

**LINCOLNWOOD SCHOOL DISTRICT NO. 74**

**ACCOUNTING FOR POST EMPLOYMENT  
BENEFIT PLANS UNDER GASB STATEMENTS #74/75**

**AS OF JUNE 30, 2022  
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

**October 2022**

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## SECTION ONE: OVERVIEW

### Summary of Principal Results

MWM Consulting Group was retained to prepare an actuarial valuation of the Lincolnwood School District No. 74's retiree health programs for the purpose of determining the expense and liabilities to be reported on the District's financial statement in accordance with Government Accounting Standards Board (GASB) Statements Nos. 74 and 75, for the fiscal period ending June 30, 2022. Key results of the valuation are summarized below.

### Actuarial Values at June 30, 2022 (3.69% Discount Rate)

Item	TRS	IMRF	Total
Present Value of Benefits			
Retirees	\$ 815,498	\$ 0	\$ 815,498
Actives Fully Eligible	182,800	335,713	518,513
Actives Not Yet Eligible	918,119	372,259	1,290,378
<b>Total</b>	<b>\$ 1,916,417</b>	<b>\$ 707,972</b>	<b>\$ 2,624,389</b>
Actuarial Accrued Liability			
Retirees	\$ 815,498	\$ 0	\$ 815,498
Actives Fully Eligible	116,368	213,091	329,459
Actives Not Yet Eligible	584,464	236,288	820,752
<b>Total</b>	<b>\$ 1,516,330</b>	<b>\$ 449,379</b>	<b>\$ 1,965,709</b>

### Balance Sheet Liabilities as Reported Under GASB 74/75 at June 30, 2022

	Item	6/30/2022
<i>Under GASB 75, the Net OPEB Liability equals the total Actuarial Accrued Liability minus the Plan assets (if any) and is reported on the balance sheet.</i>	Total OPEB Liability	\$ 1,965,709
	Plan Fiduciary Net Position	0
	<b>Net OPEB Liability</b>	<b>\$ 1,965,709</b>

## SECTION ONE: OVERVIEW

### OPEB Expense As Reported Under GASB 75 at June 30, 2022

	Item	FYE	FYE
		06/30/2022	06/30/2021
<i>Annual OPEB expense under GASB 75 equals the difference between beginning and end of year liabilities with some adjustment for deferred recognition and differs from the ARC and expense calculations under GASB 45.</i>	Service Cost	\$ 83,065	\$ 102,171
	Administrative Expense	0	0
	Interest on the Total OPEB Liability	42,125	45,602
	Current-Period Benefit Changes	0	0
	Employee Contributions	0	0
	Projected Earnings on Plan Investments	0	0
	Other Changes in Plan Fiduciary Net Position	0	0
	Recognition of Outflow (Inflow) of Resources due to Liabilities	27,216	26,648
	Recognition of Outflow (Inflow) of Resources due to Assets	0	0
	<b>Total OPEB Expense</b>	<b>\$ 152,406</b>	<b>\$ 174,421</b>

### Important Dates Used in this Valuation

GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based upon:

- (1) A valuation date no more than 30 months plus one day prior to the close of the fiscal year end.  
**The valuation date is the date on which the participant data is collected, and the valuation calculations are processed.**
- (2) A measurement date up to one year prior to the close of the fiscal year.

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2022
Measurement Period:	June 30, 2021 to June 30, 2022
Fiscal Year End:	June 30, 2022

### Actuarial Funding Method and Assumptions

For this report, liabilities and annual costs were developed under the entry age normal method as required under GASB 74/75.

The actuarial assumptions were selected to be consistent with assumptions disclosed in valuations of similarly situated governmental employers, to be consistent with the experience of the Plan, if credible, and to represent the actuary's best estimate of future experience.

Two of the most significant assumptions affecting the measurement of retiree medical obligations are economic assumptions: the interest rate (also called discount rate), and the trend rate (the annual rate of increases in future health care costs). Two other very important assumptions are non-economic and both of which greatly affect the magnitude of retiree liabilities - the assumption regarding the ages at which employees will retire and commence benefits under the program, and the assumed level of participation (percentage of retirees electing to take coverage) in the plan. A description of each of the assumptions used is provided in Section Four of this report.

### Significant Discount Rates

July 1, 2021:	2.16%
June 30, 2022:	3.69%

Under GASB Statement No. 75, liabilities are required to be discounted based upon the expected rate of return associated with funded benefits, and for unfunded benefits, the 20-year muni bond rates. Since the District's plan is unfunded, the 20-year muni index rate applies. Therefore, the liabilities valued as of July 1, 2021 are discounted at a 2.16% interest rate, and the liabilities valued as of June 30, 2022 are discounted at a rate of 3.69%.

## SECTION ONE: OVERVIEW

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### ACTUARIAL CERTIFICATION

This is to certify that MWM Consulting Group has prepared an Actuarial Valuation of the Plan for the fiscal year ending June 30, 2022 for the primary purpose of providing financial accounting information required for compliance with GASB Statement No. 75. The results of this valuation have been prepared in conformance with our understanding of the relevant provisions of the GASB Statements Nos. 74 and 75.

The information and valuation results shown in this report are prepared with reliance upon information and data provided to us, which we believe to the best of our knowledge to be complete and accurate and include:

- Employee census data submitted by the District. This data was not audited by us but appears to be consistent with prior information, and sufficient and reliable for purposes of this report.
- Financial and Insurance data submitted by the District.
- Illinois statutory code provisions and Plan summaries as supplied by the District.

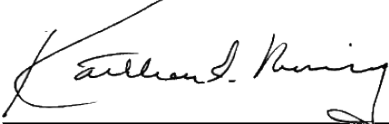
Actuarial valuations involve calculations that require assumptions about future events. We believe the assumptions and methods used are within the range of possible assumptions that are reasonable, appropriate for the purposes for which they have been used and accurately and fairly present the actuarial position of the healthcare Plan sponsored by the Lincolnwood School District No. 74 as of June 30, 2022. In our opinion, all methods, assumptions and calculations are in accordance with requirements of GASB Statements Nos. 74 and 75 and the procedures followed, and presentation of results are in conformity with generally accepted actuarial principles and practices. Results shown in this report could be materially different from the actual outcome if actual plan experience differs from the assumptions used.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This report should not be relied on for any purpose other than the purpose stated. The signing actuaries are independent of the plan sponsor and are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

MWM CONSULTING GROUP



Kathleen E Manning, FSA  
Managing Principal & Consulting Actuary  
MWM Consulting Group



Karl K. Oman, ASA  
Consulting Actuary  
MWM Consulting Group

10/12/2022

Date

### Retiree Medical Plan

The Lincolnwood School District No. 74 sponsors health benefit plans for employees and retired former employees. The provisions of the programs are summarized in section 6 of this report. In general, the District subsidizes a portion of the cost for hospital and medical coverage for eligible retired employees and their dependents. The retiree health benefits, commonly called OPEB (Other than Pension Employee Benefits) are required to be accounted for under Governmental Accounting Standards Board (GASB) statements. The GASB accounting statement applicable to retiree health OPEB plans is GASB Statement No. 75.

Under GASB Statement No. 75, the entire unfunded OPEB liability, valued with market related muni bond rates, must be recognized on the financial statements.

### Substantive Plan (Benefit Plan Provisions)

Under GASB, the benefit program to be valued is referred to as the Substantive Plan, which may or may not be set forth in a written document, but which includes the benefits which are understood by the employer, employees and other participants to be provided for under the program.

IMRF retirees and their dependents may continue coverage under District 74's group health program until age 65 by contributing a monthly premium. They may participate in any of the plans available to active employees. Retirees contribute either 30% or 100% (see Summary of Principal Plan Provisions in this report) of the blended average employee group cost. The District contributes any remaining blended average employee group cost. In addition, the District pays the difference between the actuarial cost of the health coverage for retirees and the blended average employee group cost.

The District will pay one of the below benefits for any teacher who has retired 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 in which the teacher retired.

For certain grandfathered TRS retirees, the District pays 100% of the premium for TRIP single or family coverage.

### Accounting Standard

Under GASB Statement No. 75 the annual expense and OPEB liability for plans like the District's which are funded on a pay-as-you-go basis will likely be more volatile because the discount rate used to develop the normal costs and actuarial accrued liability will be based on a municipal bond index which fluctuates with the market.

The municipal bond index rate is 2.16% as of July 1, 2021 and 3.69% as of June 30, 2022. Plan sponsors who partially pre-fund benefits must discount liabilities using a blended discount rate that reflects the municipal bond rate index to the degree the pre-funding assets are not available to pay benefits and the long-term expected return on assets to the degree the pre-funding assets are available to pay benefits.

## SECTION TWO: RESULTS AND ANALYSIS

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### Funding Versus Accounting

Accounting standards affect the definition, measurement and allocation of liabilities and expenses that are published by employers in their annual financial statements. The accounting statements require employers to accrue costs on their books, but do not require employers to make contributions.

### Funding Patterns

An employee hired at age 20 will not begin to receive retiree health benefits for decades, although the employee earns these benefits during his working years, before retirement. An employer with young employees and no retirees has no cash disbursements for retiree health benefits for many years, although the obligation for these benefits begins to accumulate with the first employee. Putting more money aside than will be paid out currently in anticipation of payouts in the future is called *pre-funding* an obligation. Whereas making payments only as each benefit amount comes due is called *pay-as-you-go* or *terminal* funding.

Systematic prefunding patterns for retirement benefits are developed according to various actuarial methodologies, which can call for increasing, decreasing or level patterns of annual contributions depending upon the demographics of the group and the financial considerations of an employer.

### Accounting Valuation

This report is identified as an interim accounting valuation report determined for the sole purpose of meeting Plan and employer financial accounting requirements as prescribed under GASB Statements Nos. 74/75 and may not be appropriate for the determination of the contribution level or the Plan's funding requirements for other purposes.

### Census Data

The calculations in this report are based upon data submitted by the District for active and retired employees and their dependents as of June 30, 2022.

### Plan Costs

The costs of the benefit programs measured were based upon the premium rates and costs in effect at July 1, 2022.

### Closed Group Valuation

This valuation has been prepared on a closed group valuation basis, meaning only the existing population has been considered.

### Actuarial Cost Method

As required under GASB Statements Nos. 74/75, the Entry Age Normal actuarial method was used to develop the liabilities and expense components. The Entry Age Normal method was also used in prior valuations.

### Actuarial Valuation Exhibits

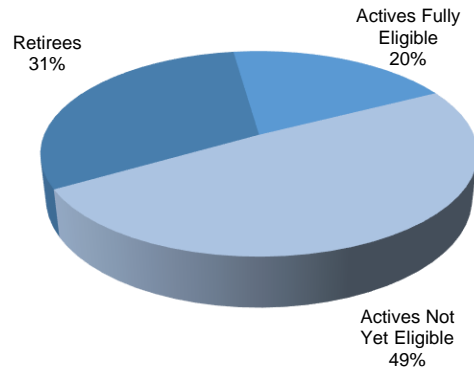
Exhibits 1 and 2 display the actuarial present values liability amounts, accrued liability amounts, and selected valuation results as of the end of the year based on the end of year discount rate of 3.69%.



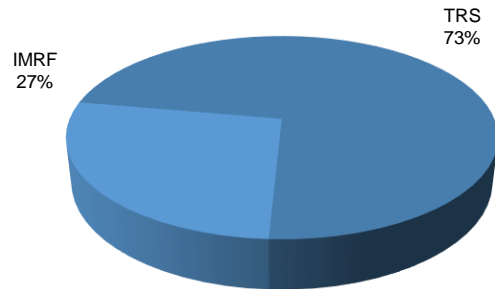
**SECTION TWO: RESULTS AND ANALYSIS**

**Exhibit 1**  
**Present Value of Future Benefits**  
**As of June 30, 2022 for**  
**Fiscal Year Ending June 30, 2022**

<b>By Employee Status</b>		<b>Total</b>
Retirees	\$	815,498
Actives Fully Eligible		518,513
Actives Not Yet Eligible		1,290,378
<b>Total</b>	<b>\$</b>	<b>2,624,389</b>



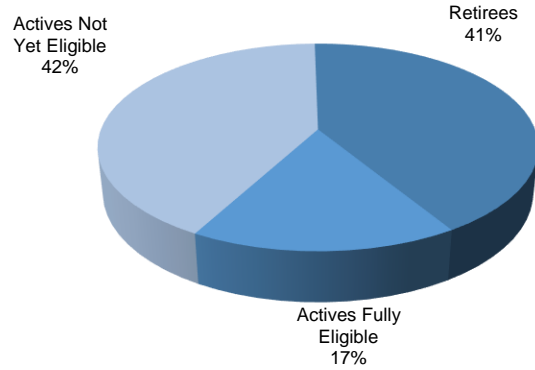
<b>By Category</b>		<b>Total</b>
TRS	\$	1,916,417
IMRF		707,972
<b>Total</b>	<b>\$</b>	<b>2,624,389</b>



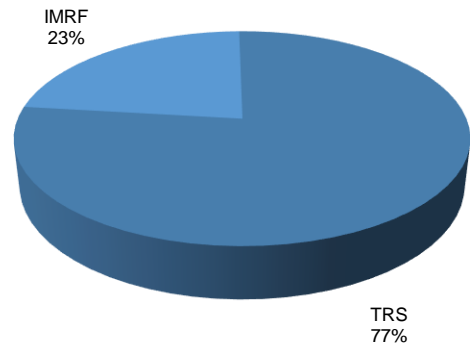
**SECTION TWO: RESULTS AND ANALYSIS**

**Exhibit 2**  
**Actuarial Accrued Liability**  
**As of June 30, 2022 for**  
**Fiscal Year Ending June 30, 2022**

<b>By Employee Status</b>		<b>Total</b>
Retirees	\$	815,498
Actives Fully Eligible		329,459
Actives Not Yet Eligible		820,752
<b>Total</b>	<b>\$</b>	<b>1,965,709</b>



<b>By Category</b>		<b>Total</b>
TRS	\$	1,516,330
IMRF		449,379
<b>Total</b>	<b>\$</b>	<b>1,965,709</b>



### GASB STATEMENT NO. 74 DISCLOSURE FOR FISCAL YEAR END 2022

GASB Statement No. 74 requires certain actuarial information be disclosed in the footnotes of financial statements of funded OPEB plans, or as required supplementary information. GASB Statement No. 74 financial disclosure information for the fiscal year end 2022 was based on a valuation prepared as of June 30, 2022 using the June 30, 2022 participant census and the GASB Statement No. 74 actuarial assumptions and methodology.

This section of the report summarizes the GASB Statement No. 75 requirements and presents the schedules, exhibits and information required to comply with GASB Statement No. 75.

#### **Summary of Accounting Standards**

For OPEB plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 74 established standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the OPEB liability. Similarly, GASB statement No. 75 established standards for state and local government employers to account for and disclose the net OPEB liability, OPEB expense, and other information associated with providing medical benefits to their employees (and former employees) on their basic financial statements.

#### **Financial Statements**

GASB Statement No. 75 requires state or local governments to recognize the net OPEB liability and the OPEB expense on their financial statements. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuation performed to determine the employer's contribution requirements).

The OPEB expense recognized each fiscal year is equal to the change in the net OPEB liability from the beginning of the year to the end of the year, and reflects annual service costs, interest costs and includes adjustments for deferred recognition of the liability and investment experience.

OPEB plans that prepare their own stand-alone financial statements are required to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position in accordance with GASB Statement No. 74. The statement of fiduciary net position presents the asset and liabilities of the OPEB plan at the end of the OPEB plan's reporting period. The statement of changes in fiduciary net position presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expense and net increase or decrease in the fiduciary net position.

#### **Notes to Financial Statements**

GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets and deferred outflows and inflows of resources related to OPEBs.

## SECTION THREE: ANNUAL REPORTING UNDER GASB STATEMENTS NOS. 74/75

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GASB Statements Nos. 74 and 75 require the notes of the financial statements for the employers' OPEB plan include:

- A description of benefits provided by the plan
- The type of employees and number of members covered by the OPEB plan
- A description of the plan's funding policy, which includes member and employer contribution requirements
- The OPEB plan's investment policies
- The OPEB plan's fiduciary net position, net OPEB liability and the OPEB plan's fiduciary net position as a percentage of the total OPEB liability
- Significant assumptions and methods used to calculate the total OPEB liability
- Inputs to the discount rates
- Certain information about mortality assumptions and the date of experience studies

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 74:

- The compositions of the OPEB plan's board and the authority under which benefit terms may be amended
- A description of how fair value is determined
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets

### Required Supplementary Information

GASB Statement No. 74 requires a 10-year fiscal history\* of:

- Sources of changes in the net OPEB liability
- Information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability and the net OPEB liability as a percent of covered employee payroll
- Comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy

\*These tables may be built prospectively as information becomes available.

### Calculation of the Single Discount Rate

GASB Statements Nos. 74 /75 include a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a risk free rate is required, such as a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating.

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 3.69% per year, and the municipal bond rate, if applicable, is 2.16% at July 1, 2021 and 3.69% at June 30, 2022.

### Contribution Policy

The single discount rate is determined based upon the projection of assets, investment return, benefit payments and contributions. The contribution policy assumed for this valuation is pay as you go.

### Measurement of the Net OPEB Liability

The net OPEB liability is to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net positions. Using more familiar actuarial terms, this will be the accrued liability less the market value of assets.

### Timing of the Valuation

An actuarial valuation to determine the total OPEB liability is required to be performed at least once every two years. The net OPEB liability and OPEB expense should be measured as of the OPEB plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. If the actuarial valuation used to determine the total OPEB liability is calculated as of the beginning of the year, the results are required to be rolled forward from the actuarial valuation date to the measurement date.

The total OPEB liability shown in this report is based on the census data and financial information provided for the actuarial valuation performed as of June 30, 2022.

## Financial Reporting Under GASB 74/75

Schedules of Required Supplementary Information  
Schedule of Changes in the Net OPEB Liability and Related Ratios Multiyear

Fiscal Year Ending	6/30/2022	6/30/2021
<b>Total OPEB Liability</b>		
Service Cost including Administrative Expenses	\$ 83,065	\$ 102,171
Interest on the Total OPEB Liability	42,125	45,602
Benefit Changes	0	0
Differences Between Expected and Actual Experience	130,845	0
Assumption Changes	(123,343)	4,493
Benefit Payments	(234,469)	(296,439)
Refunds	0	0
OPEB Plan Administrative Expense	0	0
<b>Net Change in Total OPEB Liability</b>	\$ (101,777)	\$ (144,173)
<b>Total OPEB Liability - Beginning</b>	\$ 2,067,486	\$ 2,211,659
<b>Total OPEB Liability - Ending</b>	\$ 1,965,709	\$ 2,067,486
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	\$ 234,469	\$ 296,439
Employee Contributions	0	0
OPEB Plan Net Investment Income	0	0
Benefit Payments, Including Refunds of Member Contributions	(234,469)	(296,439)
Other	0	0
Administrative Expense	0	0
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 0	\$ 0
<b>Plan Fiduciary Net Position - Beginning</b>	\$ 0	\$ 0
<b>Plan Fiduciary Net Position - Ending</b>	\$ 0	\$ 0
<b>Net OPEB Liability - Ending</b>	\$ 1,965,709	\$ 2,067,486
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered-employee payroll	\$ 14,293,229	\$ 14,733,066
Net OPEB Liability as a Percentage of Covered-Employee Payroll	13.75%	14.03%
Notes to Schedule	10 fiscal years to be built prospectively	

## SECTION THREE: ANNUAL REPORTING UNDER GASB STATEMENTS NOS. 74/75

The additional exhibits and information needed to comply with the GASB 75 disclosure requirements for the 2022 fiscal year end are included here.

### NET OPEB LIABILITY AND RELATED RATIOS

Item	TRS	IMRF	Total
Total OPEB Liability	\$ 1,516,330	\$ 449,379	\$ 1,965,709
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	\$ 1,516,330	\$ 449,379	\$ 1,965,709
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

### GASB 74/75 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY

GASB Statements Nos. 74/75 requires a 10-year schedule of changes in the net OPEB liability. The statement provides that the required supplementary information should be presented for as many years for which information measured in conformity with the requirements of the Statement is available and that the schedules should not include information that is not measured in conformity with the requirements of the Statement.

The information prior to 2018 necessary to provide a schedule of changes in net OPEB liability measured in conformity with the requirements of GASB Statement No. 74 is not available. The 10-year schedule will be built prospectively.

Fiscal Year Ending 6/30	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Employee Payroll	Net OPEB Liability as a % of Covered Payroll
2022	\$1,965,709	\$0	\$1,965,709	0.00%	\$14,293,229	13.75%
2021	2,067,486	0	2,067,486	0.00%	14,733,066	14.03%
2020	2,211,659	0	2,211,659	0.00%	14,373,723	15.39%
2019	5,126,180	0	5,126,180	0.00%	14,079,363	36.41%
2018	4,915,105	0	4,915,105	0.00%	13,522,519	36.35%

### SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

GASB Statements Nos. 74/75 requires a disclosure of measures of the net OPEB liability calculated using

- a discount rate that is 1 percentage point higher than the discount rate used for the actuarial valuation; and
- a discount rate that is 1 percentage point lower than the discount rate used for the actuarial valuation.

The sensitivity of the net OPEB liability to changes in the Single Discount rate is presented in the below table. The table presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.69%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower or 1-percentage point higher:

## SECTION THREE: ANNUAL REPORTING UNDER GASB STATEMENTS NOS. 74/75

### SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE (Continued)

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
TRS	\$1,598,079	\$1,516,330	\$1,439,214
IMRF	<u>466,365</u>	<u>449,379</u>	<u>432,368</u>
Total	\$2,064,444	\$1,965,709	\$1,871,582

### SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND

GASB Statements Nos. 74/75 requires a disclosure of measures of the net OPEB liability calculated using:

- healthcare trend rates that are 1 percentage point higher than the trend rates used for the actuarial valuation; and
- healthcare trend rates that are 1 percentage point lower than the trend rates used for the actuarial valuation.

	1% Decrease 5.25% Decr. to 4.00%	Current Trend Rates 6.25% Decr. to 5.00%	1% Increase 7.25% Decr. to 6.00%
TRS	\$1,490,407	\$1,516,330	\$1,540,041
IMRF	<u>414,262</u>	<u>449,379</u>	<u>489,965</u>
Total	\$1,904,669	\$1,965,709	\$2,030,006

### TEN YEAR SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

GASB Statements Nos. 74/75 requires a schedule presenting a comparison of the actual employer contributions with the actuarially determined contributions over the past 10 fiscal years. The 10-year schedule is shown below.

Fiscal Year Ending 6/30	Actuarially Determined Contribution*	Employer Contribution in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Employer Contribution as a % of Covered Employee Payroll
2022	N/A	N/A	\$0	\$14,293,229	0.00%
2021	N/A	N/A	0	14,733,066	0.00%
2020	N/A	N/A	0	14,373,723	0.00%
2019	N/A	N/A	0	14,079,363	0.00%
2018	N/A	N/A	0	13,522,519	0.00%

\* Pay-as-you-go



## SECTION THREE: ANNUAL REPORTING UNDER GASB STATEMENTS NOS. 74/75

### Financial Reporting Under GASB 74/75 OPEB Expense Fiscal Year Ending June 30, 2022

Fiscal Year Ending	6/30/2022	6/30/2021
<b><u>Expense</u></b>		
Service Cost	\$ 83,065	\$ 102,171
Administrative Expense	0	0
Interest on the Total OPEB Liability	42,125	45,602
Current-Period Benefit Changes	0	0
Employee Contributions	0	0
Projected Earnings on Plan Investments	0	0
Other Changes in Plan Fiduciary Net Position	0	0
Recognition of Outflow (Inflow) of Resources due to Liabilities	27,216	26,648
Recognition of Outflow (Inflow) of Resources due to Assets	0	0
<b>Total OPEB Expense</b>	<b>\$ 152,406</b>	<b>\$ 174,421</b>
<b><u>Reconciliation of Net OPEB Liability</u></b>		
<b>Net OPEB Liability Beginning of Year</b>	<b>\$ 2,067,486</b>	<b>\$ 2,211,659</b>
OPEB Expense	152,406	174,421
Employer Contributions	(234,469)	(296,439)
Deferred Investment Experience (inflows)/outflows	0	0
Deferred Liability Experience (inflows)/outflows	111,116	(9,829)
Deferred Assumption Changes (inflows)/outflows	(130,830)	(12,326)
<b>Net OPEB Liability End of Year</b>	<b>\$ 1,965,709</b>	<b>\$ 2,067,486</b>

## SECTION THREE: ANNUAL REPORTING UNDER GASB STATEMENTS NOS. 74/75

### OPEB Expense Fiscal Year Ending June 30, 2022 Schedule of Outflows and Inflows of Resources

A. Change in Outflows and (Inflows) of Resources during Current Plan Year				
Experience (Gain) / Loss	Initial Balance	Amortization Factor	Amortization	Balance at End of Year
1. Difference between expected and actual non-investment experience	\$ 130,845	13.2171	\$ 9,900	\$ 120,945
2. Assumption Changes	(123,343)	13.2171	(9,332)	(114,011)
3. Difference between expected and actual investment earnings	0	5.0000	0	0
<b>4. Total</b>	<b>\$ 7,502</b>		<b>\$ 568</b>	<b>\$ 6,934</b>

B. Outflows and Inflows of Resources by Source to be recognized in Current OPEB Expense			
	Outflows of Resources	Inflows of Resources	Net Outflows (Inflows) of Resources
1. Difference between expected and actual non-investment experience	\$ 19,729	\$ 0	\$ 19,729
2. Assumption Changes	16,819	(9,332)	7,487
3. Difference between expected and actual investment earnings	0	0	0
<b>4. Total</b>	<b>\$ 36,548</b>	<b>\$ (9,332)</b>	<b>\$ 27,216</b>

C. Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future OPEB Expenses			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
1. Difference between expected and actual non-investment experience	\$ 224,526	\$ 0	\$ 224,526
2. Assumption Changes	139,483	(114,011)	25,472
3. Difference between expected and actual investment earnings	0	0	0
<b>4. Total</b>	<b>\$ 364,009</b>	<b>\$ (114,011)</b>	<b>\$ 249,998</b>

D. Deferred Outflows and Inflows of Resource by Year to be recognized in Future OPEB Expenses			
Year Ending	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources	
June 30			
2023	\$ 36,548	\$ (9,332)	
2024	36,548	(9,332)	
2025	36,548	(9,332)	
2026	36,548	(9,332)	
2027	36,548	(9,332)	
Thereafter	181,269	(67,351)	
<b>Total</b>	<b>\$ 364,009</b>	<b>\$ (114,011)</b>	

## SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation						
<b>Actuarial Cost Method</b>	The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.						
<b>Discount (Interest) Rate</b>	A discount rate of 2.16% was used as of July 1, 2021 and 3.69% was used as of June 30, 2022.						
<b>Salary Increase</b>	Salaries are assumed to increase at the rate of 2.50% per annum.						
<b>Monthly Health Plan Premium Costs (Blended)*</b>	<u>Coverage</u>	<u>IMRF</u>		<u>TRS</u>			
		<u>PPO</u>	<u>HMO</u>	<u>MCP</u>	<u>TCHP (MCA)</u>	<u>TCHP (MCUA)</u>	
	EE Only	\$1,086.85	\$695.10	\$299.92	\$699.96	\$349.98	
	EE and SP	\$1,880.20	\$1,270.21	\$1,499.61	\$2,099.87	\$1,749.89	
	EE & CH	\$1,880.20	\$1,343.79	N/A	N/A	N/A	
Family	\$2,543.15	\$1,919.82	N/A	N/A	N/A		
	<i>* For valuation calculations, blended rates are adjusted to reflect the individual participant age through actuarial rate factors. The factors used are from the Society of Actuaries June 2013 report: "Health Care Costs – From Birth to Death"</i>						
<b>Mortality</b>	Base Rates: IMRF-PubG; TRS-PubT. Improvement Scale: MP2021FG						
<b>Disability</b>	Representative Disability rates by Age and Sex:						
	<u>Age</u>	<u>TRS</u>		<u>IMRF</u>			
		<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>		
	25	0.0001	0.0003	0.0000	0.0000		
	35	0.0002	0.0006	0.0001	0.0000		
	45	0.0005	0.0010	0.0003	0.0001		
	55	0.0014	0.0020	0.0007	0.0003		
	65	0.0025	0.0030	0.0009	0.0006		
<b>Withdrawal</b>	Representative Withdrawal rates by Age, Sex and Service:						
	<u>TRS-Male</u>			<u>TRS-Female</u>			
	<u>Age</u>	<u>Less than 5 Years of Service</u>	<u>5 or More Years of Service</u>	<u>Age</u>	<u>Less than 5 Years of Service</u>	<u>5 or More Years of Service</u>	
	25	0.070	0.030	25	0.065	0.050	
	30	0.065	0.030	30	0.070	0.048	
	40	0.100	0.018	40	0.080	0.015	
	50	0.120	0.013	50	0.080	0.015	
	60	0.150	0.030	60	0.140	0.025	
	<u>IMRF</u>						
	<u>Service</u>	<u>Male</u>	<u>Female</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>	
	0	0.245	0.285	5	0.088	0.103	
	1	0.195	0.222	6	0.073	0.085	
	2	0.150	0.178	7	0.070	0.080	
	3	0.130	0.145				
	4	0.103	0.118				
				<u>8 or More YOS</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
					25	0.000	0.080
					35	0.035	0.058
					45	0.023	0.036
					55	0.015	0.025

**SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD**

Actuarial Assumption Item	Annual Actuarial Valuation					
Retirement	Representative Retirement rates by Age and Service:					
	<b>TRS Tier 1</b>					
		Years of Service				
	Age	5-18	19-29	30-31	32-33	34+
	55	0.00	0.07	0.08	0.40	0.45
	60	0.20	0.30	0.40	0.60	0.40
	65	0.25	0.40	0.45	0.50	0.40
	70	1.00	1.00	1.00	0.50	0.30
	<b>TRS Tier 2</b>					
		Years of Service				
	Age	9-18	19-30	31	32+	
	55	0.00	0.00	0.00	0.00	
	62	0.13	0.15	0.20	0.25	
	65	0.08	0.10	0.15	0.20	
	67	0.20	0.40	0.70	0.70	
70	1.00	1.00	1.00	1.00		
<b>IMRF Tier 1</b>						
Age	Reduced Early		Normal Retirement			
	Male	Female	Male	Female		
55	0.071	0.06	0.37	0.26		
56	0.071	0.06	0.28	0.20		
57	0.071	0.06	0.21	0.17		
58	0.071	0.06	0.21	0.17		
59	0.071	0.06	0.23	0.19		
60			0.13	0.11		
61			0.13	0.10		
62			0.21	0.18		
63			0.19	0.18		
64			0.18	0.17		
65			0.25	0.26		
66			0.31	0.28		
67			0.26	0.26		
68			0.24	0.22		
69			0.22	0.23		
70			0.22	0.23		
71			0.22	0.21		
72			0.19	0.21		
73			0.20	0.23		
74			0.21	0.21		
75			0.21	0.22		
76			0.21	0.22		
77			0.21	0.22		
78			0.21	0.22		
79			0.21	0.22		
80			1.00	1.00		

## SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation								
Retirement (cont.)	IMRF - Tier 2								
	Age	Reduced Early		Normal Retirement					
				Service Less Than 30 Years		Service Between 30-35 Years		Service 35 Years or More	
		Male	Female	Male	Female	Male	Female	Male	Female
	62	0.15	0.13						
63	0.15	0.13							
64	0.15	0.13							
65	0.15	0.13							
66	0.15	0.13							
67			0.30	0.25	0.50	0.50	0.75	0.75	
68			0.30	0.25	0.50	0.50	0.75	0.75	
69			0.25	0.20	0.50	0.50	0.75	0.75	
70			0.20	0.18	0.50	0.50	0.75	0.75	
71			0.20	0.18	0.50	0.50	0.75	0.75	
72			0.20	0.18	0.50	0.50	0.75	0.75	
73			0.18	0.18	0.50	0.50	0.75	0.75	
74			0.18	0.18	0.50	0.50	0.75	0.75	
75			0.18	0.18	0.50	0.50	0.75	0.75	
76			0.18	0.18	0.50	0.50	0.75	0.75	
77			0.18	0.18	0.50	0.50	0.75	0.75	
78			0.18	0.18	0.50	0.50	0.75	0.75	
79			0.18	0.18	0.50	0.50	0.75	0.75	
80			1.00	1.00	1.00	1.00	1.00	1.00	
<b>Participation</b>	100% of TRS employees eligible for a District Stipend were assumed to participate in the plan.								
	100% of all other employees currently enrolled in medical plans were assumed to participate in the plan.								
	33-1/3% of employees who waived coverage were assumed to participate in the plan at retirement.								
<b>Plan Election</b>	IMRF-100% of employees were assumed to continue in their current medical plan (HMO or PPO) at retirement through Medicare eligibility; 100% of retirees were assumed to continue in their medical plan through Medicare eligibility.								
	TRS Employees-100% of employees were assumed to receive the District Stipend to pay for TRIP medical coverage at retirement through Medicare eligibility, with assumed election percentages: MCP-27%, TCHP(MCA)-60%, TCHP(MCUA)-13%								
	TRS Grandfathered Retirees-100% of retirees were assumed to continue in their current medical plan through Medicare eligibility (MCP, TCHP (MCA) or TCHP (MCUA)).								
<b>Spouse Information</b>	50% of employees were assumed to have participating spouses. Females were assumed to be three years younger than males.								

## SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation		
Health Care Cost Inflation Rates	<u>Period</u>	<u>Medical</u>	<u>Dental</u>
	2022	6.25%	3% per Year
	2023	6.00%	
	2024	5.75%	
	2025	5.50%	
	2026	5.25%	
	2027 and after	5.00%	

## SECTION FIVE: PARTICIPANT DATA

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### PARTICIPANT SUMMARY AS OF JUNE 30, 2022

Status	TRS	IMRF	Total
Active Participants	126	49	175
Retired Participants	14	0	14
<b>Total</b>	<b>140</b>	<b>49</b>	<b>189</b>

## SECTION FIVE: PARTICIPANT DATA

### ACTIVE PARTICIPANT AGE AND SERVICE DISTRIBUTIONS AS OF JUNE 30, 2022

#### TRS

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20 - 24	7									7
25 - 29	8									8
30 - 34	8	5								13
35 - 39	9	7	6							22
40 - 44	3	8	4	7	1					23
45 - 49	5	4	3	8	11					31
50 - 54	2		2		4	5				13
55 - 59	1		1		2	4				8
60 - 64	1									1
65 & Over										0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126</b>

Average Age: 41.96 years

Average Length of Service: 10.98 years

#### IMRF

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20 - 24	1									1
25 - 29	7									7
30 - 34	1	1								2
35 - 39	1		1							2
40 - 44	1	1								2
45 - 49	3	1								4
50 - 54	4			1						5
55 - 59	4	1	2	2	2	1				12
60 - 64	1	2	1		4	2				10
65 & Over	1	1			1		1			4
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49</b>

Average Age: 50.59 years

Average Length of Service: 9.94 years



**SECTION SIX: SUMMARY OF PRINCIPAL PLAN PROVISIONS**

Item	Provision														
<p><b>Eligibility</b></p>	<p>Full-Time Employees - IMRF (Cafeteria, Custodian, Support, Admin and Teacher Aide) Full-Time Employees - TRS (Teacher and Special Teacher)</p> <p><b><u>IMRF Tier 1:</u></b> Normal Retirement: Age 55 and 35 years of service; or Age 60 and 8 years of service. Early Retirement: Age 55 and 8 years of service. Age 55 and 30 years of service.</p> <p><b><u>IMRF Tier 2:</u></b> Normal Retirement: Age 62 and 35 years of service; or Age 67 and 10 years of service. Early Retirement: Age 62 and 10 years of service. Age 62 and 30 years of service.</p> <p><b><u>TRS (Teacher and Special Teacher):</u></b> 15 years of service in District 74; and</p> <p><b><u>TRS Tier 1:</u></b> Normal Retirement: Age 55 and 35 years of service; or Age 60 and 10 years of service; or Age 62 and 5 years of service. Early Retirement: Age 55 and 20 years of service.</p> <p><b><u>TRS Tier 2:</u></b> Normal Retirement: Age 67 and 10 years of service. Early Retirement: Age 62 and 10 years of service.</p>														
<p><b>Coverage and Benefits</b></p>	<p><b><u>Medical/Prescription Coverage</u></b> IMRF: PPO or HMO TRS: Managed Care Plan (MCP), TCHP (MCA) or TCHP (MCUA)</p> <p style="text-align: center;"><b><u>Retirees - IMRF</u></b></p> <p><b><u>Pre-65 Medical Coverage</u></b> For those employees who had ten 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:</p> <table border="1" data-bbox="602 1442 1310 1522"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">55</td> <td style="text-align: center;">56</td> <td style="text-align: center;">57</td> <td style="text-align: center;">58</td> <td style="text-align: center;">59</td> <td style="text-align: center;">60</td> </tr> <tr> <td style="text-align: center;">Years</td> <td style="text-align: center;">20</td> <td style="text-align: center;">19</td> <td style="text-align: center;">18</td> <td style="text-align: center;">17</td> <td style="text-align: center;">16</td> <td style="text-align: center;">15</td> </tr> </table> <p>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 time of retirement. The current rate for active employees is 30% and the District pays the remaining 70%.</p> <p>For those employees who did not have ten years of service to the District as of June 1, 2011, the employer contribution for insurance coverage for retired support personnel shall be at the same rate as is available to active employees for single premium coverage.</p>	Age	55	56	57	58	59	60	Years	20	19	18	17	16	15
Age	55	56	57	58	59	60									
Years	20	19	18	17	16	15									

## SECTION SIX: SUMMARY OF PRINCIPAL PLAN PROVISIONS

Item	Provision
<b>Coverage and Benefits (cont.)</b>	<p><u>Post-65 Medical Coverage</u> Retirees are not allowed to remain on the District insurance once Medicare eligible.</p>
	<p style="text-align: center;"><u>Retirees - TRS</u></p>
	<p><u>Pre-65 Medical Coverage</u> Retirees are not allowed to remain on the District insurance and must seek outside coverage such as that offered through TRIP.</p>
	<p>The District will pay one of the below benefits for any teacher who has retired through TRS and who has been a full-time employee with the District for at least 15 years at the time of retirement:</p>
	<p>1. Single premium cost for TRIP insurance, up to a maximum of \$5,000 annually until the retiree becomes Medicare-eligible; or</p>
	<p>2. A lump sum payment of \$35,000 to be paid in January following the year in which the teacher retired.</p>
	<p>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.</p>
	<p>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.</p>
	<p><u>Post-65 Medical Coverage</u> Retirees are not allowed to remain on the 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.</p>
	<p><b><u>Dental and Life Coverage</u></b> Types of Coverage: Dental and Life Insurance (\$50K for Teaching Staff, \$150K for Administrators and Varies for Superintendent).</p> <p style="text-align: center;"><u>Retirees - IMRF</u></p> <p>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%. Coverage ends once the retiree is Medicare-eligible.</p> <p>Retirees are not eligible for life insurance coverage.</p> <p style="text-align: center;"><u>Retirees - TRS</u></p> <p>Retirees are not eligible for dental or life insurance coverage.</p> <p>There may be current retirees who were grandfathered into the following 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.</p>