEB Expense/(Income) Under GASB 75	
Service Cost	\$ 217,888
Interest	173,718
Plan Changes	(3,169,801)
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	-
Administrative Expense	-
Other Changes	-
Initial OPEB Expense/(Income)	<u>(2,778,195)</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	26,316
Recognition of Outflow/(Inflow) of Resources due to Assets	-
Total OPEB Expense/(Income)	<u>\$ (2,751,879)</u>



BREAKDOWN OF LIABILITY

Division	IMRF	TRS	Total
Total Active Employees	541,810	769,889	1,311,699
Inactive Employees Currently Receiving Benefit Payments	165,888	734,072	899,960
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-	-
Total OPEB Liability	707,698	1,503,961	2,211,659
Service Cost	39,307	178,581	217,888
Interest	33,497	140,221	173,718
Change of Benefit Terms	(87,238)	(3,082,563)	(3,169,801)
Difference Between Expected and Actual Experience	(261,493)	394,561	133,068
Change in Assumptions	56,131	118	56,249
Benefit Payments	(59,110)	(266,533)	(325,643)
Net Change in Total OPEB Liability	(278,906)	(2,635,615)	(2,914,521)
Total OPEB Liability - Beginning	986,604	4,139,576	5,126,180
Total OPEB Liability - Ending	707,698	1,503,961	2,211,659
Total Active Employees	47	127	174
Inactive Employees Currently Receiving Benefit Payments	1	17	18
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-	-
Total Plan Members	48	144	192



ACTUARIAL ASSUMPTION INFORMATION

Statement of Significant Actuarial Assumptions

Assumption Changes

Expected Return on OPEB Plan Investments

Municipal Bond Rate

Discount Rate

Inflation Rate

Development of Starting Claims Costs

Sensitivity of the Discount Rate

Sensitivity of the Healthcare Cost Trend Rates



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS

Assumptions (Economic)

Discount Rate Used for the Total OPEB Liability

Beginning of Year	3.50%
End of Year	2.21%

Long-Term Expected Rate of Return on Plan Assets N/A

High Quality 20 Year Tax-Exempt G.O. Bond Rate

Beginning of Year	3.50%
End of Year	2.21%

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 See accompanying tables for health insurance claims costs data:

HMO				
	Retiree		Spouse	
Age	Male	Female	Male	Female
50	\$6,739	\$8,063	\$11,598	\$11,725
55	\$8,554	\$9,193	\$11,581	\$11,133
60	\$10,705	\$11,062	\$12,284	\$11,748
64	\$12,667	\$13,236	\$13,283	\$13,553
65	\$4,796	\$5,012	\$5,029	\$5,132
70	\$5,734	\$5,991	\$6,012	\$6,134
75	\$6,226	\$6,505	\$6,425	\$6,661
80	\$6,674	\$6,973	\$6,873	\$7,140
85	\$6,979	\$7,293	\$7,179	\$7,467
90	\$7,120	\$7,440	\$7,319	\$7,618



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Claims – Continued

PPO				
	Retiree		Spouse	
Age	Male	Female	Male	Female
50	\$9,840	\$11,774	\$16,937	\$17,122
55	\$12,491	\$13,424	\$16,911	\$16,258
60	\$15,632	\$16,154	\$17,939	\$17,156
64	\$18,498	\$19,328	\$19,397	\$19,791
65	\$7,004	\$7,319	\$7,345	\$7,494
70	\$8,373	\$8,749	\$8,780	\$8,958
75	\$9,091	\$9,499	\$9,382	\$9,727
80	\$9,746	\$10,183	\$10,036	\$10,427
85	\$10,192	\$10,649	\$10,483	\$10,905
90	\$10,397	\$10,864	\$10,688	\$11,124

Blended Premium Rates See accompanying table for premiums charged for coverage.

Annual Blended Premiums				
	Under Age 65		Age 65-&-Over	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
HMO	\$7,503	\$6,208	\$7,503	\$7,504
PPO	\$12,295	\$8,975	\$12,295	\$12,295
Dental	\$401	\$802	\$401	\$802

The premium rates used for TRS sponsored plans are available on the Teachers' Retirement System of the State of Illinois website.

Life insurance amounts vary amongst retirees in the District plan as detailed in the *Plan Provisions* section of this report. The current cost per \$1,000 worth of coverage is \$1 per month.



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Healthcare Cost Trend Rates

Health Care Trend						
(FY = Fiscal Year)	<u>Period</u>	<u>HMO</u>	<u>PPO</u>	<u>TRS Plans</u>	<u>Dental</u>	<u>Life Insurance</u>
	FY 20 to FY 21	6.30%	2.70%	5.00%	3.00%	0.00%
	FY 21 to FY 22	5.50%	6.00%	5.00%	3.00%	0.00%
	FY 22 to FY 23	5.50%	6.00%	5.00%	3.00%	0.00%
	FY 23 to FY 24	5.00%	5.50%	5.00%	3.00%	0.00%
	FY 24 to FY 25	5.00%	5.50%	5.00%	3.00%	0.00%
	FY 25 to FY 26	5.00%	5.00%	5.00%	3.00%	0.00%
	Ultimate	5.00%	5.00%	5.00%	3.00%	0.00%

Assumptions (Demographic)

Election at Retirement

Coverage election at retirement is assumed at the following rates:

IMRF	100%
TRS - District Insurance	N/A
TRS - District Stipend	100%

If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

Spousal Election

Of those employees assumed to elect coverage in retirement, 50% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Plan Participation

It is assumed that the employees will participate in plans according to the distribution shown below:

	<u>IMRF</u>	<u>TRS</u>
HMO	20%	N/A
PPO	80%	N/A
MCP	N/A	27%
TCHP - MCA	N/A	60%
TCHP - MCUA	N/A	13%



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Retiree Lapse Rates Retirees receiving medical coverage are expected to lapse all coverages at age 65 at the following rates:

IMRF	100%
TRS	N/A

Retirement Rates

IMRF Based on Rates from IMRF Experience Study Report dated November 8, 2017

TRS Based on Rates from TRS Experience Study Report dated September 18, 2018

Termination Rates

IMRF Based on Rates from IMRF Experience Study Report dated November 8, 2017

TRS Based on Rates from TRS Experience Study Report dated September 18, 2018

Disability Rates

IMRF Based on Rates from IMRF Experience Study Report dated November 8, 2017

TRS Based on Rates from TRS Experience Study Report dated September 18, 2018

Mortality Rates

IMRF RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017

TRS RP-2014 with White Collar Adjustment and MP-2017 Improvement, weighted per TRS Experience Study Report dated September 18, 2018

All mortality rates are adjusted for retirement status. Spouses use the same mortality tables as retirees.

For any active participant who will not meet the service requirement necessary to retire at assumed retirement ages, it is assumed they have prior service with a different Employer and therefore will be eligible to retire. In the current valuation, there are 0 participants impacted by this assumption.



ASSUMPTION CHANGES

The Actuary for TRS updated assumptions for Teachers in the State of Illinois. The actuarial assumptions were changed in the current year to the tables shown in the *Statement of Significant Assumptions* section of this report. The assumptions impacted include:

- Inflation Rate
- Total Payroll Increases
- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates

All IMRF Rates are based on Rates from IMRF Experience Study Report dated November 8, 2017 for IMRF Employees.

The above stated assumption changes were made to better reflect the future anticipated experience of the plan.

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.50% to 2.21% 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.

Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.50% to 2.21%. See the *Assumptions (Economic)* section for more details.

EXPECTED RETURN ON OPEB PLAN INVESTMENTS

There is currently no expectation for future returns on OPEB plan assets since the OPEB obligation is an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.



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 3.50% rate, and the end of year rate shown is the 2.21% 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 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'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, as is the case with the Lincolnwood School District #74, then only the Municipal Bond Rate is used in determining the Total OPEB Liability.

If the postretirement plan is funded, 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 2.25%, which is an underlying component of the discount rate and assumed health care trend rates.



DEVELOPMENT OF STARTING CLAIMS COSTS

Starting costs for the District's Plan were developed based on the blended premiums charged for coverage. The insurance carrier charges actives and retirees the same premium rates. According to GASB, when an Employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees. As such, premiums were estimated for under-65 retirees and their spouses as if they were rated on a stand-alone basis. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age.

The medical cost increase represents the combination of the inflation in the price of health care services, changes in utilization (other than age-related changes), technological advances in medical care, and changes in the health status of plan participants. No adjustment has been made to the trend for the impact of COVID-19. An analysis of this matter is beyond the scope of this valuation. This impact may result in material changes in claims in 2020 and beyond. Information about the course of the disease is highly variable and changing daily. Some of the variables include projected inflation rates including localized outbreaks, the cost of care of COVID-19 patients, the amount of postponed and avoided medical care services, the amount and timing of the catch-up of deferred care, the impact of COVID-19 on other conditions such as stress and depression, impacts on general economic conditions, and other factors.



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.

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Employer's Net OPEB Liability/(Asset)	\$2,306,289	\$2,211,659	\$2,120,538

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.

SENSITIVITY OF THE HEALTHCARE COST TREND RATES

Below is a table illustrating the sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rates assumption.

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Net OPEB Liability/(Asset)	\$2,149,614	\$2,211,659	\$2,283,077

Please refer to the *Assumptions (Economic)* section for full list of assumed trend rates.



PARTICIPANT DATA

Participant Demographic Data
Expected Future Working Lifetime



PARTICIPANT DEMOGRAPHIC DATA

The chart below summarizes the employee count of plan Members:

Measurement Date	6/30/2019	6/30/2020
Total Active Employees	165	174
Inactive Employees Currently Receiving Benefit Payments	19	18
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0	0
Total	<u>184</u>	<u>192</u>

Participant count is shown as of the Fiscal Year-End date. 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.

The above total active employee counts include 35 participants who have waived medical coverage. If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at a rate of 1/3 the rate of active employees currently with coverage.

EXPECTED FUTURE WORKING LIFETIME

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

Measurement Date	6/30/2019	6/30/2020
Average Future Working Career (In Years)		
Active Plan Members	12.77	14.94
Inactive Plan Members	0.00	0.00
Total	11.45	13.54

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.

Unfunded Liability is the excess of the Actuarial Liability over the postretirement plan’s Net Position.

For the Lincolnwood School District #74, there is no determination of an ADC and Normal Cost, as the Total OPEB Liability is currently an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

FORMAL FUNDING POLICY

There is no Formal Funding Policy that exists for the postretirement plan at this time, as the Total OPEB Liability is currently an unfunded obligation.

INFORMAL FUNDING POLICY

There is no Informal Funding Policy determined for GASB reporting purposes, as the Total OPEB Liability is currently an unfunded obligation.



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

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Total OPEB Liability										
Service Cost	\$ 217,888	\$ 233,946	\$ 225,230							
Interest	173,718	183,489	180,556							
Changes of Benefit Terms	(3,169,801)	-	-							
Differences Between Expected and Actual Experience	133,068	-	-							
Change in Assumptions	56,249	141,198	-							
Benefit Payments	(325,643)	(347,558)	(312,416)							
Net Change in Total OPEB Liability	\$ (2,914,521)	\$ 211,075	\$ 93,370							
Total OPEB Liability - Beginning	5,126,180	4,915,105	4,821,735							
Total OPEB Liability - Ending (a)	\$ 2,211,659	\$ 5,126,180	\$ 4,915,105							
OPEB Plan Net Position										
Contributions - Employer	\$ 325,643	\$ 347,558	\$ 312,416							
Contributions - Members	-	-	-							
Contributions - Other	-	-	-							
Net Investment Income	-	-	-							
Benefit Payments	(325,643)	(347,558)	(312,416)							
Administrative Expense	-	-	-							
Net Change in OPEB Plan Net Position	\$ -	\$ -	\$ -							
OPEB Plan Net Position - Beginning	-	-	-							
OPEB Plan Net Position - Ending (b)	\$ -	\$ -	\$ -							
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 2,211,659	\$ 5,126,180	\$ 4,915,105							

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



SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,211,659</u>	<u>\$ 5,126,180</u>	<u>\$ 4,915,105</u>							
OPEB Plan Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 2,211,659</u>	<u>\$ 5,126,180</u>	<u>\$ 4,915,105</u>							
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%							
Covered-Employee Payroll	\$14,373,723	\$ 14,079,363	\$ 13,522,519							
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	15.39%	36.41%	36.35%							

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



SCHEDULE OF CONTRIBUTIONS

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Actuarially Determined Contribution	N/A	N/A	N/A							
Contributions in Relation to the Actuarially Determined Contribution	-	-	-							
Contribution Deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>							
Covered-Employee Payroll	<u>\$ 14,373,723</u>	<u>\$ 14,079,363</u>	<u>\$ 13,522,519</u>							
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%							

NOTES TO SCHEDULE OF CONTRIBUTIONS

There is no ADC or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB Liability. However, the District did make contributions from other District resources in the current year in the amount of \$325,643.



GASB METHODS AND PROCEDURES

GASB Methods and Procedures



GASB METHODS AND PROCEDURES

	Statement 74	Statement 75
	OPEB Plan Financials	Employer Financials
Fiscal Year End for Reporting	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Valuation Date	July 1, 2020	July 1, 2020
Data Date	July 1, 2020	July 1, 2020
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	13.54 Years	13.54 Years
Changes in Assumptions	13.54 Years	13.54 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 make it to retirement 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 – IMRF (Cafeteria, Custodian, Support, Admin and Teacher Aide)

Tier I IMRF Full-Time District employees:

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time District employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

Full-Time Employees- TRS (Teacher and Special Teacher)

In order to receive the retirement benefits detailed later, employees must retire with TRS (see provisions below) and must have been a full-time employee in the District for at least 15 years.

Tier I TRS Full-Time District employees:

- Age 55 with at least 20 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 10 years of service (Full Pension)
- Age 62 with at least 5 years of service (Full Pension)

Tier II TRS Full-Time District employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 67 with at least 10 years of service (Full Pension)

Medical/Prescription Coverage

Types of Coverage: IMRF

- District HMO
- District PPO

Types of Coverage: TRS

- TRIP → TCHP or Managed Care (HMO)



SUMMARY OF ELIGIBILITY AND COVERAGE - CONTINUED

Coverage Provisions:

Retirees – IMRF

Pre-65 Coverage:

Employees who have 10 years of service with the District as of June 1, 2011 and have been a full-time employee with the District for at least the following periods:

Age	55	56	57	58	59	60
Years	20	19	18	17	16	15

The District will pay the same rate as is available to active employees for single or family premium coverage given the employee had such coverage at the time of retirement.

The current rate for active employees is 30% and the District pays the remaining 70%.

Employees who were hired after June 1, 2011 and have been a full-time employee with the District for at least the following periods:

Age	55	56	57	58	59	60
Years	20	19	18	17	16	15

The District will pay the same rate as is available to active employees for single premium coverage.

There may be current retirees who were grandfathered into the District paying 100% of the coverage regardless of the coverage level (retiree only, spouse, family) or plan election.

Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage at no additional cost to the District.

Post-65 Coverage:

Retirees are not allowed to remain on the District insurance once Medicare eligible.



SUMMARY OF ELIGIBILITY AND COVERAGE - CONTINUED

Coverage Provisions – Continued:

Retirees –TRIS

Pre-65 Coverage:

Retirees are not permitted to remain on District insurance and must seek outside coverage such as that offered through TRIP.

The District will pay one of the below benefits for teachers who retire through TRS and who has been a full-time employee with the District for at least 15 years at the time of retirement:

1. Single premium cost for TRIP insurance, up to a maximum of \$5,000 annually until the retiree becomes Medicare-eligible; or
2. A lump sum payment of \$35,000 to be paid in January following the year the teacher retired.

There may be current retirees who were grandfathered into the District paying 100% of the premium for single, spousal, or family coverage – dependent on if the employee had this coverage level at the time of retirement – for any of the TRIP or TRAIL plans.

Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage at no additional cost to the District.

Post-65 Coverage:

Retirees are not permitted to remain on District insurance and must seek outside coverage such as that offered through TRIP or TRAIL.

The District does not pay for any portion of premium costs once the retiree is Medicare eligible.



SUMMARY OF ELIGIBILITY AND COVERAGE - CONTINUED

Dental and Life Coverage

Types of Coverage:

Dental

Life Insurance (50K for Teaching Staff, 150K for Admin, and Varies for Superintendent)

Coverage Provisions:

Retirees – IMRF

Retiree pays the same rate as actives for the cost of dental coverage.

The current rate for active employees is 15% and the District pays the remaining 85%.

Retirees are not eligible for life insurance coverage.

Coverage ends once the retiree is Medicare eligible.

Retirees – TRS

Retirees are not eligible for dental or life insurance coverages.

There may be current retirees who were grandfathered into the below benefit:

If the employee had dental insurance and life insurance at the time of retirement, the District will pay 100% of the premium until age 65 for either single or family coverage – dependent on what level the employee had at the time of retirement.



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.



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.



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS