GASB Statement No. 75

Actuarial Valuation Report – Retiree Health Insurance Program
Southern Marin Fire Protection District

Valuation Date:	*June 30, 2022*
Measurement Date:	*June 30, 2022*

October 26, 2022

October 26, 2022

Alyssa Schiffman
Finance Manager
Southern Marin Fire Protection District
308 Reed Blvd.
Mill Valley, CA 94941

Re: Southern Marin Fire Protection District ("District") GASB 75 Valuation

Dear Alyssa:

This report sets forth the results of our GASB 75 actuarial valuation of the District's retiree health insurance program as of June 30, 2022.

In June 2004, the Governmental Accounting Standards Board (GASB) issued its accrual accounting standards for retiree healthcare benefits, GASB 43 and GASB 45. GASB 43/45 require public employers such as the District to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these liabilities. In June 2015, GASB released new accounting standards for postretirement benefit programs, GASB 74 and GASB 75, which replace GASB 43 and GASB 45, respectively.

The District selected DFA, LLC (DFA) to perform an actuarial valuation of the retiree health insurance program as of June 30, 2022. This report may be compared with the valuation performed by PCA as of June 30, 2020, to see how the liabilities have changed since the last valuation.

Basis for Actuarial Valuation

To perform the valuation, we relied on the following information provided by the District:

- Census data for active employees and retirees
- Claims, premium, expense, and enrollment data
- Copies of relevant sections of healthcare documents, and
- (If applicable) trust statements prepared by the trustee

We also made certain assumptions regarding rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. Our assumptions are based on a standard set of assumptions used for similar valuations, modified as appropriate for the District. A complete description of the actuarial assumptions used in the valuation is set forth in the Actuarial Assumptions section.

Certification

The actuarial certification, including a caveat regarding limitations of scope, if any, is contained in the Actuarial Certification section.

We have enjoyed working with the District on this project and are available to answer any questions you may have concerning any information contained herein.

Disclosure of Risk

Considering recent events, it is important to call attention to the external risk factors associated with actuarial projections. An event like the COVID-19 pandemic has the potential to affect future measurements that would deviate from current long-term expectations. The following is a list of specific factors that impact OPEB liabilities:

- Census – retirement, turnover, and mortality experience different than expected.
- Medical coverage – premiums, participation, and level of coverage different than expected.
- Municipal bond rates – changes in applicable rates (rates are currently declining and may result in increased liabilities). Under GASB 75, the municipal rate may affect the discount rate. The quantitative effect of changes in the discount rate can be seen in the sensitivity results.
- Investment performance – (for funded plans) investment performance different than the long-term expected return. Investment performance may also affect the discount rate.

The current environment's impact on these factors will continue to unfold. We are available to discuss both short-term and long-term impact upon request.

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Sincerely,
DFA, LLC

Carlos Diaz, ASA, EA, MAAA
Actuary

Financial Results

In this section, we present financial results based on a long-term expected return on plan investments of 6.00%. This rate is based on our best estimate of expected long-term plan experience for funded plans such as the District's. The results are intended to help (1) in comparing financial results from the previous valuation and (2) in long-term budget and strategic planning (without regard to short-term volatility in municipal bond indices). Results specific to GASB 75 reporting are presented in the next section.

We have determined that the present value of all benefits expected to be paid by the District for its current and future retirees is $11,403,289 as of June 30, 2022. If the District were to place this amount in a fund earning interest at the rate of 6.00% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits.

When we apportion the $11,403,289 into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the Total OPEB Liability is $10,364,381 as of June 30, 2022. This represents the present value of all benefits accrued through the valuation date if each employee's liability is expensed from hire date until retirement date as a level percentage of pay. The $10,364,381 is comprised of liabilities of $4,671,945 for active employees and $5,692,436 for retirees

The District has adopted an irrevocable trust for the pre-funding of retiree healthcare benefits. As of June 30, 2022, the trust balance, or Plan Fiduciary's Net Position (GASB 75) is $5,073,433.

The Net OPEB Liability (Asset), equal to the Total OPEB Liability over the Plan Fiduciary's Net Position, is $5,290,948.

This valuation includes benefits for 38 retirees and 27 active employees who may become eligible to retire and receive benefits in the future. It excludes employees hired after the valuation date.

Financial Results (continued)

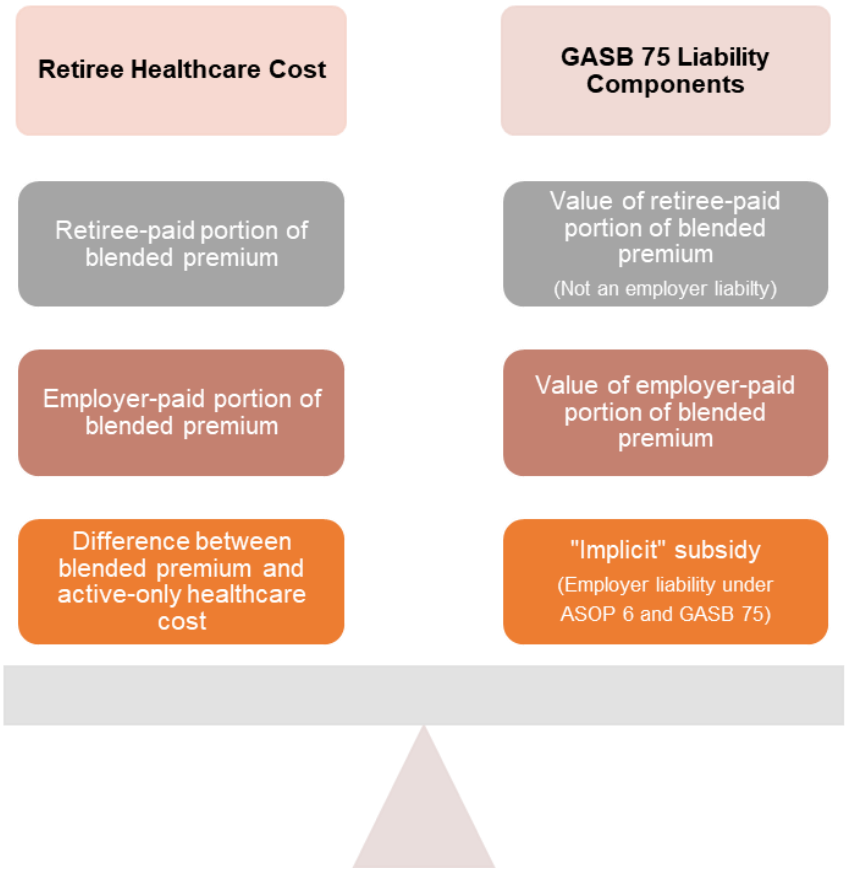
ASOP 6 – Age-Specific Costs and Implicit Subsidy

The valuation reflects the value of an implicit subsidy equal to $2,441,226.

The implicit subsidy represents the value of age-specific claims over average premiums. To determine age-specific claims, we used an age-specific claim cost matrix fitted to the average premium charged by the District.

Actuarial Standard of Practice No. 6 (ASOP 6) provides guidance in measuring OPEB obligations and determining periodic costs or actuarially determined contributions. The standard specifies that in (almost all instances), the actuary should use age-specific costs in the development of the initial per capita costs and in the projection of future benefit plan costs.

When claims experience of both active employees and retirees are pooled in determining healthcare premiums, a retiree may pay an amount based on a blended pool of members that, on average, is younger and healthier. In a pooled environment, retiree claims are covered by premiums charged to the retiree plus an added cost included in active premiums. Blended premium charged represents an "explicit" cost, while the added cost represents an "implicit" cost.



Financial Results (continued)

Differences from Prior Valuation

The most recent prior valuation was completed as of June 30, 2020 by PCA. The Total OPEB Liability as of that date was $10,532,436, compared to $10,364,381 as of June 30, 2022 (determined using a discount rate of 6.00%).

Several factors have caused the Total OPEB Liability to change since 2020:

- An increase as employees accrue more service and get closer to receiving benefits.
- A decrease from a release of benefits.
- Changes in the plan census from new employees and differences between actual and expected retirement, terminations, and deaths.
- Changes in healthcare costs from differences between actual and expected healthcare trend; and
- Changes in actuarial assumptions and methodology for the current valuation.

To summarize, the most important changes were as follows:

1. An increase of $670,674 from the passage of time (service and interest costs less benefits paid).
2. A decrease of $1,275,632 resulting from population experience (terminations, retirements, and mortality) and healthcare cost different than expected. This also includes differences in actuarial and rounding method inherently different between actuarial firms.
3. An increase of $421,070 from changes in the healthcare trend rate.
4. An increase of $15,833 from an update in the mortality assumption.

These changes from June 30, 2020 to June 30, 2022 are combined as follows:

Total OPEB Liability as of June 30, 2020	$10,532,436
Passage of time	670,674
Difference between expected/actual experience	(1,275,632)
Changes in assumptions or other inputs	436,903
Changes in plan provisions	0
Total OPEB Liability as of June 30, 2022	$10,364,381

GASB 75 Results

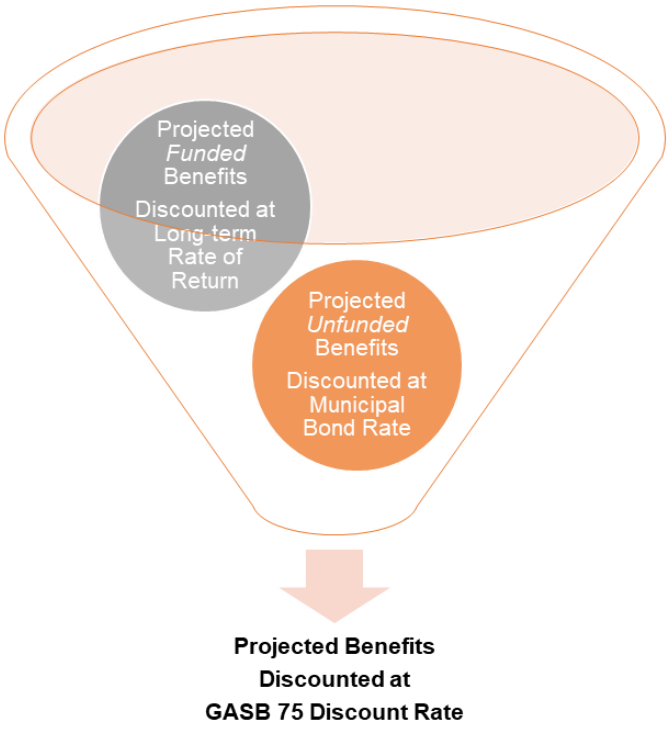
For financial reporting purposes, GASB 75 requires a discount rate that reflects the following:

a. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The amount of the plan's projected fiduciary net position and the amount of projected benefit payments should be compared in each period of projected benefit payments.

Based on these requirements and the following information, we have determined a discount rate of 6.00% for GASB 75 reporting purposes:

Long-Term Expected Return on Assets	6.00%
Fidelity General Obligations AA - 20 Years Index on June 30, 2022	3.69%
GASB 75 Discount Rate	6.00%



GASB 75 Results (continued)

Southern Marin Fire Protection District
Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard

	June 30, 2022[1]		
	Long-Term Return	**Municipal Bond Index**	**GASB 75 Rate**
Discount Rate	6.00%	3.69%	6.00%
Present Value of Future Benefits			
Active	$5,710,853	$8,682,657	$5,710,853
Retired	5,692,436	7,222,540	5,692,436
Total	$11,403,289	$15,905,197	$11,403,289
Total OPEB Liability			
Active	$4,671,945	$6,618,235	$4,671,945
Retired	5,692,436	7,222,540	5,692,436
Total	$10,364,381	$13,840,775	$10,364,381
Plan Fiduciary Net Position	$5,073,433	$5,073,433	$5,073,433
Net OPEB Liability (Asset)	$5,290,948	$8,767,342	$5,290,948
Sensitivity Analysis			
1% Decrease in Discount Rate	5.00%	2.69%	5.00%
Total OPEB Liability	$11,671,932	$15,967,262	$11,671,932
Net OPEB Liability (Asset)	$6,598,499	$10,893,829	$6,598,499
1% Increase in Discount Rate	7.00%	4.69%	7.00%
Total OPEB Liability	$9,282,724	$12,132,962	$9,282,724
Net OPEB Liability (Asset)	$4,209,291	$7,059,529	$4,209,291
1% Decrease in Trend Rate[2]			
Total OPEB Liability	$9,228,607	$12,052,347	$9,228,607
Net OPEB Liability (Asset)	$4,155,174	$6,978,914	$4,155,174
1% Increase in Trend Rate[3]			
Total OPEB Liability	$11,739,016	$16,068,708	$11,739,016
Net OPEB Liability (Asset)	$6,665,583	$10,995,275	$6,665,583

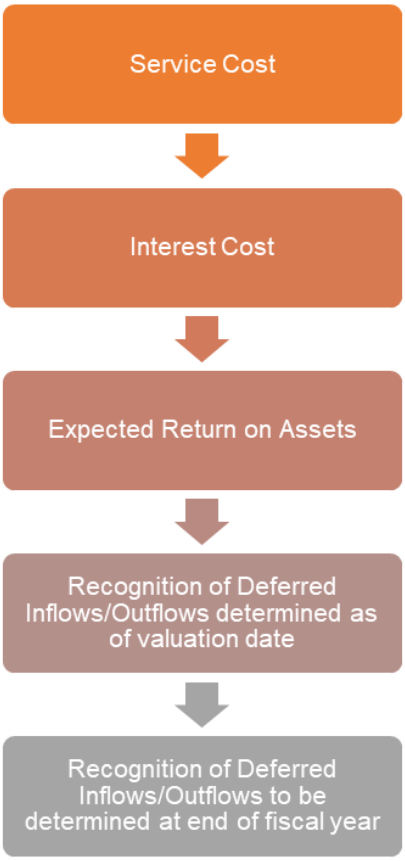
[1] For the District's financial statements, DFA will provide separate schedules with supplemental GASB 75 information.
[2] Trend rate for each future year reduced by 1.00%.
[3] Trend rate for each future year increased by 1.00%.

GASB 75 Results (continued)

OPEB Expense

We have determined the following components of the District's OPEB Expense for the measurement year ending June 30, 2023: Service Cost, Interest Cost, Expected Return on Assets, and Deferred Outflows and Inflows (determined as of the valuation date).

- Service Cost represents the present value of benefits accruing in the current year.
- Interest Cost represents the interest on the Total OPEB Obligation and interest on the Service Cost.
- Expected Return on Assets is the expected return based on a 6.00% investment rate of return.
- Deferred Outflows and Inflows of Resources (determined as of the valuation date) are changes in the Net OPEB Liability resulting from differences between projected and actual plan experience, from differences between projected and actual OPEB plan investments, and from changes in assumptions.



The OPEB Expense will reflect additional Deferred Outflows and Inflows that will be determined based on the Net OPEB Obligation as of June 30, 2023.

We summarize results in the table on the next page. For comparative purposes, we provide service cost and interest cost at three discount rates (the expected return on assets, the municipal bond index, and the GASB 75 rate, discussed above). We determine Deferred Outflows and Inflows solely on the applicable GASB 75 rate. All amounts are net of expected future retiree contributions, if any.

DFA will be available to assist the District and its auditors in preparing the footnotes and required supplemental information for compliance with GASB 75 (and GASB 74, if applicable). In the meantime, we are available to answer any questions the District may have concerning the report.

GASB 75 Results (continued)

Actuarially Determined Contribution and Pay-As-You-Go with Implied Subsidy

We have calculated an actuarially determined contribution representing the Service Cost and a 30-year amortization (as a level percent of pay) of the Net OPEB Liability. We include the results in the table on the next page. We provide results at three discount rates (the expected long-term expected return on assets, the municipal bond index, and the GASB 75 rate).

An actuarially determined contribution is a potential payment to the plan determined using a contribution allocation procedure. It is not a required contribution, but a measurement commonly used to prefund OPEB benefits. We provide the amounts for illustrative purposes.

The actuarially determined contribution may be compared to the pay-as-you-go payment. The table shows the pay-as-you-go payment along with the projected implied subsidy payment.

The Funding Schedules section provides additional prefunding alternatives.

GASB 75 Results (continued)

Southern Marin Fire Protection District
Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard

	July 1, 2022		
	Long-Term Return	**Municipal Bond Index**	**GASB 75 Rate**
Discount Rate	6.00%	3.69%	6.00%
Components of OPEB Expense for 2022-23			
Service Cost (beginning of year)	$187,439	$330,198	$187,439
Interest Cost	618,365	513,791	618,365
Expected Return on Assets	(304,406)	(304,406)	(304,406)
Total[4]	$501,398	$539,583	$501,398
Actuarially Determined Contribution for 2022-23			
Service Cost (mid-year)	$192,980	$336,235	$192,980
Amortization of Net OPEB Liability[5]	267,014	327,292	267,014
Total[6,7]	$459,994	$663,527	$459,994
Pay-As-You-Go Payment with Implied Subsidy for 2022-23			
Projected Pay-As-You-Go	$381,258	$381,258	$381,258
Projected Implied Subsidy	117,466	117,466	117,466
Total	$498,724	$498,724	$498,724

[4] Additional components are shown on the following pages. Deferred Outflows/Inflows of Resources will also include changes determined based on the Total OPEB Obligation and Plan Fiduciary Net Position as June 30, 2023.
[5] 30-year amortization (as a level percent of pay).
[6] Estimated Actuarially Determined Contribution for subsequent year:

	Long-Term Return	**Municipal Bond Index**	**GASB 75 Rate**
Actuarially Determined Contribution for 2023-24[7]	$473,793	$683,433	$473,793

[7] Total includes any adjustment for implicit subsidy. Adjustment for implicit subsidy would equal District-paid premiums on behalf of retirees (from trust and non-trust) multiplied by a factor of 0.3081.

GASB 75 Results (continued)

******FOR LOOKBACK MEASUREMENTS – DELETE IF NOT APPLICABLE******

Schedule of Changes in Net OPEB Liability (July 1, 2021 to June 30, 2022)

1. Total OPEB Liability	
a. Total OPEB Liability on July 1, 2021[8]	$10,899,748
b. Service Cost[9]	166,165
c. Interest Cost	648,829
d. Benefit Payments[10]	(511,632)
e. Changes in plan provisions[11]	0
f. Difference between expected and actual experience[12]	(1,275,632)
g. Changes in assumptions and other inputs[12]	436,903
h. Total OPEB Liability on June 30, 2022	$10,364,381
2. Plan Fiduciary Net Position	
a. Plan Fiduciary Net Position on July 1, 2021[8]	$5,472,635
b. Contributions[10]	761,632
c. Expected Investment Income	333,315
d. Administrative Expenses	(31,081)
e. Benefit Payments[10]	(511,632)
f. Net Transfers	6,024,869
g. Difference between actual and expected return on assets[12]	(951,436)
h. Plan Fiduciary Net Position on June 30, 2022	$5,073,433
3. Net OPEB Liability: (1h) - (2f)	$5,290,948
4. Discount Rate	
a. July 1, 2021	6.00%
b. June 30, 2022	6.00%

[8] From June 30, 2021 disclosure report, based on the June 30, 2020 actuarial valuation.
[9] Discounted from June 30, 2022 valuation.
[10] Includes credit toward implicit subsidy (if applicable).
[11] Included in OPEB Expense.
[12] Deferred (Outflow)/Inflow of Resources to be established during fiscal year end June 30, 2022.

GASB 75 Results (continued)

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

Type	Initial Amount	Fiscal Year Established	Period (Years)	Annual Recognition[13]
Difference between expected/actual experience	0	2018	0.0	0
Difference between expected/actual return on assets	19,662	2018	5.0	3,934
Changes in assumptions or other inputs	0	2018	0.0	0
Difference between expected/actual experience	0	2019	0.0	0
Difference between expected/actual return on assets	(11,508)	2019	5.0	(2,302)
Changes in assumptions or other inputs	0	2019	0.0	0
Difference between expected/actual experience	(391,781)	2020	3.0	(130,593)
Difference between expected/actual return on assets	63,320	2020	5.0	12,664
Changes in assumptions or other inputs	(48,228)	2020	3.0	(16,076)
Difference between expected/actual experience	0	2021	0.0	0
Difference between expected/actual return on assets	(602,119)	2021	5.0	(120,424)
Changes in assumptions or other inputs	0	2021	0.0	0
Difference between expected/actual experience	(1,275,632)	2022	2.5	(510,253)
Difference between expected/actual return on assets	951,436	2022	5.0	190,287
Changes in assumptions or other inputs	436,903	2022	2.5	174,761
			Total	*(398,002)*

[13] Charge/(Credit) included in OPEB Expense.

Funding Schedules

There are many ways to approach the pre-funding of retiree healthcare benefits. In the sections above, we determined the annual expense for all District-paid benefits. The expense is an orderly methodology, developed by the GASB, to account for retiree healthcare benefits. However, the GASB 75 expense has no direct relation to amounts the District may set aside to pre-fund healthcare benefits.

The table on the next page provides the District with three alternative schedules for funding (as contrasted with expensing) retiree healthcare benefits. The schedules all assume that the retiree fund earns, or is otherwise credited with, 6.00% per annum on its investments, a starting Trust value of $5,073,433 as of June 30, 2022, and that contributions and benefits are paid mid-year.

The schedules are:

1. A level contribution amount for the next 20 years.
2. A level percent of the Unfunded Accrued Liability.
3. A constant percentage (3.00%) increase for the next 20 years.

We provide these funding schedules to give the District a sense of the various alternatives available to it to pre-fund its retiree healthcare obligation. The three funding schedules are simply three different examples of how the District may choose to spread its costs.

By comparing the schedules, you can see the effect that early pre-funding has on the total amount the District will eventually have to pay. Because of investment earnings on fund assets, the earlier contributions are made, the less the District will have to pay in the long run. Of course, the advantages of pre-funding will have to be weighed against other uses of the money.

The table on the following page shows the required annual outlay under the pay-as-you-go method and each of the above schedules. **The three funding schedules include the "pay-as-you-go" costs; therefore, the amount of pre-funding is the excess over the "pay-as-you-go" amount.**

Treatment of Implicit Subsidy

We exclude any implicit subsidy from these funding schedules because we do not recommend that the District pre-fund for the full age-adjusted costs reflected in the liabilities shown in the first section of this report. If the District's premium structure changes in the future to explicitly charge under-age 65 retirees for the full actuarial cost of their benefits, this change will be offset by a lowering of the active employee rates (all else remaining equal), resulting in a direct reduction in District operating expenses on behalf of active employees from that point forward. For this reason, among others, we believe that pre-funding of the full GASB liability would be redundant.

Funding Schedules (continued)

Sample Funding Schedules (Closed Group)
Starting Trust Value of $5,073,433 as of June 30, 2022

Year Beginning	Pay-as-you-go	Level Contribution for 20 years	Level % of Unfunded Liability	Constant Percentage Increase for 20 years
2022	$381,258	$306,145	$626,939	$241,146
2023	423,978	306,145	544,662	248,381
2024	453,162	306,145	476,379	255,832
2025	481,562	306,145	419,348	263,507
2026	514,222	306,145	371,543	271,412
2027	522,499	306,145	331,334	279,555
2028	550,846	306,145	297,053	287,941
2029	560,986	306,145	267,831	296,580
2030	578,334	306,145	242,564	305,477
2031	615,211	306,145	220,569	314,641
2032	632,029	306,145	201,268	324,081
2033	661,451	306,145	183,988	333,803
2034	652,433	306,145	164,312	343,817
2035	650,002	306,145	137,001	354,132
2036	655,463	306,145	114,239	364,756
2037	656,697	306,145	95,269	375,698
2038	625,614	306,145	79,461	386,969
2039	631,212	306,145	66,283	398,578
2040	649,380	306,145	55,301	410,536
2041	651,262	306,145	46,150	422,852
2042	664,925	0	38,524	0
2043	623,215	0	32,170	0
2044	610,715	0	26,870	0
2045	598,122	0	22,452	0
2046	544,040	0	18,769	0
2047	544,493	0	15,695	0
2048	544,552	0	13,132	0
2049	523,628	0	10,997	0
2050	499,129	0	9,215	0
2055	450,234	0	3,868	0
2060	395,373	0	1,703	0
2065	307,794	0	808	0
2070	205,175	0	414	0
2075	111,254	0	221	0
2080	44,785	0	116	0
2085	11,495	0	56	0
2090	1,480	0	24	0

Note to auditor: when calculating the employer OPEB contribution for the year ending on the statement date, we recommend multiplying the actual District-paid premiums on behalf of retirees by a factor of 1.3081 to adjust for the implicit subsidy.

Funding Schedules (continued)

The table below provides an alternative comparison of the funding schedules. The present value (or time-value) of payments for each alternative is $3,613,120 and is equal to the excess of the present value of projected pay-as-you-go payments over any current trust/fund.

The difference between the sum of the contributions and the present value of contributions is the total interest cost associated with each alternative. As discussed above, the advantages of pre-funding should be weighed against other financial considerations.

	Pay-as-you-go	Level Contribution for 20 years	Level % of Unfunded Liability	Constant Percentage Increase
Present value of contributions[a]	$3,613,120	$3,613,120	$3,613,120	$3,613,120
Total interest cost	13,979,496	2,509,780	1,567,506	2,866,574
Total contributions[b]	17,592,616	6,122,900	5,180,626	6,479,694

[a] Based on a discount rate of 6.00%.
[b] Reflects no prefunding of implicit subsidy.

Plan Provisions

SMFPD provides health care for employees, and dependents (and also for retirees and their dependents) through the Marin County Employees' Retirement Association (MCERA). SMFPD also offers dental and vision insurance through FDAC.

Retiree Coverage

Firefighters. Effective beginning with the 2011-12 fiscal year, Firefighters receive retiree health benefits pursuant to the terms of Section 11.1 of their Memorandum of Understanding (MOU), which states in relevant part that retired unit members with at least 20 years of service will receive a District contribution equal to 100% of the Kaiser Plan L retiree-only premium. Members with at least 10 but fewer than 20 years of service at retirement will receive a District contribution equal to the Kaiser L rate multiplied by 50% plus 5% per year of service in excess of 10 years. Members other than former Sausalito employees hired prior to July 1, 2010 with at least 30 years of service at retirement will also receive District-paid spousal coverage (up to 100% of the Kaiser "Plus 1" rate). Survivor benefits are available. Members hired on or after January 1, 2014 receive a Retiree Health Savings account, which is not within the scope of GASB 75.

Administrative Employees. Retired administrative employees hired prior to January 1, 2014 are eligible to receive an employer contribution equal to the retiree-only premium for the Kaiser Plan L rate (similar to Firefighters). Members hired on or after January 1, 2014 receive a Retiree Health Savings account, which is not within the scope of GASB 75.

Fire Chief Officers' Association (SMFCOA). Retired Deputy Chief and Battalion Chiefs covered by IAFF Local 1775 are eligible to receive an employer contribution towards medical and dental insurance after the completion of 5 years of service and retirement from SMFPD through the Marin County Retirement System. Full-time employees of SMFCOA with 15 years of service qualify for continuation of District-paid spousal coverage. Survivor benefits are available. These provisions apply only to existing members of SMFCOA and Fire Chiefs who were employed and promoted prior to July 1, 2001. SMFCOA members hired or promoted after that date are subject to the same provisions as Firefighters, with the exception that SMFCOA retirees with at least 15 years of service are also eligible to receive District-paid dental insurance. Members hired on or after January 1, 2014 receive a Retiree Health Savings account, which is not within the scope of GASB 75.

Reimbursement from the City of Sausalito. There are fifteen Sausalito firefighters who were subsumed into the District's plan in 2012. Of these fifteen, nine are covered under an agreement whereby the City of Sausalito agreed to pay the District $58,000 per year for 30 years. The actuarial liabilities for the nine employees and retirees are included in this valuation because the District has set up a separate asset to account for the contributions from the City of Sausalito. The remaining six have (or will have) their benefits paid directly by the City of Sausalito and have not been included in this valuation.

Plan Provisions (continued)

Medical and Dental Premiums

The following table shows January 1, 2022 premiums for retirees in MCERA:

	Kaiser HMO Low	Delta Dental
Basic Plan		
Retiree	$852.75	$65.19
Retiree + 1	1,705.50	123.37
Medicare Coordinated		
Retiree	$373.23	$65.19
Retiree + 1ME	683.23	123.37

Valuation Data

Retiree Census - Age distribution of retirees included in the valuation

Age	Total
Under 55	5
55-59	5
60-64	5
65-69	10
70-74	5
75-79	7
80-84	1
85+	0
All Ages	38
Average Age	65.7

Active Census - Age/service distribution of active employees included in the valuation

	Years of Service								
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	1	2	0	0	0	0	0	3
40-44	0	0	5	2	1	0	0	0	8
45-49	0	0	1	2	3	0	0	0	6
50-54	0	0	3	1	3	1	0	0	8
55-59	0	0	0	0	1	1	0	0	2
60-64	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0
All Ages	0	1	11	5	8	2	0	0	27

Average Age: 47.3
Average Service: 17.2

Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date: June 30, 2022

Actuarial Cost Method: Entry Age, Level Percent of Pay

Discount Rate:

Long-term Expected Return	6.00%
Municipal Bond Index	3.69%
GASB 75	6.00%

Salary Increases: 3.00%

Withdrawal: Crocker-Sarason Table T5 less mortality, decreased by 40% at all ages.
Sample Rates:

Age	Rate
25	4.6%
35	3.8
45	2.1
55	0.6

Pre-retirement Mortality: Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).

Postretirement Mortality: Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).

Retirement:

Age	Rate
45-49	3.0%
50	15.0%
51	20.0%
52	25.0%
53	30.0%
54	40.0%
55	50.0%
56	60.0%
57	70.0%
58	80.0%
59	90.0%
60	100.0%

Actuarial Assumptions (continued)

Medical Claim Cost: Annual Per Retiree or Spouse

Age	Medical	Dental
50	$9,552	$645
55	12,504	645
60	16,020	645
64	19,464	645
65	4,560	645
70	4,380	645
75	4,656	645

Percent Electing Coverage: 100%

Spouse Coverage:

Future retirees: 25%
Current retirees: Actual dependent data used.
Female spouses are assumed to be three years younger than male spouses.

Medical Trend:

Year	Pre-Medicare	Medicare	Dental
2022	7.50%	4.50%	3.00%
2023	7.00%	4.50%	3.00%
2024-2069	5.20%	4.50%	3.00%
2070+	4.50%	4.50%	3.00%

Actuarial Certification

The results set forth in this report are based on our actuarial valuation of the health and welfare benefit plans of the Southern Marin Fire Protection District ("District") as of June 30, 2022.

The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the District. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the District, and (when applicable) trust statements prepared by the trustee and provided to us by the District.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 74 and GASB 75, and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the valuation process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this valuation report to the clients' financial statements.

Each undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:

Carlos Diaz, ASA, EA, MAAA
Actuary