

COUNTY OF MARIN  
RETIREE HEALTHCARE PLAN

GASB DISCLOSURE INFORMATION  
STATEMENT 75  
MEASUREMENT DATE: JUNE 30, 2023

GASB 75 REPORTING  
AS OF JUNE 30, 2024



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



October 16, 2024

Anu Bagchi, CPA  
Division Chief, Department of Finance  
County of Marin

RE: GASB statement 75 – County of Marin Retiree Healthcare Plan

Dear Ms. Bagchi:

We are pleased to present this report of the GASB statement 75 measured as of June 30, 2023 for the County of Marin Retiree Healthcare Plan.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 75 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total OPEB liability, net OPEB liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of July 1, 2023. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB 75.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the County. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The Journal Entries in this report are provided for the County's convenience and are not an actuarial communication. Therefore, this actuarial certification does not apply to the Journal Entries.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (650) 377-1600.

Respectfully submitted,  
Foster & Foster, Inc.



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Doug Pryor, ASA, EA, MAAA



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Tak Frazita, FSA, EA, MAAA

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I. SUMMARY  
(Amounts in 000's)

Valuation Date	07/01/2023	07/01/2021
GASB 75 Measurement Date	06/30/2023	06/30/2022
GASB 75 Reporting Date	06/30/2024	06/30/2023
<b>Plan Membership</b>		
Inactives Currently Receiving Benefits	1,658	1,861
Inactives Not Yet Receiving Benefits	0	0
Active Plan Members	2,182	2,093
<b>Total</b>	<b>3,840</b>	<b>3,954<sup>1</sup></b>
<b>Covered Employee Payroll</b>	<b>\$ 224,879</b>	<b>\$ 238,547</b>
<b>Balance Sheet</b>		
Total OPEB Liability	\$ 283,452	\$ 276,723
Plan Fiduciary Net Position	165,598	147,734
Net OPEB Liability/(Asset)	\$ 117,854	\$ 128,989
Deferred Inflows	61,190	69,023
Deferred (Outflows)	(23,450)	(9,442)
Balance Sheet, as of measurement date	\$ 155,594	\$ 188,570
Contributions after measurement date	(21,194)	(20,677)
Balance Sheet, as of reporting date	\$ 134,400	\$ 167,893
<b>Plan Fiduciary Net Position</b>		
As a % of Total OPEB Liability	58.42%	53.39%
<b>Net OPEB Liability/(Asset)</b>		
As a % of Covered Employee Payroll	52.41%	54.07%
<b>Total OPEB Expense/(Income)</b>	<b>\$ (12,299)</b>	<b>\$ (13,616)</b>
<b>Development of Single Discount Rate</b>		
Single Discount Rate	5.50%	5.50%
Long-Term Expected Rate of Return	5.50%	5.50%
High-quality Municipal Bond Rate	3.65%	3.54%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

<sup>1</sup> As reported by the County.

## II. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
(Amounts in 000's)

GASB 75 Measurement Date	06/30/2023	06/30/2022
GASB 75 Reporting Period Ending	06/30/2024	06/30/2023
<b>Total OPEB Liability</b>		
Service Cost	3,758	3,657
Interest	15,086	14,832
Changes in Benefit Terms	0	0
Experience Gains/Losses	(19,057)	0
Changes of Assumptions	19,319	0
Benefit Payments	(12,377)	(15,539)
Net Change in Total OPEB Liability	<u>6,729</u>	<u>2,950</u>
Total OPEB Liability – Beginning	276,723	273,773
Total OPEB Liability – Ending (a)	<u>\$ 283,452</u>	<u>\$ 276,723</u>
<b>Plan Fiduciary Net Position</b>		
Contributions – Employer	20,677	19,839
Contributions – Employee	0	0
Net Investment Income	9,607	(22,418)
Benefit Payments	(12,377)	(15,539)
Administrative Expense	(43)	(42)
Other	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	17,864	(18,160)
Plan Fiduciary Net Position – Beginning	147,734	165,894
Adjustment to beginning of year	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 165,598</u>	<u>\$ 147,734</u>
Net OPEB Liability – Ending (a) – (b)	<u>\$ 117,854</u>	<u>\$ 128,989</u>
<b>Plan Fiduciary Net Position</b>		
As % of Total OPEB Liability	58.42%	53.39%
Covered Employee Payroll	<u>\$ 224,879</u>	<u>\$ 238,547</u>
<b>Net OPEB Liability</b>		
As % of Covered Employee Payroll	52.41%	54.07%

SENSITIVITY TO CHANGES IN DISCOUNT/TREND RATES  
(Amounts in 000's)

GASB 75 Measurement Date	06/30/2023	06/30/2022
GASB 75 Reporting Date	06/30/2024	06/30/2023
Discount Rate	5.50%	5.50%
+ 1% Discount Rate	6.50%	6.50%
- 1% Discount Rate	4.50%	4.50%
 Sponsor's Net OPEB Liability - Changes in Discount Rate		
Current Discount Rate	\$ 117,854	\$ 128,989
1% Increase in Discount Rate	87,297	98,475
1% Decrease in Discount Rate	154,709	165,882
 Sponsor's Net OPEB Liability - Changes in Trend Rates		
Current Trend Rate	\$ 117,854	\$ 128,989
1% Increase in Trend Rate	131,533	143,784
1% Decrease in Trend Rate	97,172	105,502

OPEB EXPENSE  
YEAR-END JUNE 30, 2024  
(Amounts in 000's)

For the year ended June 30, 2024, the Sponsor will recognize an OPEB Expense/(Income) of (\$12,299). Below is a summary of the components of the OPEB expense.

Fiscal Year End		06/30/2024
Beginning of Measurement Period		07/01/2022
End of Measurement Period		06/30/2023
Service Cost	\$	3,758
Interest on Total OPEB Liability		15,086
Changes in Benefit Terms		0
Projected Earnings on Investments		(8,352)
Administrative Expenses		43
Recognition of deferred outflows/(inflows)		
Experience Gains/Losses		(20,383)
Assumption Changes		(3,288)
Investment Returns		837
Total OPEB Expense		(12,299)

OPEB DEFERRED OUTFLOWS/INFLOWS  
YEAR-END JUNE 30, 2024  
(Amounts in 000's)

On June 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	43,284
Changes of assumptions	16,100	17,906
Net difference between projected and actual earnings on OPEB plan investments	7,350	0
Employer contributions subsequent to the measurement date	21,194	0
<b>Total</b>	<b>\$ 44,644</b>	<b>\$ 61,190</b>

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

Year-ended June 30:

2025	\$	(22,688)
2026	\$	(10,677)
2027	\$	(4,212)
2028	\$	(207)
2029	\$	44
Thereafter	\$	0

### III. SUPPLEMENTARY GASB 75 EXPENSE DETAIL

COMPONENTS OF OPEB EXPENSE  
YEAR-END JUNE 30, 2024  
(Amounts in 000's)

	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Beginning Balance	\$ 128,989	\$ 46,785	\$ 85,689	
Employer Contributions made after June 30, 2023	0	21,194	0	
Total OPEB Liability Factors:				
Service Cost	3,758	0	0	3,758
Interest	15,086	0	0	15,086
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(19,057)	0	19,057	0
Current Year Amortization	0	0	(20,383)	(20,383)
Changes of Assumptions	19,319	19,319	0	0
Current Year Amortization	0	(3,219)	(6,507)	(3,288)
Benefit Payments	(12,377)	0	0	0
Net Change	<u>6,729</u>	<u>37,294</u>	<u>(7,833)</u>	<u>(4,827)</u>
Plan Fiduciary Net Position:				
Contributions – Employer	20,677	(20,677)	0	0
Projected Net Investment Income	8,352	0	0	(8,352)
Difference in Projected and Actual Earnings	1,255	0	1,255	0
Current Year Amortization	0	(6,740)	(5,903)	837
Benefit Payments	(12,377)	0	0	0
Administrative Expenses	(43)	0	0	43
Other	0	0	0	0
Net Change	<u>17,864</u>	<u>(27,417)</u>	<u>(4,648)</u>	<u>(7,472)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 117,854	\$ 56,662	\$ 73,208	\$ (12,299)

AMORTIZATION SCHEDULE – EXPERIENCE  
(Amounts in 000’s)

Year		Initial Base	Recognition Period		2023	2024	2025	2026	2027	Thereafter
2023	\$	(19,057)	6	\$	0	(3,177)	(3,176)	(3,176)	(3,176)	(6,352)
2021		(30,600)	6		(5,100)	(5,100)	(5,100)	(5,100)	(5,100)	0
2019		(72,634)	6		(12,106)	(12,106)	(12,104)	0	0	0
Net Increase (Decrease) in OPEB Expense				\$	(17,206)	(20,383)	(20,380)	(8,276)	(8,276)	(6,352)

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS  
(Amounts in 000's)

Year		Initial Base	Recognition Period		2023		2024		2025		2026		2027		Thereafter
2023	\$	19,319	6	\$	0	\$	3,219	\$	3,220	\$	3,220	\$	3,220	\$	6,440
2021		(31,314)	6		(5,219)		(5,219)		(5,219)		(5,219)		(5,219)		0
2020		(5,770)	6		(962)		(962)		(962)		(960)		0		0
2019		(1,957)	6		(326)		(326)		(327)		0		0		0
Net Increase (Decrease) in OPEB Expense				\$	(6,507)	\$	(3,288)	\$	(3,288)	\$	(2,959)	\$	(1,999)	\$	6,440

AMORTIZATION SCHEDULE – INVESTMENTS  
(Amounts in 000's)

Year		Initial Base	Recognition Period		2023	2024	2025	2026	2027	Thereafter
2023	\$	(1,255)	5	\$	0	(251)	(251)	(251)	(251)	(251)
2022		31,574	5		6,315	6,315	6,315	6,315	6,314	0
2021		(27,538)	5		(5,508)	(5,508)	(5,508)	(5,506)	0	0
2020		2,124	5		425	425	424	0	0	0
2019		(724)	5		(145)	(144)	0	0	0	0
2018		(1,829)	5		(365)	0	0	0	0	0
Net Increase (Decrease) in OPEB Expense				\$	722	\$ 837	\$ 980	\$ 558	\$ 6,063	\$ (251)

#### IV. ADDITIONAL INFORMATION



EMPLOYER CONTRIBUTIONS  
(Amounts in 000's)

	Measurement Period 07/01/2022 06/30/2023	Meas. Date to FYE 07/01/2023 06/30/2024
Cash benefit payments	\$ 11,290	\$ 12,570
Implicit subsidy benefit payments	<u>1,087</u>	<u>1,624</u>
Total benefit payments	\$ 12,377	\$ 14,194
Benefit payments reimbursed from the trust	<u>0</u>	<u>0</u>
Benefit payments paid outside the trust	\$ 12,377	\$ 14,194
Non-trust admin expenses	0	0
Non-trust admin expenses reimbursed from trust	0	0
Trust contributions	<u>8,300</u>	<u>7,000</u>
Total employer contributions	\$ 20,677	\$ 21,194

## INVESTMENT DISCLOSURES

### *Support for Long-Term Expected Rate of Return*

The Long-Term Expected Rate of Return on OPEB Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the OPEB Plan's target asset allocation adopted as of June 30, 2023, as provided by CERBT-Strategy 1, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Total	100.00%	
Inflation rate		2.50%
Margin for Adverse Deviation		0.75%

## ASSUMPTIONS

Valuation Date	July 1, 2023
GASB 75 Measurement Date	June 30, 2023
GASB 75 Reporting Date	June 30, 2024
Discount Rate	5.50%
Long-Term Rate of Return	5.50%
Cost Method	Entry Age Normal
Latest Experience Study Date	Assumptions are based on the Marin County Employees' Retirement Association 2020-2023 Experience Study except for the allowance for future mortality improvement, which is based on a more recent mortality projection scale (MP-2021) developed by the Society of Actuaries.
Salary Scale	Aggregate - 2.75% annually
Inflation	2.50%
Plan 3 Cap Increases	3.00% annually
Participation Rate	Varies by Plan and years of service

A summary of other assumptions reflected in the valuation can be found in the July 1, 2023 Actuarial Valuation report for the County of Marin Retiree Healthcare Plan prepared by Foster & Foster Actuaries and Consultants.

### *Changes in Assumptions*

Total OPEB Liability as of the June 30, 2023 measurement date reflects the following assumption changes:

- Aging factors for claims cost updated
- MCERA demographic assumptions
- Medical trend
- Medical plan election

*Development of the Discount Rate*

The projection of cash flows used to determine the Discount Rate assumed that Sponsor contributions will be made at rates equal to the actuarially determined contribution rates.

Based on those assumptions, the OPEB Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on OPEB Plan investments (5.50 percent) was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 3.65 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the Bond Buyer 20 - Bond GO Index.

The single equivalent Discount Rate was 5.50 percent.

## SUMMARY OF CURRENT PLAN

Plan Description	<p>The County of Marin sponsors an agent multiple-employer defined-benefit post employment healthcare plan (OPEB Plan).</p> <p>California Employers Retirement Benefit Trust (CERBT) serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of its members, and their employees and retirees.</p>
Benefits Provided	<p>A summary of the benefit provisions can be found in the Actuarial Valuation as of July 1, 2023 for the County of Marin Retiree Healthcare Plan prepared by Foster &amp; Foster Actuaries and Consultants.</p>
Benefit Changes	<p>No benefit changes have been reflected since the prior year.</p>

## JOURNAL ENTRIES

The entries below assume cash benefit payments, Trust contributions, and administrative expenses have been charged to OPEB Expense when paid, and that no accounting entries have been made for the current year implicit subsidy payment, which is recorded as a reduction to active employee health care cost.

### Employer Contributions (July 1, 2022 - June 30, 2023)

	Debit	(Credit)
Net OPEB Liability	\$ 20,677	\$ 0
Deferred Outflow	0	(20,677)

### Employer Contributions (July 1, 2023 - June 30, 2024)

	Debit	(Credit)
Net OPEB Liability	\$ 21,194	\$ 0
Active employee health care costs (implicit subsidy)	0	(1,624)
OPEB Expense	0	(19,570)

### OPEB Expense

	Debit	(Credit)
Deferred Outflows	\$ 16,100	\$ (2,092)
Deferred Inflows	7,833	0
OPEB Expense/Credit	0	(12,299)
Net OPEB Liability	0	(9,542)

### Ending Balances at June 30, 2024

	Debit	Credit
Deferral: Differences Between Expected and Actual Experience	\$ 0	\$ (43,284)
Deferral: Changes of Assumptions	16,100	(17,906)
Deferral: Investment Gains/Losses	7,350	0
Total Deferred Outflow/Inflow	23,450	(61,190)
Net OPEB Liability	0	(117,854)
Contributions after Measurement Date	21,194	0
Net Impact	134,400	0
Total OPEB expense/(income) for Fiscal Year	0	(12,299)

JOURNAL ENTRIES – RECONCILIATION OF DEFERRED OUTFLOWS/INFLOWS

*Deferred Outflows*

	Opening Balance Debit	Journal Entry Debit	Journal Entry (Credit)	Ending Balance Debit
Differences between Actual and Expected Experience	\$ 0	\$ 0	\$ 0	\$ 0
Change in Assumptions	0	16,100	0	16,100
Investment Gains/Losses	9,442	0	(2,092)	7,350
Subtotal – actuarial deferrals	9,442	16,100	(2,092)	23,450
Contrib. After Meas. Date	20,677	21,194	(20,677)	21,194
Total Deferred Outflows	30,119	37,294	(22,769)	44,644

*Deferred Inflows*

	Opening Balance (Credit)	Journal Entry (Credit)	Journal Entry Debit	Ending Balance Debit
Differences between Actual and Expected Experience	\$ (44,610)	\$ 0	\$ 1,326	\$ (43,284)
Change in Assumptions	(24,413)	0	6,507	(17,906)
Investment Gains/Losses	0	0	0	0
Total Deferred Inflows	(69,023)	0	7,833	(61,190)

*Summary of Balances*

GASB 75 Measurement Date	June 30, 2023	June 30, 2022
GASB 75 Reporting Date	June 30, 2024	June 30, 2023
Total OPEB (Liability)	\$ (283,452)	\$ (276,723)
Fiduciary Net Position	165,598	147,734
Net OPEB (Liability)	(117,854)	(128,989)
Deferred (Inflows) of resources	(61,190)	(69,023)
Deferred (Outflows) of resources	23,450	9,442
Balance Sheet Impact	(155,594)	(188,570)
Contrib. After Meas. Date	21,194	20,677
Balance Sheet Impact - Total	(134,400)	(167,893)