

# Monterey Peninsula Water Management District

GASB 75 Disclosures for Fiscal Year Ending June 30, 2023  
Based on Roll-Forward of OPEB Valuation as of June 30, 2022

## CONTACT

Nadine Pileggi ASA, MAAA  
nina@govinvest.com  
(503) 799-4796



**GovInvest**  
The Financial Forecasting Authority

# Table of Contents

Actuarial Certification.....	1
Section 1: Executive Summary.....	3
Section 2: Financial Disclosures.....	6
Section 3: Projected Benefit Payments.....	15
Section 4: Substantive Plan Provisions.....	17
Section 5: Brief Summary of Actuarial Methods and Assumptions.....	19
Appendix - Glossary.....	22

# Actuarial Certification

Mr. Suresh Prasad  
Monterey Peninsula Water Management District  
5 Harris Court, Building G  
Monterey, CA 93940

GovInvest has been engaged by Monterey Peninsula Water Management District to complete an actuarial valuation for the Monterey Peninsula Water Management District OPEB Plan as of June 30, 2022 which will be used as the basis of the financial accounting disclosure for fiscal year ending June 30, 2023 in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions).

The purpose of this report is to provide the District with the required information needed for financial statement disclosure purposes. The use of this report for any other purpose may not be appropriate. The content of this report may not be modified, reproduced, or provided to third parties, either in whole or in part, without our permission. GovInvest is not responsible for usage, inference, or misinterpretation of this report by third parties.

Results presented in this report are based on the census data, substantive plan provisions, and healthcare cost information provided by the District and/or their benefit consultants. All information provided has been reviewed for reasonableness and clarifications or corrections have been requested where appropriate. We have not audited the information at the source, and therefore, do not accept responsibility for the accuracy or completeness of the data on which the information is based. Assumptions made related to missing data have been identified in this report. We are satisfied that the information provided is suitable and sufficient for the purpose of the measurement.

The valuation results were prepared using leased actuarial modeling software that produces results consistent with the purpose of this valuation and meets applicable regulatory requirements. The vendor is responsible for the development, maintenance, and improvement of these models. The models include comprehensive technical documentations that outline how the calculations are performed along with sample life outputs that allow the users to confirm with high degree of accuracy how the programmed benefit is applied to an individual with the proposed decrements and other assumptions. The actuarial team loads the participant data, programs the benefit provisions and proposed assumptions into the model and review sample life outputs and results under the supervision of credentialed actuaries who are proficient users of the software. We are not aware of any material limitations in the model nor any material inconsistencies in the assumptions used within the model.

The discount rate, other economic, and demographic assumptions have been selected by the District with our recommendations and concurrence. We believe each assumption is reasonable based on its own merits and in combination represents reasonable expected experience of the Plan. All calculations have been completed in accordance with generally accepted actuarial principles and practices.

Future actuarial measurements may differ significantly from current measurements due to factors such as actual plan experience that differs from that anticipated by the economic and demographic assumptions as well as changes in future assumptions, substantive plan provisions, and/or applicable law. We have not analyzed the potential range of such differences due to the limited scope of our engagement. To our knowledge, there are no significant events prior to the current year's Measurement Date or as of the date of this report that may materially affect the results presented herein.

The undersigned meets the General Qualification Standards of the American Academy of Actuaries for the purpose of issuing Statement of Actuarial Opinion in the United States. Neither GovInvest nor any of its employees have any relationship with the Plan Sponsor that could impair or appear to impair the objectivity of this report.



---

Nadine Pileggi, ASA, MAAA  
November 28, 2023

# Section 1: Executive Summary

Monterey Peninsula Water Management District (the “District”) sponsors a single-employer defined benefit OPEB plan that provides medical and prescription drug coverage (for those who elect coverage with the District) and District reimbursement (for those who elect to purchase their own health coverage) benefit at retirement. Employees may continue health coverage with the District at retirement for themselves, their spouses, and dependents for life once they meet certain eligibility requirements and as long as required contributions are made.

The results presented in this report are based on a roll-forward of the June 30, 2022 valuation with liabilities and assets measured as of June 30, 2023, for use in the District’s accrual-based financial statement for the fiscal year ending June 30, 2023.

The actuarial valuation is based on substantive plan provisions outlined in Section 4 of the Monterey Peninsula Water Management District GASB 75 Disclosures for fiscal year ending June 30, 2022. The valuation requires assumptions which are briefly listed in Section 5. For complete information on the actuarial methods and assumptions, refer to the Monterey Peninsula Water Management District GASB 75 Disclosures for fiscal year ending June 30, 2022 report.

The Plan Sponsor’s next full valuation is as of June 30, 2024 with liabilities and assets measured as of June 30, 2024 for reporting in the Plan Sponsor’s accrual-based financial statements for the fiscal year ending June 30, 2024.

## Changes Since Prior Valuation

The District’s Net OPEB Liability has decreased from \$5,056,238 as of June 30, 2022 to \$4,991,860 as of June 30, 2023, which is attributable to a combination of the following factors:

1. Lower healthcare cost increase than expected that produces a liability decrease
2. Increase in Single Equivalent Discount Rate (SEDR) based on the updated municipal bond index that produces a liability decrease.

## Summary of Results

Presented below is the summary of results for the current fiscal year compared to the prior fiscal year.

Fiscal Years	2022/23	2021/22
Valuation Date (VD)	June 30, 2022	June 30, 2022
Measurement Date (MD)	June 30, 2023	June 30, 2022
<b>Membership Data as of Valuation Date</b>		
Inactive employees or beneficiaries currently receiving benefits	14	14
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	23	23
Total membership	37	37
<b>Discount Rate at Measurement Date</b>		
Municipal Bond Index Rate	3.86%	3.69%
Long-term Expected Asset Return	0.00%	0.00%
Year in which Fiduciary Net Position is projected to be depleted	N/A	N/A
Single Equivalent Discount Rate (SEDR)	3.86%	3.69%
<b>Net OPEB Liability as of Measurement Date</b>		
Total OPEB Liability (TOL)	\$ 4,991,860	\$ 5,056,238
Fiduciary Net Position (FNP)	(0)	(0)
Net OPEB Liability (NOL = TOL – FNP)	\$ 4,991,860	\$ 5,056,238
Funded Status (FNP / TOL)	0.0%	0.0%
OPEB Expense / (Income) by Fiscal Year	\$ 343,545	\$ 290,637
Balance of unamortized Deferred Inflows at MD	\$ (497,665)	\$ (419,493)
Balance of unamortized Deferred Outflows at MD	\$ 605,684	\$ 793,200

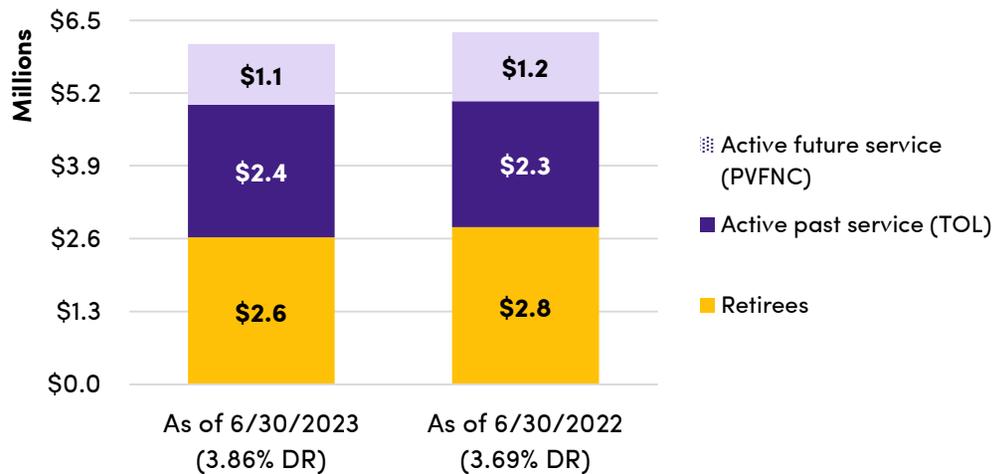
Below is a breakdown of the OPEB liability allocated to past and current service as of the Measurement Date compared to the prior Measurement Date. The liability below includes explicit subsidy (if any) and implicit subsidy. Refer to the Substantive Plan Provisions section for complete information on the District benefit provisions.

Present Value of Future Benefits (PVFB)	As of June 30, 2023	As of June 30, 2022
Active employees	\$ 3,453,660	\$ 3,486,817
Retired employees	2,623,745	2,803,302
<b>Total PVFB</b>	<b>\$ 6,077,405</b>	<b>\$ 6,290,119</b>

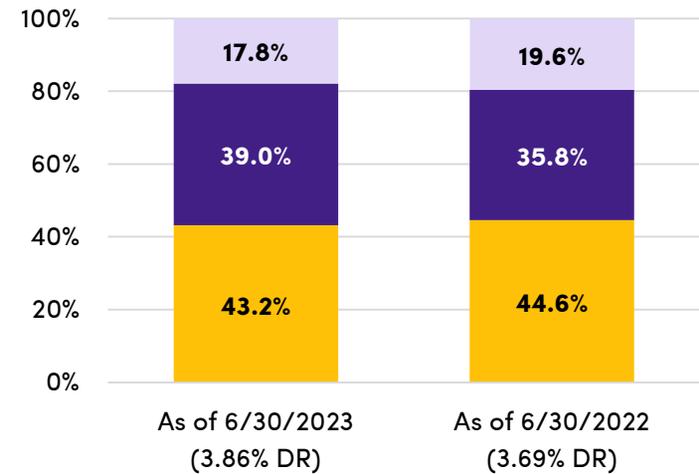
Total OPEB Liability (TOL)	As of June 30, 2023	As of June 30, 2022
Active employees	\$ 2,368,115	\$ 2,252,936
Retired employees	2,623,745	2,803,302
<b>Total TOL</b>	<b>\$ 4,991,860</b>	<b>\$ 5,056,238</b>

	As of June 30, 2023	As of June 30, 2022
Discount Rate	3.86%	3.69%

OPEB Liability Breakdown (\$)



OPEB Liability Breakdown (%)



## Section 2: Financial Disclosures

This section provides the necessary accounting disclosures for the 's financial reports as shown in the following tables:

Table 1: Plan Demographics

Table 2: Brief Summary of Assumptions

Table 3: OPEB Expense

Table 4: Net OPEB Liability Sensitivity (Discount Rate)

Table 5: Net OPEB Liability Sensitivity (Healthcare Trend Rates)

Table 6: Historical Deferred Inflows and Outflows

Table 7: Unamortized Balance of Deferred Inflows and Outflows

Table 8: Schedule of Future Amortization of Deferred Inflows and Outflows

### Summary of Membership and Assumptions

The table below shows the number of employees covered by the benefit terms as of June 30, 2022.

Table 1 - Plan Demographics

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	0
Active employees	23
<b>Total membership</b>	<b>37</b>

The Total OPEB Liability (TOL) as of June 30, 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. For a complete list of assumptions, refer to Section 5.

Table 2 - Brief Summary of Assumptions

Inflation	2.30%
Payroll growth	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Investment rate of return	N/A; OPEB plan is unfunded
Discount rate	3.86%
Healthcare trend rates	Based on 2022 Getzen model that reflects actual premium increases through 2024 <sup>1</sup> , followed by 6.00% decreasing gradually to an ultimate rate of 3.94% by 2075 for non-Medicare and 4.00% for all subsequent years for Medicare
Part B trend rates	Actual premium increases through 2024 <sup>1</sup> , followed by projected premium increases based on 2022 Medicare Trustees report for the next seven years then decreasing by 0.25% to an ultimate rate of 4.00%

<sup>1</sup> Actual premium increases from 2022 to 2023 reflected in last year's valuation and from 2023 to 2024 used in this roll-forward report for those assumed to enroll in the Laborers health plans are as follows:

- 2022 to 2023: (a) Non-Medicare: 6.50% for retiree and 5.20% for spouse, (b) Medicare: -5.60% for retiree and spouse, and (c) Part B: -3.06%
- 2023 to 2024: (a) Non-Medicare: 2.60% for retiree and 2.70% for spouse, (b) Medicare: 2.00% for retiree and spouse, and (c) Part B: 5.90%

For those in individual plans, the initial trend rates are 7.00% for Non-Medicare and 4.00% for Medicare.

## OPEB Expense

The table below shows a comparison of the OPEB Expense recognized by the District for the current and prior fiscal years.

Table 3 - OPEB Expense

Fiscal Years	2022/23	2021/22
SEDR as of beginning of year	3.69%	1.92%
SEDR as of end of year	3.86%	3.69%
Service Cost	\$ 116,685	\$ 131,401
Interest on TOL and Service Cost	188,280	88,212
Changes of benefit terms	0	0
Projected earnings on OPEB Plan investments	0	0
OPEB Plan administrative expenses net of all revenues	0	0
Current period recognition of Deferred Inflows / Outflows of Resources		
Difference between expected and actual experience in the TOL	\$ (103,493)	\$ (86,258)
Changes of assumptions or other inputs	142,073	157,282
Net difference between the projected and actual earnings on OPEB Plan investments	0	0
Other	0	0
Total current period recognition	\$ 38,580	\$ 71,024
OPEB Expense	\$ 343,545	\$ 290,637

## Schedule of Changes in Net OPEB Liability

Fiscal Year Ending June 30	2023	2022	2021	2020	2019
Measurement Period Ending June 30	2023	2022	2021	2020	2019
<b>Total OPEB Liability (TOL)</b>					
Service Cost	\$ 116,685	\$ 131,401	\$ 109,547	\$ 148,363	\$ 131,173
Interest on TOL and Service Cost	188,280	88,212	101,994	144,980	155,268
Changes of benefit terms	0	0	0	0	0
Difference between expected & actual experience	(120,643)	(120,671)	(5,585)	(411,131)	0
Changes of assumptions or other inputs	(106,465)	565,999	337,730	(190,471)	249,320
Benefit payments	(142,235) <sup>2</sup>	(142,655)	(126,446)	(117,237)	(98,542)
<b>Net change in TOL</b>	<b>\$ (64,378)</b>	<b>\$ 522,286</b>	<b>\$ 417,240</b>	<b>\$ (425,496)</b>	<b>\$ 437,219</b>
<b>TOL – beginning</b>	<b>\$ 5,056,238</b>	<b>\$ 4,533,952</b>	<b>\$ 4,116,712</b>	<b>\$ 4,542,208</b>	<b>\$ 4,104,989</b>
<b>TOL – ending</b>	<b>\$ 4,991,860</b>	<b>\$ 5,056,238</b>	<b>\$ 4,533,952</b>	<b>\$ 4,116,712</b>	<b>\$ 4,542,208</b>
<b>Plan Fiduciary Net Position (FNP)</b>					
Contributions – employer	\$ 142,235	\$ 142,655	\$ 126,446	\$ 117,237	\$ 98,542
Contributions – employees	0	0	0	0	0
Benefit payments	(142,235)	(142,655)	(126,446)	(117,237)	(98,542)
Net investment income	0	0	0	0	0
Trust administrative expenses	0	0	0	0	0
<b>Net change in Plan FNP</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FNP – beginning</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FNP – ending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net OPEB Liability – ending</b>	<b>\$ 4,991,860</b>	<b>\$ 5,056,238</b>	<b>\$ 4,533,952</b>	<b>\$ 4,116,712</b>	<b>\$ 4,542,208</b>
FNP as % of TOL	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll – measurement period	\$ 2,666,653	\$ 2,609,421	\$ 2,574,004	\$ 2,577,148	\$ 2,508,173
NOL as % of covered payroll	187.2%	193.8%	176.1%	159.7%	181.1%

<sup>2</sup> Based on the actual explicit benefit payment provided by the District.

## Schedule of Changes in Net OPEB Liability (Continued)

Fiscal Year Ending June 30	2018
Measurement Period Ending June 30	2018
<b>Total OPEB Liability (TOL)</b>	
Service Cost	\$ 127,662
Interest on TOL and Service Cost	140,378
Changes of benefit terms	0
Difference between expected & actual experience	0
Changes of assumptions or other inputs	0
Benefit payments	(92,380)
<b>Net change in TOL</b>	<b>\$ 175,660</b>
<b>TOL – beginning</b>	<b>\$ 3,929,329</b>
<b>TOL – ending</b>	<b>\$ 4,104,989</b>
<b>Plan Fiduciary Net Position (FNP)</b>	
Contributions – employer	\$ 92,380
Contributions – employees	0
Benefit payments	(92,380)
Net investment income	0
Trust administrative expenses	0
<b>Net change in Plan FNP</b>	<b>\$ 0</b>
<b>FNP – beginning</b>	<b>\$ 0</b>
<b>FNP – ending</b>	<b>\$ 0</b>
<b>Net OPEB Liability – ending</b>	<b>\$ 4,104,989</b>
FNP as % of TOL	0.0%
Covered-employee payroll – measurement period	\$ 2,441,044
NOL as % of covered payroll	168.2%

## Net OPEB Liability Sensitivity

The following presents the Net OPEB Liability of the District, as well as what the District’s Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30, 2023.

Table 4 - Net OPEB Liability Sensitivity (Discount Rate)

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB Liability / (Asset)	\$ 5,670,542	\$ 4,991,860	\$ 4,429,011

The following presents the Net OPEB Liability of the District, as well as what the District’s Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2023.

Table 5 - Net OPEB Liability Sensitivity (Healthcare Trend Rates)

	1% Decrease	Healthcare Trend Rates <sup>3</sup>	1% Increase
Net OPEB Liability / (Asset)	\$ 4,356,807	\$ 4,991,860	\$ 5,775,329

<sup>3</sup> Comparison of Baseline, 1% Decrease, and 1% Increase in healthcare trend rates assumptions are as shown below. Refer to Section 5 on the actual premium increases from 2022 to 2023 reflected in last year’s valuation and from 2023 to 2024 used in this roll-forward report.

Periods	1% Decrease	Baseline	1% Increase
Non-Medicare (Laborers plans)	Actual premium increases through 2024 less 1% followed by 5.00% that decreases gradually to an ultimate rate of 2.94%	Actual premium increases through 2024 followed by 6.00% that decreases gradually to an ultimate rate of 3.94%	Actual premium increases through 2024 plus 1% followed by 7.00% that decreases gradually to an ultimate rate of 4.94%
Non-Medicare (Individual plans)	6.00% that decreases gradually to an ultimate rate of 2.94%	7.00% that decreases gradually to an ultimate rate of 3.94%	8.00% that decreases gradually to an ultimate rate of 4.94%
Medicare (Laborers plans)	Actual premium increases through 2024 less 1% followed by 3.00% for all subsequent years	Actual premium increases through 2024 followed by 4.00% for all subsequent years	Actual premium increases through 2024 plus 1% followed by 5.00% for all subsequent years
Medicare (Individual plans)	3.00% for all years	4.00% for all years	5.00% for all years

## Deferred Inflows and Deferred Outflows of Resources Related to OPEB

The tables below show changes in the Net OPEB Liability that have not been included in the OPEB expense for the following items:

1. Differences between expected and actual experience of the OPEB plan
2. Changes in assumptions
3. Differences between projected and actual earnings on the OPEB plan investments

The initial amortization base for the first two items above are amortized linearly over the average expected remaining service lives of active and inactive employees. The difference between projected and actual earnings on the OPEB plan investments is amortized linearly over five years.

Table 6 - Historical Deferred Inflows and Outflows

### Differences between expected and actual experience

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2023	Unamortized Balance as of June 30, 2023
6/30/2018	6/30/2018	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2019	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2020	6/30/2020	\$ (411,131)	6.30	\$ (65,259)	\$ (195,777)	\$ (215,354)
6/30/2021	6/30/2021	\$ (5,585)	6.30	\$ (887)	\$ (1,774)	\$ (3,811)
6/30/2022	6/30/2022	\$ (120,671)	6.00	\$ (20,112)	\$ (20,112)	\$ (100,559)
6/30/2023	6/30/2023	\$ (120,643)	7.00	\$ (17,235)	\$ (17,235)	\$ (103,408)

**Changes in assumptions or other inputs**

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2023	Unamortized Balance as of June 30, 2023
6/30/2018	6/30/2018	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2019	\$ 249,320	6.30	\$ 39,575	\$ 158,300	\$ 91,020
6/30/2020	6/30/2020	\$ (190,471)	6.30	\$ (30,234)	\$ (90,702)	\$ (99,769)
6/30/2021	6/30/2021	\$ 337,730	6.30	\$ 53,608	\$ 107,216	\$ 230,514
6/30/2022	6/30/2022	\$ 565,999	6.00	\$ 94,333	\$ 94,333	\$ 471,666
6/30/2023	6/30/2023	\$ (106,465)	7.00	\$ (15,209)	\$ (15,209)	\$ (91,256)

**Differences between projected and actual earnings on OPEB plan investments**

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2023	Unamortized Balance as of June 30, 2023
6/30/2018	6/30/2018	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2019	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2020	6/30/2020	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2021	6/30/2021	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2022	6/30/2022	\$ 0	5.00	\$ 0	\$ 0	\$ 0
6/30/2023	6/30/2023	\$ 0	5.00	\$ 0	\$ 0	\$ 0

The table below shows the unamortized balance of Deferred Inflows and Outflows of Resources as of June 30, 2023 for financial statement disclosure for the fiscal year ending June 30, 2023.

Table 7 - Unamortized Balance of Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (336,874)
Changes in assumptions or other inputs	605,684	(160,791)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Employer contribution subsequent to the Measurement Date	0	0
<b>Total</b>	<b>\$ 605,684</b>	<b>\$ (497,665)</b>

Schedule of future annual amortizations of Deferred Inflows and Outflows that will be recognized in future OPEB expense is as shown below.

Table 8 - Schedule of Future Deferred Inflows and Outflows Amortization

Measurement Period Ending	Amounts
2024	\$ 38,580
2025	\$ 10,875
2026	\$ 65,854
2027	\$ 57,598
2028	\$ (32,444)
Thereafter	\$ (32,444)

# Section 3: Projected Benefit Payments

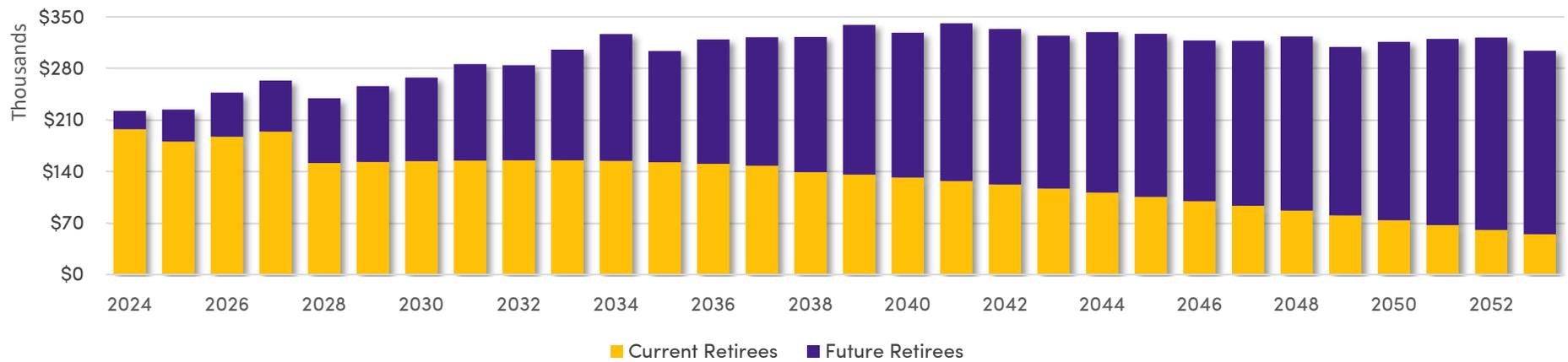
The below table shows the projected benefit payments for the next 30 years for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2022. This exhibit is provided for informational purposes only and is not a required disclosure under GASB 75. Projected benefit payments below include both explicit (if any) and implicit subsidies (as applicable).

FYE	Future Retirees	Current Retirees	Total
2024	\$ 24,918	\$ 197,182	\$ 222,100
2025	\$ 43,541	\$ 180,524	\$ 224,065
2026	\$ 59,772	\$ 187,047	\$ 246,819
2027	\$ 69,526	\$ 193,817	\$ 263,343
2028	\$ 88,159	\$ 151,105	\$ 239,264
2029	\$ 102,882	\$ 152,690	\$ 255,572
2030	\$ 113,268	\$ 153,958	\$ 267,226
2031	\$ 130,974	\$ 154,586	\$ 285,560
2032	\$ 128,986	\$ 155,079	\$ 284,065
2033	\$ 150,525	\$ 154,978	\$ 305,503

FYE	Future Retirees	Current Retirees	Total
2034	\$ 172,229	\$ 154,272	\$ 326,501
2035	\$ 150,911	\$ 152,427	\$ 303,338
2036	\$ 168,891	\$ 150,335	\$ 319,226
2037	\$ 174,622	\$ 147,637	\$ 322,259
2038	\$ 183,423	\$ 139,005	\$ 322,428
2039	\$ 203,408	\$ 135,389	\$ 338,797
2040	\$ 197,156	\$ 131,368	\$ 328,524
2041	\$ 214,339	\$ 126,923	\$ 341,262
2042	\$ 211,390	\$ 122,026	\$ 333,416
2043	\$ 207,621	\$ 116,718	\$ 324,339

FYE	Future Retirees	Current Retirees	Total
2044	\$ 218,146	\$ 111,115	\$ 329,261
2045	\$ 221,613	\$ 105,304	\$ 326,917
2046	\$ 218,540	\$ 99,299	\$ 317,839
2047	\$ 224,507	\$ 93,053	\$ 317,560
2048	\$ 236,570	\$ 86,569	\$ 323,139
2049	\$ 228,928	\$ 79,945	\$ 308,873
2050	\$ 242,697	\$ 73,310	\$ 316,007
2051	\$ 253,119	\$ 66,762	\$ 319,881
2052	\$ 261,434	\$ 60,392	\$ 321,826
2053	\$ 249,668	\$ 54,331	\$ 303,999

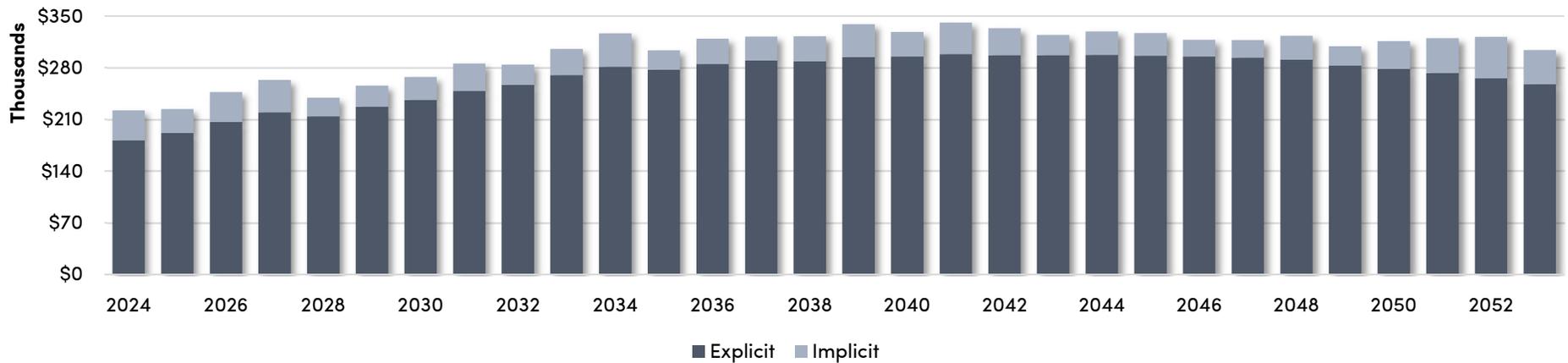
Projected Benefit Payments



The following table splits the projected benefit payments for the next 30 years between the explicit and implicit subsidies for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2021.

FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total
2024	\$ 181,548	\$ 40,552	\$ 222,100	2034	\$ 281,134	\$ 45,367	\$ 326,501	2044	\$ 297,237	\$ 32,024	\$ 329,261
2025	\$ 191,435	\$ 32,630	\$ 224,065	2035	\$ 277,250	\$ 26,088	\$ 303,338	2045	\$ 296,253	\$ 30,664	\$ 326,917
2026	\$ 206,250	\$ 40,569	\$ 246,819	2036	\$ 284,934	\$ 34,292	\$ 319,226	2046	\$ 295,222	\$ 22,617	\$ 317,839
2027	\$ 219,444	\$ 43,899	\$ 263,343	2037	\$ 289,747	\$ 32,512	\$ 322,259	2047	\$ 293,728	\$ 23,832	\$ 317,560
2028	\$ 214,105	\$ 25,159	\$ 239,264	2038	\$ 288,399	\$ 34,029	\$ 322,428	2048	\$ 290,632	\$ 32,507	\$ 323,139
2029	\$ 227,084	\$ 28,488	\$ 255,572	2039	\$ 294,437	\$ 44,360	\$ 338,797	2049	\$ 282,884	\$ 25,989	\$ 308,873
2030	\$ 236,238	\$ 30,988	\$ 267,226	2040	\$ 295,046	\$ 33,478	\$ 328,524	2050	\$ 278,426	\$ 37,581	\$ 316,007
2031	\$ 248,372	\$ 37,188	\$ 285,560	2041	\$ 298,460	\$ 42,802	\$ 341,262	2051	\$ 272,737	\$ 47,144	\$ 319,881
2032	\$ 256,887	\$ 27,178	\$ 284,065	2042	\$ 296,988	\$ 36,428	\$ 333,416	2052	\$ 265,504	\$ 56,322	\$ 321,826
2033	\$ 269,953	\$ 35,550	\$ 305,503	2043	\$ 296,791	\$ 27,548	\$ 324,339	2053	\$ 257,492	\$ 46,507	\$ 303,999

Projected Benefit Payments (Explicit/Implicit)



## Section 4: Substantive Plan Provisions

### Changes Since Prior Valuation

There are no plan provision changes reflected in this roll-forward report. For complete description of substantive plan provisions, refer to the Monterey Peninsula Water Management District GASB 75 Disclosures for fiscal year ending June 30, 2022 report. Roll-forward valuation results shown in this report have been projected from the prior year's valuation, with adjustments for actual premium and contribution changes since the prior year.

### Premium Rates

The monthly premium rates effective on March 1, 2021 and October 1, 2022 used in the valuation are as shown below.

Non-Medicare Plans	Eff. 3/1/2021		Eff. 10/1/2022	
	Single	2-Party <sup>4</sup>	Single	2-Party <sup>4</sup>
Direct Payment Plan	\$ 1,176	\$ 2,349	\$ 1,252	\$ 2,486
Kaiser Permanente	\$ 1,196	\$ 2,393	\$ 1,258	\$ 2,516

Medicare Plans	Eff. 3/1/2021		Eff. 10/1/2022	
	Single	2-Party	Single	2-Party
Direct Payment Plan	\$ 375	\$ 734	\$ 354	\$ 692
Anthem BC Medicare Preferred PPO	\$ 319	\$ 637	\$ 316	\$ 631
Kaiser Permanente Senior Advantage	\$ 357	\$ 714	\$ 332	\$ 665

<sup>4</sup> Also applies to Non-Medicare Family of 3 or more.

**Premium Rates (Cont'd)**

This roll-forward report reflects actual premium changes from 2023 to 2024. The monthly premium rates effective on March 1, 2023 used to determine the trend adjustments are as shown below.

Non-Medicare Plans	Single <sup>5</sup>	2-Party <sup>5</sup>
Direct Payment Plan	\$ 1,285	\$ 2,552
Kaiser Permanente	\$ 1,320	\$ 2,639

Medicare Plans	Single	2-Party
Direct Payment Plan	\$ 361	\$ 705
Anthem BC Medicare Preferred PPO	\$ 309	\$ 618
Kaiser Permanente Senior Advantage	\$ 327	\$ 655

<sup>5</sup> Also applies to Non-Medicare Family of 3 or more.

# Section 5: Brief Summary of Actuarial Methods and Assumptions

## Changes Since Prior Valuation

All actuarial methods and assumptions used in this year's roll-forward report are the same as those used in the Monterey Peninsula Water Management District GASB 75 Disclosures for fiscal year ending June 30, 2022, except as noted below. Refer to the Monterey Peninsula Water Management District GASB 75 Disclosures for fiscal year ending June 30, 2022 report for complete description of actuarial methods and assumptions.

### Actuary's Notes

The following assumptions have been updated since the prior valuation:

1. The Single Equivalent Discount Rate (SEDR) has increased from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023 based on the updated municipal bond index. This change caused a decrease in the liability.
2. Second year health care trend rates have been updated to reflect actual premium increases from 2023 to 2024 for those assumed to enroll in the Laborers health plans as shown below, which caused a decrease in the liability.

	Retiree		Part B
	Member	Spouse	
Non-Medicare	2.60%	2.70%	N/A
Medicare	2.00%	2.00%	5.94%

**Valuation Date** June 30, 2022

**Measurement Date** June 30, 2023

**Reporting Period** Fiscal year ending June 30, 2023

**Discount Rate** For accounting disclosure: 3.86% as of June 30, 2023 and 3.69% as of June 30, 2022

Refer to the Discussion of Discount Rate section for additional information on the discount rate setting.

**Actuarial Cost Method**

Entry Age Normal Level Percentage of Pay; a method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings of the individual between entry age and assumed exit age(s).

- The portion allocated to a valuation year is called the Normal Cost.
- The portion allocated to past periods is called the Actuarial Accrued Liability (AAL) or Total OPEB Liability (TOL).

**Trend Rates**

Historically, health care costs have increased more rapidly than the rate of inflation. In estimating the value of retiree health benefits, assumptions must be made on future increases in healthcare costs. The health care trend rates assumption used in this valuation is based on the Getzen Model of Long-Run Medical Cost Trends, which was first designed by T.E. Getzen for the Society of Actuaries (SOA) in 2007. The model is designed to make long-run forecasts and typically used to select medical trend assumptions for retiree medical valuations to present liabilities disclosed under the appropriate accounting standards, or to determine contributions under a funding policy. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group. The model is updated annually along with updated documentation and recommended input variables by the author of the model.

The baseline assumptions used in the Getzen model are as shown in the table below.

Inflation Rate	2.5%
Real GDP Per Capita Growth	1.5%
Excess Medical Cost Growth	1.1%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

**Trend Rates (Cont'd)**

The output of the Getzen Model of Long-Run Medical Cost Trend Model used in the valuation as the basis for the non-Medicare medical/prescription drug trend rates is as shown below.

Year	Medical/Rx		Part B
	Non-Medicare	Medicare	
2022	Actual <sup>6</sup>	Actual <sup>6</sup>	Actual <sup>6</sup>
2023	Actual <sup>6</sup>	Actual <sup>6</sup>	Actual <sup>6</sup>
2024	6.00%	4.00%	6.17%
2025	5.50%	4.00%	8.07%
2030	5.01%	4.00%	6.21%
2035	4.97%	4.00%	4.00%

Year	Medical/Rx		Part B
	Non-Medicare	Medicare	
2040	4.81%	4.00%	4.00%
2050	4.64%	4.00%	4.00%
2060	4.54%	4.00%	4.00%
2070	4.20%	4.00%	4.00%
2075+	3.94%	4.00%	4.00%

**Discussion of Discount Rates**

Under GASB 75, the discount rate used in valuing OPEB liabilities as of the Measurement Date for an unfunded plan is a single rate that reflects a yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the current year’s valuation, the municipal bond index as of the prior and current Measurement Dates are as shown below.

Index	June 30, 2023	June 30, 2022
Fidelity GO AA 20 Years Municipal Index	3.86%	3.69%

The final equivalent single discount rate for accounting disclosure as of June 30, 2023 is 3.86%.

<sup>6</sup> Actual premium increases from 2022 to 2023 reflected in last year’s valuation and from 2023 to 2024 used in this roll-forward report for those assumed to enroll in the Laborers health plans are as follows:

- 2022 to 2023: (a) Non-Medicare: 6.50% for retiree and 5.20% for spouse, (b) Medicare: -5.60% for retiree and spouse, and (c) Part B: -3.06%
- 2023 to 2024: (a) Non-Medicare: 2.60% for retiree and 2.70% for spouse, (b) Medicare: 2.00% for retiree and spouse, and (c) Part B: 5.90%

For those in individual plans, the initial trend rates are 7.00% for Non-Medicare and 4.00% for Medicare.

# | Appendix – Glossary

1. **Active Employees** – Individuals employed at the end of the reporting or measurement period, as applicable.
2. **Actuarial Cost Method** – A method to allocate the Actuarial Present Value of Future Benefits into portions attributed to past service (Total OPEB Liability) and future service (Normal Cost).
3. **Actuarial Present Value of Future Benefits** – Projected benefit payments estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service, discounted to reflect the expected effects of time value (present value) of money and the probabilities of payment (which is contingent on events such as death, termination, retirement, etc). In other words, this is the amount that would have been invested as of the Valuation Date so that it is sufficient to pay for benefit payments when due.
4. **Deferred Inflows** – Gains in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
5. **Deferred Outflows** – Losses in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
6. **Defined Benefit OPEB** – OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated
7. **Entry Age Actuarial Cost Method** – A method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).
  - The portion allocated to a valuation year is called the Normal Cost.
  - The portion allocated to past periods is called the Total OPEB Liability.
  - The portion allocated to future periods after the valuation date is called the Present Value of Future Normal Costs.
8. **Fiduciary Net Position** – OPEB plan assets in a secure Trust that meet the following criteria:
  - Contributions from employers to the OPEB plan and earnings on those contributions are irrevocable.
  - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
  - OPEB Plan assets are legally protected from the creditors of employers, OPEB plan administrator, and creditors of the plan members.
9. **Funded Ratio** – The value of the asset expressed as a percentage of the Total OPEB Liability.

10. **Healthcare Cost Trend Rates** – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
11. **Inactive Employees** – Individuals no longer employed by an employer in the OEPB plan or the beneficiaries of those individuals. Inactive employees also include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits.
12. **Net OPEB Liability** – The difference between the Total OPEB Liability and the Fiduciary Net Position.
13. **Payroll Growth** – An actuarial assumption on the rate of future increase in the total coverage payroll attributable to wage inflation and productivity increase; used in the Actuarial Cost Method to determine the Total OPEB Liability.
14. **Plan Members** – Individuals covered by the terms of the OPEB plan, which would typically include employees in active service, terminated employees who have terminated service but are not yet receiving benefit payments, and retired employees who are currently receiving benefits.
15. **Other Postemployment Benefits (OPEB)** – Benefits such as death benefits, life insurance, disability, and long-term care, as well as healthcare benefits (medical, prescription drug, dental, vision, and other health-related benefits), that are paid in the period after employment and that are provided separately from a pension plan regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
16. **Service Cost (Normal Cost)** – The portion of actuarial present value of projected benefit payments that are attributed to a 12-month period after a valuation date as determined by the Actuarial Cost Method.
17. **Total OPEB Liability** – The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service as of the valuation date as determined by the Actuarial Cost Method.



# GovInvest

The Financial Forecasting Authority

8605 Santa Monica Blvd PMB 52465, West Hollywood, CA 90069-4109  
[info@govinvest.com](mailto:info@govinvest.com)