



Montgomery County Government Post-Employment Medical Benefits

GASB 75 Actuarial Information for the Year
Ending June 30, 2020

Bolton

Submitted by:

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Employee Benefits, Actuarial & Investment Consulting

April 23, 2020

Kay Russell Deerin
Group Insurance Fund Manager
Office of Human Resources
101 Monroe Street, 12th Floor, Room 1209
Rockville, MD 20850

Dear Kay:

The following report contains the GASB 75 actuarial information for the post-employment medical benefit (OPEB) Plan. GASB 75 is for employer accounting and will be disclosed in the FYE 2020 CAFR notes to the financial statements. The GASB 75 information has been provided as of the June 30, 2019 measurement date for FYE 2020.

Methodology, Reliance and Certification

This report is prepared for the Montgomery County Government (the Government). The report contains the actuarial information to be included with the Government's financial statements (the Government's fiscal year end date) as required by GASB 75. This information has been prepared for use in the financial statements of the Government. This information is not intended for, nor should it be used for, any additional purposes.

The Plan is a cost sharing plan with each participating agency being a separate employer. Under GASB 75 cost sharing plans allocate the total Plan OPEB liability between employers. We have included an exhibit that shows the allocation by employer (agency) for FYE 2020. This allocation is based on the ADC of each employer. The prior GASB 75 disclosures (FYE 2018 and FYE 2019) included a development of the GASB 75 expense in total but not by individual employer. While we do have the total expense for all of the employers from the prior actuary's report, we were not provided with an allocation of the FYE 2019 actuarial determined contribution (ADC) by employer. We used the prior data and assumptions that were used to try to duplicate the prior results. We allocated the FYE 2019 ADC based on our results by employer and total. While our total ADC was not equal to the total ADC determined by the prior actuary, we are not aware of any biases that would result as a result of using this method.

The methods, assumptions, participant data, and plan provisions are detailed in the FYE 2020 and FYE 2021 Actuarial Valuation report dated October 11, 2019.

The Government has selected a June 30, 2019 measurement date for the FYE 2020 disclosure. The GASB 74 report included liabilities for the Cadillac Tax. The December 2019 Federal Appropriations Bill eliminated the excise tax on high cost plans that was part of the Affordable Care Act (this excise tax is commonly referred to as the "Cadillac Tax"). It is our understanding from Paragraph 30 of the GASB 75 Standard that the disclosure should be "in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date". Accordingly, we have not adjusted the results to show the impact of the elimination of the excise tax which was signed into law after the measurement date. The change in the law could reduce retiree health care OPEB accounting liabilities by 3 to 5 percent and will be disclosed on next year's report. You may want to consult with your auditors to ensure that they concur with our understanding.



Methodology, Reliance and Certification

The included calculations assume that the members and the Government will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to be available to make all future benefit payments until 2063.

The long-term nominal expected rate of return on OPEB plan investments was determined using a building-block method where return expectations are established for each asset class. The building-block approach uses the current underlying fundamentals, not historical returns. For example, spread and the risk-free rate are used for fixed income; and dividends, earnings growth and valuation are used for equity. These return expectations are weighted based on asset/target amounts. The investment returns by investment class and the plan's asset investment policy were provided by the Government.

Future medical care cost increase rates are unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems and emerging technologies. The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Model inputs will be updated periodically based on the best estimate of the economy at that time. The sensitivity of results to a 1% increase or decrease in assumed trend is shown in this report.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. Other assumptions may be equally valid. The future is uncertain, and the plan's actual experience will differ from the assumptions; the differences may be significant or material because the results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

The Government is responsible for selecting the plan's funding policy and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the FYE 2020 and FYE 2021 Actuarial Valuation report dated October 11, 2019. The Government is solely responsible for communicating to Bolton Partners, Inc. any changes required thereto.



Methodology, Reliance and Certification

This report is based on plan provisions, census data, and claims data submitted by the Government and their providers. We have relied on this information for purposes of preparing this report but have not performed an audit. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The plan sponsor is solely responsible for the validity and completeness of this information.

The information in this report was prepared for the internal use of the Government, the plan and their auditors in connection with our actuarial valuations of the OPEB plan as required by GASB 75.

This report may not be used for any other purpose; Bolton Partners, Inc. is not responsible for the consequences of any unauthorized use or the reliance on this information by any other party.

We make every effort to ensure that our calculations are accurately performed. These calculations are complex. Despite our best efforts, we may make a mistake. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

This report provides certain financial calculations for use by the auditor. These values have been computed in accordance with our understanding of generally accepted actuarial principles and practices and fairly reflect the actuarial position of the plan. The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the plan in the case of plan termination. 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.

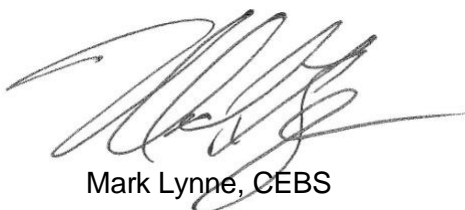
Bolton Partners is completely independent of Montgomery County Government, its programs, activities, its officers, and key personnel. Bolton Partners, and anyone closely associated with us, does not have any relationship which would impair or appear to impair our objectivity on this assignment.

The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The FYE 2020 and FYE 2021 Actuarial Valuation report dated October 11, 2019 contains information that is integral to the results contained herein and a copy may be provided upon request.

Respectfully submitted,



Kevin Binder, FSA, EA



Mark Lynne, CEBS



Appendix A . GASB 75 Disclosure



Agency Allocation

Below is an allocation of the Net OPEB Liability by participating Agencies. These amounts are determined based on the proportion of Liability for the measurement year ending June 30, 2019. These allocation percentages will be used to prepare the FY2020 GASB75 disclosures

| Agency | FYE 2019 Actuarially Determined Contribution (ADC) | Net OPEB Liability 6/30/2019 | Percent of Liability 6/30/2019 |
|---|--|---------------------------------|--------------------------------------|
| Montgomery County Government | \$112,936 | \$825,636,740 | 96.7431% |
| State Department of Assessment and Taxation | \$163 | \$1,194,805 | 0.1400% |
| Montgomery County Employees Federal Credit Union | \$209 | \$1,530,204 | 0.1793% |
| Housing Opportunities Commission of Montgomery County | \$2,708 | \$19,797,920 | 2.3198% |
| Montgomery County Revenue Authority | \$421 | \$3,078,330 | 0.3607% |
| Strathmore Hall Foundation, Inc. | \$228 | \$1,670,167 | 0.1957% |
| Village of Friendship Heights | \$46 | \$337,106 | 0.0395% |
| Washington Suburban Transit Commission | \$26 | \$186,902 | 0.0219% |
| Total | \$116,737 | \$853,432,174 | 100.00% |

Appendix A . GASB 75 Disclosure



Change in Net OPEB Liability

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|--------------------------------|---------------------------------------|---------------------------------|
| Balance as of June 30, 2018 for FYE 2019 | \$1,823,142,490 | \$492,078,607 | \$1,331,063,883 |
| Changes for the Year | | | |
| Service Cost | 70,518,206 | | 70,518,206 |
| Interest | 111,580,719 | | 111,580,719 |
| Changes of Benefit Terms | 0 | | 0 |
| Experience Losses/(Gains) | (351,021,508) | | (351,021,508) |
| Trust Contribution - Employer | | 77,208,188 | (77,208,188) |
| Net Investment Income | | 39,922,676 | (39,922,676) |
| Changes in Assumptions | (191,917,617) | | (191,917,617) |
| Benefit Payments (net of retiree contributions) | (55,114,260) | (55,114,260) | 0 |
| Administrative Expense | | (339,355) | 339,355 |
| Net Changes | (415,954,460) | 61,677,249 | (477,631,709) |
| Balance as of June 30, 2019 for FYE 2020 | \$1,407,188,030 | \$553,755,856 | \$853,432,174 |
| Funded status | | 39.35% | |

Appendix A . GASB 75 Disclosure



OPEB Expense - Required by GASB 75

| | | |
|---|----|---------------|
| | | |
| 1. Service Cost | \$ | 70,518,206 |
| 2. Interest | | 111,580,719 |
| 3. Projected Earnings on OPEB Trust | | (37,721,692) |
| 4. OPEB Administrative Expense | | 339,355 |
| 5. Changes in Benefit Terms | | 0 |
| 6. Differences Between Expected and Actual Earnings | | |
| In Current Fiscal Year Recognized in Current Year | | (440,197) |
| From Past Years Recognized in Current Year | | (4,402,485) |
| Total | | (4,842,682) |
| 7. Differences Between Expected and Actual Experience | | |
| In Current Fiscal Year Recognized in Current Year | | (52,944,421) |
| From Past Years Recognized in Current Year | | (3,164,168) |
| Total | | (56,108,589) |
| 8. Changes in Assumptions | | |
| In Current Fiscal Year Recognized in Current Year | | (28,946,850) |
| From Past Years Recognized in Current Year | | (72,300,677) |
| Total | | (101,247,527) |
| 9. Total OPEB Expense | \$ | (17,482,210) |

Sensitivity of Total and Net OPEB Liability - Required by GASB 75

The following table presents Montgomery County Government's Total and Net OPEB liability. We also present the Total and Net OPEB liability if it is calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher.

| Discount Rate | 1% Decrease 5.10% | Discount Rate 6.10% | 1% Increase 7.10% |
|----------------------------|------------------------------|--------------------------------|------------------------------|
| Total OPEB Liability | \$1,606,785,220 | \$1,407,188,030 | \$1,243,882,690 |
| Net OPEB Liability/(Asset) | \$1,053,029,364 | \$853,432,174 | \$690,126,834 |

The following table presents Montgomery County Government's Total and Net OPEB liability. We also present the Total and Net OPEB liability if it is calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher.

| Ultimate Trend | 1% Decrease 2.68% | Medical Trend 3.68% | 1% Increase 4.68% |
|----------------------------|------------------------------|--------------------------------|------------------------------|
| Total OPEB Liability | \$1,235,596,269 | \$1,407,188,030 | \$1,621,568,009 |
| Net OPEB Liability/(Asset) | \$681,840,413 | \$853,432,174 | \$1,067,812,153 |

Appendix A . GASB 75 Disclosure



Deferred Inflows/Outflows of Resources Related to OPEB - Required by GASB 75

For the fiscal year ended June 30, 2020, Montgomery County Government recognized an OPEB expense of -\$17,482,210. At June 30, 2020, Montgomery County Government reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 312,841,529 |
| Changes of assumptions | - | 514,082,660 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 11,899,018 |
| Employer contribution subsequent to measurement date | TBD | |
| Total | \$ - | \$ 838,823,207 |

An amount to be determined will be reported as deferred outflows of resources related to OPEB resulting from employer contribution subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

| Fiscal Year ended June 30: | |
|-------------------------------|------------------|
| 2021 | \$ (162,198,798) |
| 2022 | (162,198,796) |
| 2023 | (159,129,576) |
| 2024 | (157,796,312) |
| 2025 | (143,609,511) |
| Thereafter | (53,890,214) |

Appendix A . GASB 75 Disclosure



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

In conformity with paragraph 86b of Statement 75, the effects of differences between projected and actual earnings on OPEB plan investments are recognized in collective OPEB expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period. The following table illustrates the application of this requirement.

| Increase (Decrease) in OPEB Expense Arising from the Recognition of Differences between Projected and Actual Earnings on OPEB Plan Investments | | | | | | | | | | | |
|--|--|----------------------------------|-------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Year | Differences between Projected and Actual Earnings on OPEB Plan Investments | Recognition Period (Years) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 2016 | \$ - | 5 | \$ - | - | - | - | - | - | - | - | - |
| 2017 | - | 5 | - | \$ - | - | - | - | - | - | - | - |
| 2018 | (15,346,103) | 5 | - | - | \$ (3,069,221) | (3,069,221) | (3,069,221) | (3,069,221) | (3,069,219) | - | - |
| 2019 | (6,666,319) | 5 | - | - | - | \$ (1,333,264) | (1,333,264) | (1,333,264) | (1,333,264) | (1,333,263) | - |
| 2020 | (2,200,984) | 5 | - | - | - | - | \$ (440,197) | (440,197) | (440,197) | (440,197) | (440,196) |
| Net increase (decrease) in OPEB expense | | | \$ - | \$ - | \$ (3,069,221) | \$ (4,402,485) | \$ (4,842,682) | \$ (4,842,682) | \$ (4,842,680) | \$ (1,773,460) | \$ (440,196) |

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Projected and Actual Earnings on OPEB Plan Investments

| Balances at June 30, 2019 | | | | | |
|------------------------------|---|--|---|---|--|
| Year | Investment Earnings Less than Projected (a) | Investment Earnings Greater Than Projected (b) | Amounts Recognized in OPEB Expense Through June 30, 2019 (c) | Deferred Outflows of Resources (a) - (c) | Deferred Inflows of Resources (b) - (c) |
| 2016 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2017 | - | - | - | - | - |
| 2018 | - | 15,346,103 | 9,207,663 | - | 6,138,440 |
| 2019 | - | 6,666,319 | 2,666,528 | - | 3,999,791 |
| 2020 | - | 2,200,984 | 440,197 | - | 1,760,787 |
| | | | | \$ - | \$ 11,899,018 |

Appendix A . GASB 75 Disclosure



Schedule of Differences between Expected and Actual Experience

In conformity with paragraph 86a of Statement 75, the effects of differences between expected and actual experience are recognized in collective OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees), determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

| Increase (Decrease) in OPEB Expense Arising from the Recognition of Differences between Expected and Actual Experience | | | | | | | | | | | | | | | |
|--|--|----------------------------|-------|------|------|------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Year | Differences between Expected and Actual Experience | Recognition Period (Years) | Prior | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter |
| Prior | | | \$ - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2015 | - | 1 | | \$ - | | | | | | | | | | | |
| 2016 | - | 1 | | | \$ - | | | | | | | | | | |
| 2017 | - | 1 | | | | \$ - | | | | | | | | | |
| 2018 | (22,113,781) | 7.63 | | | | | \$ (2,898,267) | (2,898,267) | (2,898,267) | (2,898,267) | (2,898,267) | (2,898,267) | (2,898,267) | (1,825,912) | - |
| 2019 | (1,877,264) | 7.06 | | | | | | \$ (265,901) | (265,901) | (265,901) | (265,901) | (265,901) | (265,901) | (265,901) | (15,957) |
| 2020 | (351,021,508) | 6.63 | | | | | | | \$ (52,944,421) | (52,944,421) | (52,944,421) | (52,944,421) | (52,944,421) | (52,944,421) | (33,354,982) |
| Net increase (decrease) in OPEB expense | | | \$ - | \$ - | \$ - | \$ - | \$ (2,898,267) | \$ (3,164,168) | \$ (56,108,589) | \$ (56,108,589) | \$ (56,108,589) | \$ (56,108,589) | \$ (56,108,589) | \$ (55,036,234) | \$ (33,370,939) |

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Expected and Actual Experience

| Balances at June 30, 2019 | | | | | |
|---------------------------|-----------------------|----------------------|--|--|---|
| Year | Experience Losses (a) | Experience Gains (b) | Amounts Recognized in OPEB Expense Through June 30, 2019 (c) | Deferred Outflows of Resources (a) - (c) | Deferred Inflows of Resources (b) - (c) |
| Prior | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2015 | - | - | - | - | - |
| 2016 | - | - | - | - | - |
| 2017 | - | - | - | - | - |
| 2018 | - | 22,113,781 | 8,694,801 | - | 13,418,980 |
| 2019 | - | 1,877,264 | 531,802 | - | 1,345,462 |
| 2020 | - | 351,021,508 | 52,944,421 | - | 298,077,087 |
| | | | | \$ - | \$ 312,841,529 |

Appendix A . GASB 75 Disclosure



Schedule of Changes of Assumptions

In conformity with paragraph 86a of Statement 75, the effects of changes of assumptions should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees), determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

| Increase (Decrease) in OPEB Expense Arising from the Effects of Changes of Assumptions | | | | | | | | | | | | | | | |
|--|------------------------|----------------------------|-------|------|------|------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| Year | Changes of Assumptions | Recognition Period (Years) | Prior | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter |
| Prior | \$ - | | \$ - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2015 | - | 1 | | \$ - | - | - | - | - | - | - | - | - | - | - | - |
| 2016 | - | 1 | | | \$ - | - | - | - | - | - | - | - | - | - | - |
| 2017 | - | 1 | | | | \$ - | - | - | - | - | - | - | - | - | - |
| 2018 | (261,363,550) | 7.63 | | | | | \$ (34,254,725) | (34,254,725) | (34,254,725) | (34,254,725) | (34,254,725) | (34,254,725) | (34,254,725) | (21,580,475) | - |
| 2019 | (268,604,422) | 7.06 | | | | | | \$ (38,045,952) | (38,045,952) | (38,045,952) | (38,045,952) | (38,045,952) | (38,045,952) | (38,045,952) | (2,282,758) |
| 2020 | (191,917,617) | 6.63 | | | | | | | \$ (28,946,850) | (28,946,850) | (28,946,850) | (28,946,850) | (28,946,850) | (28,946,850) | (18,236,517) |
| Net increase (decrease) in OPEB expense | | | \$ - | \$ - | \$ - | \$ - | \$ (34,254,725) | \$ (72,300,677) | \$ (101,247,527) | \$ (101,247,527) | \$ (101,247,527) | \$ (101,247,527) | \$ (101,247,527) | \$ (88,573,277) | \$ (20,519,275) |

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Changes of Assumptions

| Year | Increases in the Total OPEB Liability (a) | Decreases in the Total OPEB Liability (b) | Amounts Recognized in OPEB Expense Through June 30, 2019 (c) | Balances at June 30, 2019 | |
|-------|---|---|--|--|---|
| | | | | Deferred Outflows of Resources (a) - (c) | Deferred Inflows of Resources (b) - (c) |
| Prior | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2015 | - | - | - | - | - |
| 2016 | - | - | - | - | - |
| 2017 | - | - | - | - | - |
| 2018 | - | 261,363,550 | 102,764,175 | - | 158,599,375 |
| 2019 | - | 268,604,422 | 76,091,904 | - | 192,512,518 |
| 2020 | - | 191,917,617 | 28,946,850 | - | 162,970,767 |
| | | | | \$ - | \$ 514,082,660 |

Appendix A . GASB 75 Disclosure



Schedule of Changes in the Total Liability and Related Ratios - Required by GASB 75

Changes in Employer's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years

| Disclosure for fiscal year ending: Measurement Date: | 2020 6/30/2019 | 2019 6/30/2018 | 2018 6/30/2017 | 2017 6/30/2016 | 2016 6/30/2015 | 2015 6/30/2014 | 2014 6/30/2013 | 2013 6/30/2012 | 2012 6/30/2011 | 2011 6/30/2010 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability | | | | | | | | | | |
| Service Cost | \$ 70,518,206 | \$ 65,155,686 | \$ 73,126,875 | | | | | | | |
| Interest Cost | 111,580,719 | 117,685,710 | 116,270,504 | | | | | | | |
| Changes in Benefit Terms | - | - | - | | | | | | | |
| Differences Between Expected and Actual Experience | (351,021,508) | (1,877,264) | (22,113,781) | | | | | | | |
| Changes of Assumptions | (191,917,617) | (268,604,422) | (261,363,550) | | | | | | | |
| Benefit Payments | (55,114,260) | (50,319,668) | (56,938,631) | | | | | | | |
| Net Change in Total OPEB Liability | (415,954,460) | (137,959,958) | (151,018,583) | | | | | | | |
| Total OPEB liability - Beginning of Year | 1,823,142,490 | 1,961,102,448 | 2,112,121,031 | | | | | | | |
| Total OPEB Liability - End of Year | 1,407,188,030 | 1,823,142,490 | 1,961,102,448 | | | | | | | |

Plan Fiduciary Net Position
Last 10 Fiscal Years

| Disclosure for fiscal year ending: Measurement Date: | 2020 6/30/2019 | 2019 6/30/2018 | 2018 6/30/2017 | 2017 6/30/2016 | 2016 6/30/2015 | 2015 6/30/2014 | 2014 6/30/2013 | 2013 6/30/2012 | 2012 6/30/2011 | 2011 6/30/2010 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contributions - Employer | \$ 77,208,188 | \$ 63,725,810 | \$ 122,466,187 | | | | | | | |
| Net Investment Income | 39,922,676 | 40,066,004 | 42,759,085 | | | | | | | |
| Benefit Payments (net of retiree contributions) | (55,114,260) | (50,319,668) | (56,938,631) | | | | | | | |
| Administrative Expense | (339,355) | (276,553) | (4,292,538) | | | | | | | |
| Net Change in Fiduciary Net Position | 61,677,249 | 53,195,593 | 103,994,103 | | | | | | | |
| Fiduciary Net Position - Beginning of Year | 492,078,607 | 438,883,014 | 334,888,911 | | | | | | | |
| Fiduciary Net Position - End of Year | 553,755,856 | 492,078,607 | 438,883,014 | | | | | | | |
| Net OPEB Liability | 853,432,174 | 1,331,063,883 | 1,522,219,434 | | | | | | | |
| Fiduciary Net Position as a % of Total OPEB Liability | 39.35% | 26.99% | 22.38% | | | | | | | |
| Covered-Employee Payroll ¹ | \$ 785,379,904 | \$ 766,111,522 | \$ 750,986,381 | | | | | | | |
| Net OPEB Liability as a % of Payroll ¹ | 108.66% | 173.74% | 202.70% | | | | | | | |
| Expected Average Remaining Service Years of All Participants | 6.63 | 7.06 | 7.63 | | | | | | | |

Notes to Schedule:

Benefit changes: None.

Changes of assumptions: The discount rate was changed as follows:

| Discount Rate: | |
|----------------|-------|
| 6/30/2017 | 5.88% |
| 6/30/2018 | 6.26% |
| 6/30/2019 | 6.10% |

The trend, mortality, and other decrement assumptions were updated as described in the valuation report dated October 11, 2019.

Appendix A . GASB 75 Disclosure



Schedule of Changes in the Actuarially Determined Contribution and Related Ratios - Required by GASB 75

Schedule of Employer Contributions
Last 10 Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|----------------|----------------|----------------|------|------|------|---|------|------|------|
| Actuarially determined contribution | \$ 116,737,000 | \$ 117,474,000 | \$ 112,702,000 | | | | | | | |
| Contributions in relation to the actuarially determined contribution | 77,208,188 | 63,725,810 | 122,466,187 | | | | Information for FYE 2017 and earlier is not available | | | |
| Contribution deficiency (excess) | \$ 39,528,812 | \$ 53,748,190 | \$ (9,764,187) | | | | | | | |
| Covered-employee payroll ¹ | \$785,379,904 | \$ 766,111,522 | \$ 750,986,381 | | | | | | | |
| Contributions as a percentage of covered employee payroll ¹ | 9.83% | 8.32% | 16.31% | | | | | | | |

Notes to Schedule

| Benefit changes | None. | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|------|---|-------------------------|---------------------|--------------------------|---------------------|--------------------------------|---------------------|----------------------------|---------------------|---------------------------|---------------------|------------------------|---------------------|--------------------------------|---------------------|----------------------------|---------------------|----------------|---------------------|--------|---------------------|------|-------------------|
| Valuation date | 7/1/2018 | | | | | | | | | | | | | | | | | | | | | | | | |
| Changes of assumptions | None. | | | | | | | | | | | | | | | | | | | | | | | | |
| Methods and assumptions used to determine contribution rates: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Valuation Date | 7/1/2018 | | | | | | | | | | | | | | | | | | | | | | | | |
| Actuarial cost method | Projected Unit Credit | | | | | | | | | | | | | | | | | | | | | | | | |
| Amortization method | Level percent of payroll | | | | | | | | | | | | | | | | | | | | | | | | |
| Remaining amortization period | 30 Year open | | | | | | | | | | | | | | | | | | | | | | | | |
| Asset valuation method | Market value of assets | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment rate of return | 7.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| Payroll growth rate | Vary based on participant group and service. Increases start between 6.00% and 9.50% at hire and decrease to 3.25% after 20 years of service. | | | | | | | | | | | | | | | | | | | | | | | | |
| Inflation | 3.00% | | | | | | | | | | | | | | | | | | | | | | | | |
| Mortality | For healthy retirees and beneficiaries - RP-2014, sex distinct, fully generational assuming MP-2015 For disabled retirees - RP-2014 healthy annuitant, sex distinct, fully generational using MP-2015, set forward 6 years for males and 8 years for females | | | | | | | | | | | | | | | | | | | | | | | | |
| Healthcare cost trend rate | Vary based on plan selected and duration. Below is a summary of the initial and ultimate trend for each plan. | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><th>Plan</th><th>Initial pre-65, Initial post-65, Ultimate</th></tr><tr><td>Active (Medical and Rx)</td><td>7.34%, 7.46%, 4.50%</td></tr><tr><td>POS Medical (without Rx)</td><td>6.80%, 5.50%, 4.50%</td></tr><tr><td>POS Medical with Standard Plan</td><td>7.40%, 7.53%, 4.50%</td></tr><tr><td>POS Medical with High Plan</td><td>7.63%, 7.83%, 4.50%</td></tr><tr><td>Indemnity Medical with Rx</td><td>8.11%, 7.64%, 4.50%</td></tr><tr><td>UHC Medical without Rx</td><td>6.80%, 5.50%, 4.50%</td></tr><tr><td>UHC Medical with Standard Plan</td><td>7.42%, 7.29%, 4.50%</td></tr><tr><td>UHC Medical with High Plan</td><td>7.65%, 7.60%, 4.50%</td></tr><tr><td>Kaiser Medical</td><td>6.80%, 5.50%, 4.50%</td></tr><tr><td>Dental</td><td>4.50%, 4.50%, 4.50%</td></tr><tr><td>EGWP</td><td>N/A, 9.00%, 4.50%</td></tr></table> | Plan | Initial pre-65, Initial post-65, Ultimate | Active (Medical and Rx) | 7.34%, 7.46%, 4.50% | POS Medical (without Rx) | 6.80%, 5.50%, 4.50% | POS Medical with Standard Plan | 7.40%, 7.53%, 4.50% | POS Medical with High Plan | 7.63%, 7.83%, 4.50% | Indemnity Medical with Rx | 8.11%, 7.64%, 4.50% | UHC Medical without Rx | 6.80%, 5.50%, 4.50% | UHC Medical with Standard Plan | 7.42%, 7.29%, 4.50% | UHC Medical with High Plan | 7.65%, 7.60%, 4.50% | Kaiser Medical | 6.80%, 5.50%, 4.50% | Dental | 4.50%, 4.50%, 4.50% | EGWP | N/A, 9.00%, 4.50% |
| Plan | Initial pre-65, Initial post-65, Ultimate | | | | | | | | | | | | | | | | | | | | | | | | |
| Active (Medical and Rx) | 7.34%, 7.46%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| POS Medical (without Rx) | 6.80%, 5.50%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| POS Medical with Standard Plan | 7.40%, 7.53%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| POS Medical with High Plan | 7.63%, 7.83%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| Indemnity Medical with Rx | 8.11%, 7.64%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| UHC Medical without Rx | 6.80%, 5.50%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| UHC Medical with Standard Plan | 7.42%, 7.29%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| UHC Medical with High Plan | 7.65%, 7.60%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| Kaiser Medical | 6.80%, 5.50%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| Dental | 4.50%, 4.50%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |
| EGWP | N/A, 9.00%, 4.50% | | | | | | | | | | | | | | | | | | | | | | | | |

The actuarially determined contribution and contributions in relation to the actuarially determined contribution are provided as of the measurement date. For example, the FYE 2020 disclosure (using a measurement date of 06/30/2019) is reporting the ADC and contributions made during the period 7/1/2019 - 06/30/2019.

1/ Based on the salary information provided from Montgomery County and the prior actuarial disclosure report.