



Sussex County

Other Postemployment Benefits GASB 74/75 Report as of June 30, 2021 Measurement Date

**Produced by Cheiron
October 2021**

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Letter of Transmittal

October 4, 2021

Ms. Gina A. Jennings, MBA, MPA
Finance Director
Sussex County
Administrative Office Building
2 The Circle, Second Floor
Georgetown, Delaware 19947

Dear Gina:

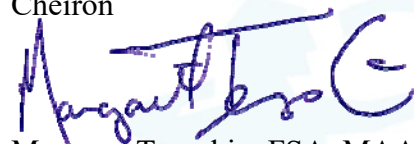
The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board Statement 74 (GASB 74) for the post-employment benefits provided by the Sussex County Postemployment Benefit Plan and under GASB No. 75 for the employer of the Plan. This information includes:

- Determination of the discount rate as of June 30, 2021,
- Total OPEB liability sensitivity information,
- Note disclosures and required supplementary information under GASB 74 for the Plan, and
- Determination of amounts under GASB 75.

This report provides GASB Nos. 74 and 75 information as of the June 30, 2021 measurement date.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,
Cheiron



Margaret Tempkin, FSA, MAAA, EA
Principal Consulting Actuary



Ryan Benitez, ASA, MAAA
Associate Actuary



Gaelle Gravot, FSA, MAAA
Principal Consulting Actuary

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under the Governmental Accounting Standards Board (GASB) Statement No. 74 for the post-employment benefits provided by the Sussex County Postemployment Benefit Plan and under GASB No. 75 for the employer of the Plan. This information includes:

- Determination of the discount rate as of June 30, 2021,
- Total OPEB liability sensitivity information,
- Note disclosures and required supplementary information under GASB 74 for the Plan, and
- Determination of amounts under GASB 75.

Highlights

The measurement date for the post-employment benefits provided by the Sussex County Postemployment Benefit Plan (Plan) contained in this report is June 30, 2021. This measurement date is used for the Plan’s GASB Nos. 74 and 75 reporting as of the June 30, 2021 reporting date. Measurements are based on the fair value of assets and OPEB liabilities as of June 30, 2021, the measurement date.

The table below provides a summary of the key results during this measurement period for the Plan in total. In addition to the information shown below, any contributions between the measurement date and the reporting date would be reported as deferred outflows to resources to offset the cash outflows reported.

Table I-1 Summary of Results			
		Measurement Date	
		6/30/2021	6/30/2020
Net OPEB Liability	\$	428,127	\$ 10,203,348
Deferred Outflows		1,966,553	3,150,462
Deferred Inflows		<u>8,386,112</u>	<u>2,651,444</u>
Net Impact on Statement of Net Position	\$	6,847,685	\$ 9,704,330
OPEB Expense (\$ Amount)	\$	206,606	\$ 2,034,511
OPEB Expense (% of Payroll)		0.83%	8.24%

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The net OPEB liability (NOL) decreased during the measurement period. The changes in NOL due to investment gains and losses are recognized into OPEB expense over five years, beginning in the year of occurrence. The change in NOL due to actuarial gains and losses as well as assumption changes are recognized over the average remaining service life, determined at the beginning of each measurement period, which is seven years for both the current and prior measurement periods for the Plan. Unrecognized amounts are reported as deferred outflows of resources (DOR) and deferred inflows of resources (DIR).

At the June 30, 2021 measurement date, Sussex County will report a net OPEB liability (asset) of \$428,127, deferred outflows of resources of \$1,966,553 and deferred inflows of resources of \$8,386,112 related to the Plan. Consequently, the net impact, equal to the NOL minus the DOR plus the DIR, on the employers' statements of net position due to the Plan would be \$6,847,685 [$\$6,847,685 = \$428,127 - \$1,966,553 + \$8,386,112$] as of the June 30, 2021 measurement date.

For the measurement year ending June 30, 2021, the collective annual OPEB expense is \$206,606 or 0.83% of covered-employee payroll. This amount is not related to participating employers' contributions to the Plan, equal to \$3,063,250 during the measurement period, but instead represents the aggregate employer contributions plus the change in the net impact on the employers' statements of net position [$\$206,606 = \$3,063,250 + \$6,847,685 - \$9,704,330$]. Volatility in OPEB expense from year to year is to be expected. It will largely be driven by asset gains and losses, but other changes can also have a significant impact. A breakdown of the components of the net OPEB expense is shown in Section VI of this report.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB Nos. 74 and 75 for the post-employment benefits provided by the Sussex County Postemployment Benefit Plan (Plan). This report is for the use of the Sussex County Postemployment Benefit Plan, Sussex County, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

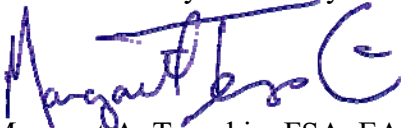
In preparing our report, we relied on information (some oral and some written) supplied by the Plan. This information includes, but is not limited to, the plan provisions, employee data, and financial information. The demographic assumptions used in this report are the same as those used to fund the Sussex County Pension Plan. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements 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; and changes in plan provisions or applicable law.

This report does not contain any adjustments for the potential impact of COVID-19. We anticipate the virus will impact both mortality and claims in the short term, as well as potentially other demographic experience. However, the net impact is not determinable at this time.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for the Plan for the purposes described herein and for the use by the Plan and employer auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any such other user.



Margaret A. Tempkin, FSA, EA, MAAA
Principal Consulting Actuary



Gaëlle Gravot, FSA, MAAA
Principal Consulting Actuary

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2020 was 7.00%, the long-term rate of return as of June 30, 2020. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2021 was 7.00%, the long-term rate of return as of June 30, 2021.

In developing the projection of cash flows used to determine the discount rate, we have assumed that employer contributions to the Plan will continue to follow the written contribution policy. The total employer contribution rate is the sum of the normal cost rate plus an amortization of the Plan's unfunded actuarial liability (UAL) plus a provision for expenses. The normal cost rate is determined under the entry age actuarial cost method while the UAL rate is the amount necessary to pay down the UAL over a 30-year closed, as of July 1, 2018, level percent of pay.

Based on these assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current members following the procedures described in paragraphs 48-50 of GASB 74. Consequently, the single equivalent rate used to determine the Total OPEB Liability as of June 30, 2021 is 7.00%, the long-term expected rate-of-return as defined by GASB 74 as of that date.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION IV – TOTAL OPEB LIABILITY SENSITIVITY

The table below shows the total OPEB liability (TOL) amounts at discount rates equal to the rate used for measuring the TOL at the June 30, 2021 measurement date as well as plus and minus one percent from that rate.

Table IV - 1			
Total OPEB Liability Sensitivity at 6/30/2021 Measurement Date			
Discount Rate	6.00%	7.00%	8.00%
Valuation Total OPEB Liability, 6/30/2021			
Actives	\$ 36,373,509	\$ 30,685,580	\$ 26,129,110
Retirees	<u>33,408,608</u>	<u>30,237,148</u>	<u>27,564,110</u>
Total OPEB Liability, 6/30/2021	\$ 69,782,117	\$ 60,922,728	\$ 53,693,220

The table below shows the total OPEB liability (TOL) amounts at healthcare trend rates equal to the rate used for measuring the TOL at the June 30, 2021 measurement date as well as plus and minus one percent from that rate.

Table IV - 2			
Total OPEB Liability Sensitivity at 6/30/2021 Measurement Date			
Healthcare Trends	-1.00%	Baseline	1.00%
Valuation Total OPEB Liability, 6/30/2021			
Actives	\$ 25,463,194	\$ 30,685,580	\$ 37,425,935
Retirees	<u>27,622,800</u>	<u>30,237,148</u>	<u>33,290,445</u>
Total OPEB Liability, 6/30/2021	\$ 53,085,994	\$ 60,922,728	\$ 70,716,380

Net OPEB Liability (NOL) sensitivity disclosures required under GASB No. 74 are developed based on this information in tables V-2 and V-3 in Section V of this report.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the total OPEB liability (TOL), the Plan fiduciary net position (i.e., fair value of Plan assets) (FNP), and the net OPEB liability (NOL) during the measurement period ending on June 30, 2021.

Table V - 1 Change in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2020	\$ 57,965,311	\$ 47,761,963	\$ 10,203,348
Changes for the year:			
Service cost	1,215,719		1,215,719
Interest	4,052,973		4,052,973
Changes of benefits	0		0
Differences between expected and actual experience	295,641		295,641
Changes of assumptions	0		0
Contributions - employer		3,063,250	(3,063,250)
Contributions - member		0	0
Net investment income		12,353,584	(12,353,584)
Benefit payments	(2,606,916)	(2,606,916)	0
Administrative expense		(77,280)	77,280
Net changes	<u>2,957,417</u>	<u>12,732,638</u>	<u>(9,775,221)</u>
Balances at 6/30/2021	<u>\$ 60,922,728</u>	<u>\$ 60,494,601</u>	<u>\$ 428,127</u>

During the measurement year, the NOL decreased by approximately \$9.8 million. The service cost and interest cost increased the NOL by approximately \$5.3 million while contributions plus investment gains offset by administrative expenses decreased the NOL by approximately \$15.3 million.

There were no changes in assumptions or benefits during the year.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

Table V - 2 Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 69,782,117	\$ 60,922,728	\$ 53,693,220
Plan Fiduciary Net Position	<u>60,494,601</u>	<u>60,494,601</u>	<u>60,494,601</u>
Net OPEB Liability	<u>\$ 9,287,516</u>	<u>\$ 428,127</u>	<u>\$ (6,801,381)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	86.7%	99.3%	112.7%

A one percent decrease in the discount rate increases the TOL by approximately 15% and increases the NOL by approximately 2069%. A one percent increase in the discount rate decreases the TOL by approximately 12% and decreases the NOL by approximately 1689%.

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce lower TOL and higher healthcare trends produce higher TOL. The table below shows the sensitivity of the NOL to healthcare trends.

Table V - 3 Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 53,085,994	\$ 60,922,728	\$ 70,716,380
Plan Fiduciary Net Position	<u>60,494,601</u>	<u>60,494,601</u>	<u>60,494,601</u>
Net OPEB Liability	<u>\$ (7,408,607)</u>	<u>\$ 428,127</u>	<u>\$ 10,221,779</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	114.0%	99.3%	85.5%

A one percent decrease in healthcare trends decreases the TOL by approximately 13% and decreases the NOL by approximately 1830%. A one percent increase in the healthcare trends increases the TOL by approximately 16% and increases the NOL by approximately 2288%.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74 and eventually will build up to 10 years of information. The schedule below shows the changes in NOL and related ratios required by GASB.

Table V - 4 Schedule of Changes in Net OPEB Liability and Related Ratios					
	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
<u>Total OPEB Liability</u>					
Service cost (BOY)	\$ 1,215,719	\$ 1,177,365	\$ 925,928	\$ 909,398	\$ 810,080
Interest (includes interest on service cost)	4,052,973	3,824,207	3,829,471	3,787,370	3,656,274
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	295,641	2,351,755	(356,272)	66,645	112,594
Changes of assumptions	0	(1,377,792)	(96,289)	(1,835,557)	786,564
Benefit payments, including refunds of member contributions	(2,606,916)	(2,880,064)	(2,609,065)	(2,126,749)	(1,828,522)
Net change in total OPEB liability	\$ 2,957,417	\$ 3,095,471	\$ 1,693,773	\$ 801,107	\$ 3,536,990
Total OPEB liability - beginning	<u>57,965,311</u>	<u>54,869,840</u>	<u>53,176,067</u>	<u>52,374,960</u>	<u>48,837,970</u>
Total OPEB liability - ending	<u>\$ 60,922,728</u>	<u>\$ 57,965,311</u>	<u>\$ 54,869,840</u>	<u>\$ 53,176,067</u>	<u>\$ 52,374,960</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 3,063,250	\$ 2,835,463	\$ 2,687,134	\$ 7,172,834	\$ 1,991,965
Contributions - member	0	0	0	0	0
Net investment income	12,353,584	1,727,777	2,935,078	2,772,210	3,456,692
Benefit payments, including refunds of member contributions	(2,606,916)	(2,880,064)	(2,609,065)	(2,126,749)	(1,828,522)
Administrative expense	(77,280)	(60,046)	(53,118)	(58,180)	(55,676)
Net change in plan fiduciary net position	\$ 12,732,638	\$ 1,623,130	\$ 2,960,029	\$ 7,760,115	\$ 3,564,459
Plan fiduciary net position - beginning	<u>47,761,963</u>	<u>46,138,833</u>	<u>43,178,804</u>	<u>35,418,689</u>	<u>31,854,230</u>
Plan fiduciary net position - ending	<u>\$ 60,494,601</u>	<u>\$ 47,761,963</u>	<u>\$ 46,138,833</u>	<u>\$ 43,178,804</u>	<u>\$ 35,418,689</u>
Net OPEB liability - ending	<u>\$ 428,127</u>	<u>\$ 10,203,348</u>	<u>\$ 8,731,007</u>	<u>\$ 9,997,263</u>	<u>\$ 16,956,271</u>
Plan fiduciary net position as a percentage of the total OPEB liability	99.30%	82.40%	84.09%	81.20%	67.63%
Covered employee payroll	\$ 25,039,079	\$ 24,696,338	\$ 24,181,316	\$ 23,067,300	\$ 22,608,597
Net OPEB liability as a percentage of covered employee payroll	1.71%	41.32%	36.11%	43.34%	75.00%

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

If an Actuarially Determined Contribution (ADC) is calculated, the following schedule is required. An ADC is a contribution amount determined in accordance with Actuarial Standards of Practice.

Table V - 5 Schedule of Employer Contributions					
	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Actuarially Determined Contribution (ADC)	\$ 1,951,745	\$ 1,808,053	\$ 1,564,364	\$ 1,944,316	\$ 1,870,754
Actual Contribution related to ADC	<u>3,063,250</u>	<u>2,835,463</u>	<u>2,687,134</u>	<u>7,172,834</u>	<u>1,991,965</u>
Contribution Deficiency/(Excess) relative to ADC	<u>\$ (1,111,505)</u>	<u>\$ (1,027,410)</u>	<u>\$ (1,122,770)</u>	<u>\$ (5,228,518)</u>	<u>\$ (121,211)</u>
Covered-Employee Payroll (Pay)	\$ 25,039,079	\$ 24,696,338	\$ 24,181,316	\$ 23,067,300	\$ 22,608,597
Actual Contributions as % of Pay	12.23%	11.48%	11.11%	31.10%	8.81%

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2021.

Notes to Schedule

Valuation Date: July 1, 2020
 Timing: Actuarially determined contributions are calculated based on the actuarial valuation at the beginning of the fiscal year.

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal Cost Method
 Asset Valuation Method: Market Value
 Amortization Method: 30 Year Closed Amortization, as of July 1, 2018, level percentage of payroll
 Discount Rate: 7.00%
 Salary Increases: 3.50%
 Mortality: RP 2014 Standard Table, projected Fully Generational using scale MP-2018

A complete description of the methods and assumptions used to determine the contribution for the year ending June 30, 2021 can be found in the July 1, 2020 actuarial valuation report.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Employers that participate in the Plan are required to implement GASB 75 for their first fiscal year that commenced after June 15, 2017. The amounts reported as of their fiscal year end (their reporting date) must be based on a measurement date up to 12 months and one day prior to their reporting date. For employers with a reporting date of June 30, their 2021 disclosures can be based on either the June 30, 2020 or 2021 measurement dates. Since the employers have elected to implement GASB 75 early, the charts on the following pages can be used for 2021 employer reporting.

The impact of experience gains or losses and assumption changes on the TOL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was seven years.

During the year, there was an experience loss of \$295,641. \$42,234 of that loss was recognized in the current year and an identical amount will be recognized in each of the next six years, resulting in a deferred outflow of resources as of June 30, 2021 of \$253,407. There were no plan changes or changes in assumptions.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment gain of (8,997,204). (1,799,441) of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred inflow of resources as of June 30, 2021 of (7,197,763).

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter if any.

Table VI - 1		
Schedule of Deferred Inflows and Outflows of Resources as of June 30, 2021 Measurement Date		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,966,553	\$ 203,584
Changes in assumptions	0	1,956,936
Net difference between projected and actual earnings on OPEB plan investments	0	6,225,592
Total	<u>\$ 1,966,553</u>	<u>\$ 8,386,112</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
Year ended June 30:		
2022	(1,570,255)	
2023	(1,564,913)	
2024	(1,604,166)	
2025	(1,903,831)	
2026	181,369	
Thereafter	\$ 42,237	

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

The table below summarizes the schedule of deferred outflows and deferred inflows.

Table VI - 2											
Schedule of Deferred Inflows and Outflows of Resources as of											
June 30, 2021 Reporting Date											
June 30, 2021 Measurement Date											
Recognition of Experience (Gains) and Losses											
Experience Year	Recognition Period	Total Amount	Remaining Amounts		Recognition Year						
			BOY	EOY	2021	2022	2023	2024	2025	2026	2027
2021	7.00	\$ 295,641	\$ 295,641	\$ 253,407	\$ 42,234	\$ 42,234	\$ 42,234	\$ 42,234	\$ 42,234	\$ 42,234	\$ 42,237
2020	7.00	\$ 2,351,755	\$ 2,015,790	\$ 1,679,825	\$ 335,965	\$ 335,965	\$ 335,965	\$ 335,965	\$ 335,965	\$ 335,965	\$ 0
2019	7.00	\$ (356,272)	\$ (254,480)	\$ (203,584)	\$ (50,896)	\$ (50,896)	\$ (50,896)	\$ (50,896)	\$ (50,896)	\$ 0	\$ 0
2018	8.00	\$ 66,645	\$ 41,652	\$ 33,321	\$ 8,331	\$ 8,331	\$ 8,331	\$ 8,331	\$ 8,328	\$ 0	\$ 0
2017	4.00	\$ 112,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recognition of liability gains and losses					\$ 335,634	\$ 335,634	\$ 335,634	\$ 335,634	\$ 335,631	\$ 378,199	\$ 42,237
Recognition of Assumption Changes											
Experience Year	Recognition Period	Total Amount	Remaining Amounts		Recognition Year						
			BOY	EOY	2021	2022	2023	2024	2025	2026	2027
2021	7.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2020	7.00	\$ (1,377,792)	\$ (1,180,965)	\$ (984,138)	\$ (196,827)	\$ (196,827)	\$ (196,827)	\$ (196,827)	\$ (196,827)	\$ (196,830)	\$ 0
2019	7.00	\$ (96,289)	\$ (68,777)	\$ (55,021)	\$ (13,756)	\$ (13,756)	\$ (13,756)	\$ (13,756)	\$ (13,753)	\$ 0	\$ 0
2018	8.00	\$ (1,835,557)	\$ (1,147,222)	\$ (917,777)	\$ (229,445)	\$ (229,445)	\$ (229,445)	\$ (229,445)	\$ (229,442)	\$ 0	\$ 0
2017	4.00	\$ 786,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recognition of assumption changes					\$ (440,028)	\$ (440,028)	\$ (440,028)	\$ (440,028)	\$ (440,022)	\$ (196,830)	\$ 0
Recognition of Investment (Gains) and Losses											
Experience Year	Recognition Period	Total Amount	Remaining Amounts		Recognition Year						
			BOY	EOY	2021	2022	2023	2024	2025	2026	2027
2021	5	\$ (8,997,204)	\$ (8,997,204)	\$ (7,197,763)	\$ (1,799,441)	\$ (1,799,441)	\$ (1,799,441)	\$ (1,799,441)	\$ (1,799,440)		
2020	5	\$ 1,498,341	\$ 1,198,673	\$ 899,005	\$ 299,668	\$ 299,668	\$ 299,668	\$ 299,669			
2019	5	\$ 196,274	\$ 117,764	\$ 78,509	\$ 39,255	\$ 39,255	\$ 39,254				
2018	5	\$ (26,707)	\$ (10,684)	\$ (5,343)	\$ (5,341)	\$ (5,343)					
2017	5	\$ (1,063,657)	\$ (212,733)	\$ 0	\$ (212,733)						
Recognition of investment gains and losses					\$ (1,678,592)	\$ (1,465,861)	\$ (1,460,519)	\$ (1,499,772)	\$ (1,799,440)	\$ 0	\$ 0
Total (Gains) and Losses		Total Amount	Remaining Amounts		Recognition Year						
			BOY	EOY	2021	2022	2023	2024	2025	2026	2027
Total (Gains) and Losses		\$ (6,485,545)	\$ (6,873,557)	\$ (5,529,759)	\$ (1,782,986)	\$ (1,570,255)	\$ (1,564,913)	\$ (1,604,166)	\$ (1,903,831)	\$ 181,369	\$ 42,237

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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SECTION VI – GASB 75 REPORTING INFORMATION

The annual OPEB expense recognized by the employer can be calculated in two different ways. First, it is the change in the amounts reported on the employers' Statements of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in NOL minus the change in deferred outflows plus the change in deferred inflows plus employer contributions during the year.

Alternatively, annual OPEB expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of the OPEB expense.

The table below shows the development of the OPEB expense through both of these methodologies. In addition to the information shown below, any contributions between the measurement date and the reporting date would be reported as deferred outflows to resources to offset the cash outflows reported.

Table VI - 2 Calculation of OPEB Expense		
	Measurement Year Ending	
	2021	2020
Change in Net OPEB Liability	\$ (9,775,221)	\$ 1,472,341
Change in Deferred Outflows	1,183,909	(2,875,691)
Change in Deferred Inflows	5,734,668	602,398
Employer Contributions	<u>3,063,250</u>	<u>2,835,463</u>
OPEB Expense	\$ 206,606	\$ 2,034,511
OPEB Expense as % of Payroll	0.83%	8.24%
Operating Expenses		
Service cost	\$ 1,215,719	\$ 1,177,365
Employee contributions	0	0
Administrative expenses	<u>77,280</u>	<u>60,046</u>
Total	\$ 1,292,999	\$ 1,237,411
Financing Expenses		
Interest cost	\$ 4,052,973	\$ 3,824,207
Expected return on assets	<u>(3,356,380)</u>	<u>(3,226,118)</u>
Total	\$ 696,593	\$ 598,089
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	(440,028)	(243,387)
Recognition of liability gains and losses	335,634	321,547
Recognition of investment gains and losses	<u>(1,678,592)</u>	<u>120,851</u>
Total	\$ (1,782,986)	\$ 199,011
OPEB Expense	\$ 206,606	\$ 2,034,511

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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SECTION VI – GASB 75 REPORTING INFORMATION

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represent the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the Plan for the year.

Second, there are the financing expenses: the interest on the total OPEB liability less the expected return on assets.

The final category is changes. This category will drive most of the volatility in OPEB expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A – MEMBERSHIP INFORMATION

Participant Data as of July 1, 2021:

Census Date	7/1/2020	7/1/2021	% Change
Active Employees:			
Count	480	474	-1.25%
Average Age	46.2	46.3	0.04%
Average Service	12.0	12.1	0.44%
Covered Payroll	\$ 24,696,338	\$ 25,039,079	1.39%
Inactives:			
Retired	186	195	4.84%
Disabled	12	12	0.00%
Survivor	<u>20</u>	<u>22</u>	10.00%
Total	218	229	5.05%

Member Data as of July 1, 2021:

Age Group	Eligible Active Employees								Total
	Years of Service								
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	
Under 25	12	0	0	0	0	0	0	0	12
25 to 29	42	4	0	0	0	0	0	0	46
30 to 34	20	19	3	0	0	0	0	0	42
35 to 39	25	14	9	18	0	0	0	0	66
40 to 44	13	6	7	12	9	0	0	0	47
45 to 49	12	9	5	18	7	7	0	0	58
50 to 54	11	3	8	12	11	11	6	1	63
55 to 59	15	9	9	16	12	11	6	1	79
60 to 64	6	3	12	6	2	6	0	3	38
65 & Over	5	5	5	5	1	0	0	2	23
Total	161	72	58	87	42	35	12	7	474

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Retirees, Disabled and Survivors			
Age Group	Males	Females	Total
Under 50	0	0	0
50 to 54	9	3	12
55 to 59	4	4	8
60 to 64	8	18	26
65 to 69	28	38	66
70 to 74	30	25	55
75 to 79	16	15	31
80 to 84	5	11	16
85 to 89	4	6	10
90 & Over	1	4	5
Total	105	124	229

Plan Elections			
	Retirees	Spouses	Total
Gold	43	18	61
Silver	<u>3</u>	<u>12</u>	<u>15</u>
Pre-Medicare Medical Election	46	30	76
Medicare Medical Election	<u>147</u>	<u>33</u>	<u>180</u>
Total Medical Election	193	63	256
Dental	193	66	259
Vision	194	67	261
Life	175	N/A	175

	Status Reconciliation				Total
	Active	Survivors	Disabled	Retired	
Members on July 1, 2020	480	20	12	186	698
New Hires	39				39
Retired	(12)			12	0
Disabled	0		0		0
Termination	(33)				(33)
Death w/Survivor		3		(3)	0
Death w/o Survivor		(1)	0	(3)	(4)
Data Corrections	0	0	0	3	3
Members on June 30, 2021	474	22	12	195	703

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methodology used in developing the TOL as of June 30, 2021 are the same as those summarized in the July 1, 2021 actuarial valuation. GASB specific methodologies and assumptions are described in Appendix D.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX C – SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the July 1, 2021 actuarial valuation report. Please refer to this report for a complete summary.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the total OPEB liability, assumption changes reducing the total OPEB liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the total OPEB liability, assumption changes increasing the total OPEB liability or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the total OPEB liability.

6. Measurement Date

The date as of which the total OPEB liability and plan fiduciary net position are measured. The total OPEB liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net OPEB Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the total OPEB liability less the plan fiduciary net position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer’s fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The total OPEB liability is the actuarial liability calculated under the entry age actuarial cost method.



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