

March 20, 2026

PERSONAL & CONFIDENTIAL

Rebecca Hilmert
Otsego County Road Commission
669 W McCoy Rd
Gaylord, MI 49735

RE: Otsego County Road Commission Retiree Health Plan

Dear Rebecca:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending December 31, 2025. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 74 (GASB 74) Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and Statement No. 75 (GASB 75) Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The actuarial values shown in this report are based on December 31, 2024 results rolled forward to December 31, 2025.

If you have any questions about this report, please call me at (616) 742-9244.

Sincerely,



Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

Otsego County Road Commission Retiree Health Plan

Accounting Report

for the Period Ending December 31, 2025
under GASB Statement 74 & 75



WATKINS ROSS | 200 OTTAWA AVE N.W. | SUITE 600 | GRAND RAPIDS, MI 49503 | 616.456.9696

Report presented by:



March 2025

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INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. This information may, at the discretion of the management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 74 and 75 and may be inappropriate for other purposes.

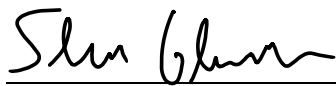
The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared based on participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted and has no reason to believe that any information which would have a material effect on the results of this valuation was not considered in the preparation of the report.

The actuary certifying this report represents herself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared by:



Shane Gladinus
Actuarial Analyst

Certified by:



Leah A. Dudley, FCA, ASA, MAAA
Health Actuary

COMMENTS

Purpose of Governmental Accounting Standards Board (GASB) Reporting

The objective of GASB is to provide guidelines and requirements for accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources and methods and assumptions that are required to be used to project benefit payments and discount those payments to their actuarial present value.

State of Michigan Public Act 202

Public Act 202 (PA 202) was drafted to address the underfunded status of pension and retiree healthcare plans of local governments in Michigan. Accordingly, PA 202 included transparency and funding requirements. In addition, in order that the plans' funded status be reported on a consistent basis, Uniform Assumptions were published. While all of the Uniform Assumptions have a sound and reasonable basis, some might not be appropriate for each plan and therefore may be different than what is used for funding. Additionally, some of the assumptions may differ from what is required for reporting under GASB.

Changes in Actuarial Assumptions, Plan Changes and Actuarial Experience

- Actuarial Experience: There was a gain to the plan of \$338,344. The biggest contributor to the gain is that two retirees who opt out of medical insurance are now being valued with their opt out benefit of \$2,000 per year.
- Actuarial Assumptions: The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated a decrease in liability of \$104,500.
- Plan Changes: There were no plan changes during the year.

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Otsego County Road Commission Retiree Health Plan and additions to/deductions from the Road Commission’s fiduciary net position have been determined on the same basis as they are reported by the Otsego County Road Commission. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Otsego County Road Commission Retiree Health Plan is a single employer plan established and administered by **Otsego County Road Commission** and can be amended at its discretion.

Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

Summary of Plan Participants

As of December 31, 2024, Retirement Plan membership consisted of the following:

Active members	7
Inactive members	0
Retirees and beneficiaries	32
Total members	39

Contributions

The Otsego County Road Commission Retiree Health Plan, a post-employment benefit (OPEB) plan, was established under the authority of the Road Commission and collective bargaining agreements. With this valuation, trust assets are projected to be sufficient to pay future OPEB benefits with no further contributions from the Road Commission.

ASSUMPTIONS AND METHODS

The Otsego County Road Commission’s OPEB liability was measured as of December 31, 2025.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024 rolled forward to December 31, 2025. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary increases	3.00% (for purpose of allocating liability)
Investment rate of return	6.93% (including inflation)
20-year Aa Municipal bond rate	4.43%
Mortality	Public General 2016 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	IRS 2024 Adjusted Scale MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.16%
Real Assets	20.0%	6.50%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 6.93%.

Discount Rate

The discount rate used to measure the total OPEB liability was **6.93%**. With no further employer contributions, the retirement plan’s fiduciary net position is projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”, not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2024 the discount rate used to value OPEB liabilities was 6.15%.

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2024	\$3,438,944	\$2,982,974	\$455,970
Changes during the Year			
Service Cost	17,284		17,284
Interest	205,149		205,149
Experience (Gains)/Losses	(338,344)		(338,344)
Change in plan terms	0		0
Change in actuarial assumptions	(104,500)		(104,500)
Contributions to OPEB trust		0	0
Contributions/benefit from general operating funds		21,531	(21,531)
Employee Contributions		0	0
Net Investment Income		416,672	(416,672)
Benefit Payments;			
Including Refunds of Employee Contributions	(240,928)	(240,928)	0
Administrative Expenses		(6,303)	6,303
Other Changes		62	(62)
Total Changes	(461,339)	191,034	(652,373)
Balance at December 31, 2025	\$2,977,605	\$3,174,008	\$(196,403)

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the Road Commission, calculated using trend and discount rates 1% higher and lower than base assumptions:

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$3,153,025	\$2,977,605	\$2,820,237
Plan Fiduciary Net Position	3,174,008	3,174,008	3,174,008
Net OPEB Liability	\$(20,983)	\$(196,403)	\$(353,771)

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$2,807,880	\$2,977,605	\$3,165,270
Plan Fiduciary Net Position	3,174,008	3,174,008	3,174,008
Net OPEB Liability	\$(366,128)	\$(196,403)	\$(8,738)

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 12/31/2025
Service Cost	\$17,284
Interest on Total OPEB Liability	205,149
Experience (Gains)/Losses	(338,344)
Changes in Plan Terms	0
Changes in Assumptions	(104,500)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(198,960)
Investment Earnings (Gains)/Losses	(6,730)
Administrative Expenses	6,303
Other Changes in Fiduciary Net Position	(62)
Total OPEB Expense	\$(419,860)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2025 is \$3,174,008.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	0
Changes of Assumptions	0	0
Investment Earnings (Gains)/Losses	0	178,137
Total	\$0	\$178,137

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

Year Ended December 31,	Amount Recognized
2026	\$11,570
2027	(97,192)
2028	(48,971)
2029	(43,544)
2030	0
Thereafter	0

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability December 31, 2024	\$455,970
Total OPEB expense	(419,860)
Contributions	(21,531)
Change in deferred outflows of resources	(32,845)
Change in deferred inflows of resources	(178,137)
Net OPEB Liability December 31, 2025	\$(196,403)

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$859,963
Inactive participants	0
Retirees and beneficiaries	2,117,642
Total OPEB Liability	\$2,977,605

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

Although not required as part of GASB reporting, we have included an Actuarially Determined Contribution in order to provide information for funding. This recommended contribution is designed to eventually fund your plan enough that you can pay retiree benefits directly from the trust instead of general operating funds. The amortization period is based on average future working years for active employees.

Actuarially Determined Contribution (ADC) ¹	Fiscal Year Ending December 31,	
	2026	2025
Discount rate	6.93%	6.15%
Amortization period	1 years	2 years
Amortization method	Level \$	Level \$
Service cost	15,986	17,284
Amortization of Net OPEB Liability	(196,403)	234,786
Interest to end of year	(12,503)	15,502
Total ADC, not less than \$0	\$0	\$267,572

PA 202 was issued by the State of Michigan and requires the calculation of other “contribution” amounts. These are

1. The Actuarially Determined Contribution (ADC) using Assumptions for financial reporting and
2. The minimum required amount to be deposited into an OPEB trust

The first of these contributions as shown above, \$267,572, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn't yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the normal cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. Because the plan is closed to new employees, this requirement is not applicable.

¹ ADC for 2025 and 2026 is based on actuarial assumptions consistent with reporting as of December 31, 2024, and December 31, 2025, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2025
Assets (Fiduciary net position)	3,174,008
Liabilities (Total OPEB Liability)	2,977,605
Funded ratio for the Plan Year	106.60%
Actuarially Determined Contribution	\$267,572
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2025
Number of active members	7
Number of inactive members	0
Number of retirees and beneficiaries	32
Premiums paid on behalf of the retirants	\$240,928

Investment Performance
This information is available from the Investment Manager

Actuarial Assumptions	2025
Actuarially assumed rate of investment return	6.93%
Discount rate	6.93%
Amortization method used for funding unfunded liability	Level \$
Amortization period used for funding unfunded liability	2 years
Is each division closed to new employees	Yes
Healthcare inflation assumption next year	7.50%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2025
Actuarial value of assets using uniform assumptions	3,174,008
Actuarial accrued liability using uniform assumptions	2,990,954
Funded ratio using uniform assumptions	106.12%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$296,562

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021
Total OPEB Liability					
Service Cost	\$17,284	\$13,711	\$16,850	\$28,150	\$64,745
Interest	205,149	225,294	239,181	240,238	173,392
Changes of Benefit Terms	0	0	0	0	0
Difference between Expected and Actual Experience	(338,344)	(64,898)	(132,012)	(167,156)	(69,503)
Change of Assumptions	(104,500)	169,757	108,799	(88,989)	(969,366)
Benefit Payments (Including Refunds of Employee Contributions)	(240,928)	(219,397)	(223,957)	(220,867)	(201,375)
Net Change in Total OPEB Liability	(461,339)	124,467	8,861	(208,624)	(1,002,107)
Total OPEB Liability – Beginning	3,438,944	3,314,477	3,305,616	3,514,240	4,516,347
Total OPEB Liability – Ending (a)	\$2,977,605	\$3,438,944	\$3,314,477	\$3,305,616	\$3,514,240
Plan Fiduciary Net Position					
Contributions to OPEB trust	\$0	\$0	\$0	\$200,004	\$333,340
Contributions/benefit payments made from general operating funds	21,531	(4,560)	223,957	220,867	201,375
Net Investment Income	416,672	228,038	431,853	(346,409)	253,378
Benefit Payments (Including Refunds of Employee Contributions)	(240,928)	(219,397)	(223,957)	(220,867)	(201,375)
Administrative Expenses	(6,303)	(6,198)	(13,996)	(12,749)	(12,517)
Other	62	0	0	0	0
Net Change in Fiduciary Net Position	191,034	(2,117)	417,857	(159,154)	574,201
Plan Fiduciary Net Position – Beginning	2,982,974	2,985,091	2,567,234	2,726,388	2,152,187
Plan Fiduciary Net Position – Ending (b)	3,174,008	2,982,974	2,985,091	2,567,234	2,726,388
Net OPEB Liability – Ending (a)-(b)	\$ (196,403)	\$ 455,970	\$ 329,386	\$ 738,382	\$ 787,852
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	106.60%	86.74%	90.06%	77.66%	77.58%
Covered Employee Payroll	\$1,101,754	\$2,120,974	\$789,396	\$894,000	\$842,000
Net OPEB Liability as Percentage of Payroll	(17.8)%	21.5%	41.7%	82.6%	93.6%
Actuarially Determined Contribution	\$267,572	\$367,114	\$429,046	\$465,875	\$917,072
Employer Contribution/benefit payments	(21,531)	4,560	(223,957)	(420,871)	(534,715)
Contribution Deficiency/(Excess)	\$246,041	\$371,674	\$205,089	\$45,004	\$382,357
ADC as a Percentage of Covered Payroll	24.3%	17.3%	54.4%	52.1%	108.9%
Employer Contribution as a Percentage of Covered Payroll	2.0%	0.2%	28.4%	47.1%	63.5%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability			
Service Cost	\$73,071	\$87,279	\$84,409
Interest	250,107	208,114	208,495
Changes of Benefit Terms	0	0	0
Difference between Expected and Actual Experience	(1,440,437)	(141,420)	0
Change of Assumptions	239,912	(402,224)	0
Benefit Payments (Including Refunds of Employee Contributions)	(256,951)	(269,649)	(344,330)
Net Change in Total OPEB Liability	(1,134,298)	(517,900)	(51,426)
Total OPEB Liability – Beginning	5,650,645	6,168,545	6,219,971
Total OPEB Liability – Ending (a)	\$4,516,347	\$5,650,645	\$6,168,545
Plan Fiduciary Net Position			
Contributions to OPEB trust	\$800,008	\$500,000	\$520,000
Contributions/benefit payments made from general operating funds	256,951	269,649	344,330
Net Investment Income	242,288	128,666	(29,215)
Benefit Payments (Including Refunds of Employee Contributions)	(256,951)	(269,649)	(344,330)
Administrative Expenses	(7,826)	(1,159)	(575)
Other	0	0	0
Net Change in Fiduciary Net Position	1,034,470	627,507	490,210
Plan Fiduciary Net Position – Beginning	1,117,717	490,210	0
Plan Fiduciary Net Position – Ending (b)	2,152,187	1,117,717	490,210
Net OPEB Liability – Ending (a)-(b)	\$2,364,160	\$4,532,928	\$5,678,335
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	47.65%	19.8%	8.0%
Covered Employee Payroll	\$833,246	\$840,951	Not available
Net OPEB Liability as Percentage of Payroll	283.7%	539.0%	Not available
Actuarially Determined Contribution	\$1,338,975	\$1,344,332	\$1,250,738
Employer Contribution/benefit payments	(1,056,959)	(769,649)	(864,330)
Contribution Deficiency/(Excess)	\$282,016	\$574,683	\$386,408
ADC as a Percentage of Covered Payroll	160.7%	159.9%	Not available
Employer Contribution as a Percentage of Covered Payroll	126.8%	91.5%	Not available

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date December 31, 2024

Measurement date December 31, 2025

Reporting date December 31, 2025

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 6.15% for 2025 contribution; 6.93% for 2025 liability and 2026 contribution
Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.43%
Rationale – S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2025

Salary Scale – 3.00% (for purpose of allocating liability)
Rationale – Per employer expectations

Return on Plan Assets – 6.93% (including inflation)
Rationale – Provided by investment manager

Mortality Rates – Public General 2016 Employee and Healthy Retiree, Headcount weighted, IRS 2024 Adjusted Scale MP-2021
Rationale – Current mortality rates for municipalities

Utilization – 100% of future retirees will elect coverage at retirement; actual coverage used for non-active
Rationale – Historical

Termination Rates – None
Rationale – Small group

Disability Rates – None
Rationale – Small group

Retirement Rates – 100% at first eligibility
Rationale – Consistent with experience

Marital Assumption – Not applicable
Rationale – Future retirees are not eligible for employer paid spouse coverage

Pre-65 Medical Claims Cost – See monthly rates below

Blue Care Network HRA			
Age	Rate	Age	Rate
55	\$ 838.75	60	\$ 1,020.79
56	877.49	61	1,056.90
57	916.50	62	1,080.59
58	958.35	63	1,110.31
59	979.04	64	1,128.36

Rationale – Actual age-rated premiums in effect as of January 1, 2025

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Post-65 Medical Claims Costs – See monthly rates below

Coverage	Rate
Blue Care Network ¹	\$ 382.63
Humana	351.09

Rationale – Provided by carrier

Implicit Subsidy – Not applicable; premiums are age-rated

Medical Trend

Pre-65: 7.25% in first year followed by 7.5% graded down to 4.5% by 0.25% per year

Post-65: 5.5% in first year followed by 5.75% graded down to 4.5% by 0.25% per year

Rationale – Based on State of Michigan trend survey

Data Collection

Date and form of data – All personnel and asset data were prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Assumption changes since prior valuation

- Discount rate updated from 6.15% to 6.93%
- Trend rates updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%
- Mortality updated from Public General 2010 Employee and Healthy Retiree, Headcount weighted to Public General 2016 Employee and Healthy Retiree, Headcount weighted

Assumptions used for PA 202 Reporting

Mortality – Public General 2010 Employee and Healthy Retiree, Headcount weighted

Salary Scale – 3.65%

All other assumptions are the same as used for GASB

¹ Retirees retain Blue Care Network coverage until both retiree and spouse reach age 65

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2025	2026	2027	2028	2029	2030	2031+		
2019	(141,420)	1.00								-	-
2020	(1,440,437)	1.00								-	-
2021	(69,503)	1.00								-	-
2022	(167,156)	1.00								-	-
2023	(132,012)	1.00								-	-
2024	(64,898)	1.00								-	-
2025	(338,344)	1.00	(338,344)	-	-	-	-	-	-	-	-
Net recognized in OPEB expense			<u>\$ (338,344)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2025	2026	2027	2028	2029	2030	2031+		
2019	(402,224)	1.00								-	-
2020	239,912	1.00								-	-
2021	(969,366)	1.00								-	-
2022	(88,989)	1.00								-	-
2023	108,799	1.00								-	-
2024	169,757	1.00								-	-
2025	(104,500)	1.00	(104,500)	-	-	-	-	-	-	-	-
Net recognized in OPEB expense			<u>\$ (104,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Year	Difference between expected and actual earnings on OPEB assets	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2025	2026	2027	2028	2029	2030	2031+		
2021	(91,496)	5.00	(18,300)							-	-
2022	543,810	5.00	108,762	108,762						108,762	-
2023	(241,115)	5.00	(48,223)	(48,223)	(48,223)					-	(96,446)
2024	(27,137)	5.00	(5,427)	(5,427)	(5,427)	(5,429)				-	(16,283)
2025	(217,712)	5.00	(43,542)	(43,542)	(43,542)	(43,542)	(43,544)			-	(174,170)
Net recognized in OPEB expense			<u>\$ (6,730)</u>	<u>\$ 11,570</u>	<u>\$ (97,192)</u>	<u>\$ (48,971)</u>	<u>\$ (43,544)</u>			<u>\$ 108,762</u>	<u>\$ (286,899)</u>

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Total Deferred Outflow/(Inflow) of Resources

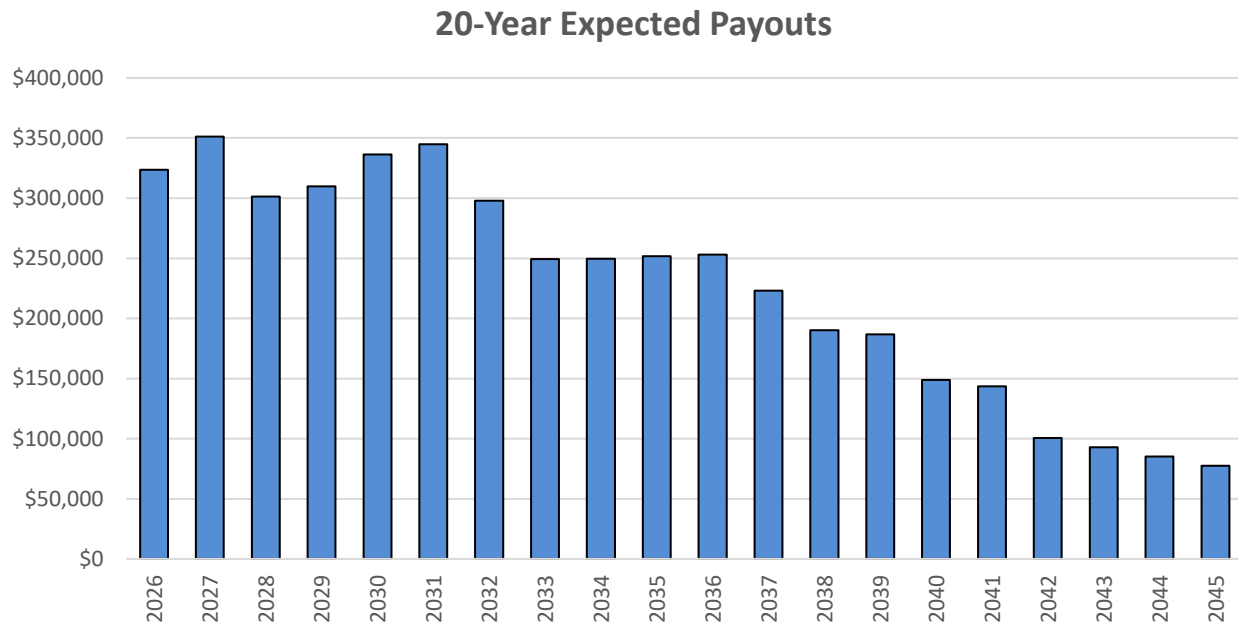
	Amount Recognized in Year Ended December 31,					
	2026	2027	2028	2029	2030	2031+
Total Deferred Outflow/(Inflow) of Resources	\$ 11,570	\$ (97,192)	\$ (48,971)	\$ (43,544)	\$ -	\$ -

TRUSTEE INFORMATION

Projected benefit payments

A graphic illustration of 20 years of projected benefit payments for the current group of covered lives is shown below. Plans open to new participants could see higher than expected payments if new members are hired and are eligible to retire during the projection period.

The chart below reflects expected cash flows to pay benefits for current plan participants.



SUMMARY OF PLAN PROVISIONS

Plan name	Otsego County Road Commission Retiree Health Plan
Benefit eligibility	Hired prior to December 31, 2008 and retire with at least 20 years of employment and age 55 years
Benefits	
Retirement prior to 2012	Lifetime health coverage for the retiree and spouse
Retirement from 2012 through 2017	
Pre-65	Coverage for the retiree and spouse and annual reimbursement of deductible up to \$4,500 per person
Post-65	Employer paid supplemental coverage for the retiree and spouse capped at \$350 per month per person
Retirement after 1/1/2018	
Pre-65	Coverage for the retiree and annual reimbursement of deductible up to \$4,500 ¹
Post-65	None
Retiree contribution	Balance of premium not paid by the employer
Changes since prior valuation	None

¹ Two retirees receive a benefit of \$2,000 annually in lieu of the insurance.

GLOSSARY

A number of special terms and concepts are used in connection with OPEB plans and the OPEB accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Actuarially Determined Contribution (ADC) – 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.

Actuarial Cost Method – This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability are determined.

Net OPEB Liability (NOL) – The Total OPEB Liability less the Plan Fiduciary Net Position.

Normal Cost – For GASB 74/75 purposes, normal cost is the equivalent of service cost (see definition of service cost).

Other Post-Employment Benefits (OPEB) – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

OPEB Expense (OE) – The change in the Net OPEB Liability (NOL) recognized in the current measurement period. Changes to the NOL not fully recognized in a given year's OPEB expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the OPEB expense over time.

GLOSSARY

Plan assets – Stocks, bonds and other investments that have been segregated and restricted (usually in a trust) to provide for post-retirement benefits. Assets not segregated in a trust, or otherwise effectively restricted so that they cannot be used by the employer for other purposes, are not plan assets, even though it may be intended that those assets be used to provide post-retirement benefits.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Present Value – The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive participants as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Reporting Date – The date that represents the fiscal year end for the plan or employer.

Service Cost – The value of portion of Total OPEB Liability earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total OPEB Liability (TOL) – The actuarial present value of the accrued benefit determined under the Entry Age actuarial cost method calculated using the blended Single Equivalent Discount Rate.

Valuation Date – The date as of which an actuarial valuation is performed.