City of Clearwater, Florida

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

For the Fiscal Year Ending September 30, 2020

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January 4, 2021

Mr. Brian Jay Ravins
Finance Director
Finance Department
P.O. Box 4748
Clearwater, FL 33758-4748

Re: GASB Statement No. 75: Other Post-Employment Benefits (OPEB)
Actuarial Valuation as of January 1, 2020 for Fiscal Year Ending September 30, 2020

Dear Mr. Ravins:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Clearwater, Florida (the City) to perform an Actuarial Valuation of its Other Post-Employment Benefits (OPEB) provided to the City's retiring employees. The Valuation covers medical (including prescription drug) insurance benefits provided to retirees, in addition to life insurance benefits to covered retirees who retired prior to October 1, 2008. We are pleased to present the results herein.

This report provides information on behalf of the City in connection with the Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This information is intended to assist in preparation of the financial statements of the City. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 75. The calculation of the plan's liability for this report is not applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 75 may produce significantly different results.

This report was prepared at the request of the City and is intended for use by the City and those designated or approved by the City. This report may be provided to parties other than the City only in its entirety and only with the permission of the City. GRS is not responsible for unauthorized use of this report.

This report is based upon information through January 1, 2020, furnished to us by the City, concerning OPEB, active members, deferred vested members, retirees and beneficiaries, and financial data. This information was checked for internal consistency, but it was not audited. We are not responsible for the accuracy or completeness of the information provided by the City.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon plan provisions outlined in this report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important relevant plan provisions are not described, or that conditions have changed since the calculations were made, you should contact the author of this report prior to relying on information in the report.

Future actuarial measurements may differ significantly from the current measurements presented in this report 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Nicolas Lahaye and Piotr Krekora are Members of the American Academy of Actuaries (MAAA). These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public post-employment benefits programs. To the best of our knowledge, the information contained in this report is accurate and fairly represents the actuarial position of the plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes. If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the author of the report prior to making such decision.

We will be pleased to answer any questions pertaining to the Actuarial Valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

Nicolas Lahaye, FSA, EA, MAAA, FCA
Consultant & Actuary

Piotr Krekora, ASA, EA, MAAA, FCA
Consultant & Actuary

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SECTION A

EXECUTIVE SUMMARY

Executive Summary

	2020
Actuarial Valuation Date	January 1, 2020
Measurement Date of the Total OPEB Liability	September 30, 2020
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2020

Membership as of the Valuation Date

Number of	
- Retirees and Beneficiaries	610
- Inactive, Nonretired Members	80
- Active Members	1,536
- Total	2,226
Covered-Employee Payroll	$ 99,272,204

Total OPEB Liability

Total OPEB Liability	$ 25,787,424
Total OPEB Liability as a Percentage of Covered-Employee Payroll	25.98 %

Development of the Single Discount Rate

Long-Term Municipal Bond Rate*	2.41 %

Total OPEB Expense	$ 2,284,957

Summary of Deferred Outflows and Deferred Inflows of Resources by Source

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 0	$ 3,920,644
Changes in assumptions and other inputs	2,713,984	4,490,472
Total	$ 2,713,984	$ 8,411,116

**Source: "Fidelity General Obligation AA Index" rate as of September 30, 2020, the most recent date available on or before the measurement date. This is the rate for Fixed Income Market Yield Curve for Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Investments' "20-Year Municipal GO AA Index." In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.*

Discussion

Accounting Standard

Effective for fiscal years commencing after June 15, 2017, GASB Statement No. 75 replaced the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The following discussion provides a summary of the information that is required to be disclosed under this new accounting standard. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report. As a result, the employer is responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

Financial Statements

GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets. Since the plan is currently unfunded, the net OPEB liability is equal to the total OPEB liability.

The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, not including the impact of employer contributions, adjusted for deferred recognition of the liability.

GASB Statement No. 75 states the employer contributions made to the OPEB plan subsequent to the measurement date and before the end of the employer's reporting period should be reported as a deferred outflow of resources.

Notes to Financial Statements

GASB Statement No. 75 requires numerous note disclosures to the employer's financial statements concerning the plan.

Required Supplementary Information for Plans that Do Not Have Formal Assets

GASB Statement No. 75 requires a 10-year fiscal history (to be built prospectively) of:

- Sources of changes in the total OPEB liability,
- Information about the total OPEB liability and related ratios, including the total OPEB liability as a percent of covered-employee payroll.

Timing and Frequency of the Actuarial Valuation

An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. For the employer's financial reporting purposes, the total OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year end-date. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total OPEB liability shown in this report is based on an actuarial valuation performed as of January 1, 2020 and a measurement date of September 30, 2020.

Discount Rate

For plans that do not have formal assets, the discount rate should equal a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.41% (based on the daily rate closest to but not later than the measurement date of the Fidelity Investments' "20-Year Municipal GO AA Index").

Actuarial Assumptions

The actuarial assumptions used to value the liabilities are outlined in detail in Section F. The assumptions include details on the health care trend assumption, the aging factors as well as the cost method used to develop the OPEB expense.

Future Uncertainty or Risk

Future results may differ from those anticipated in this valuation. Reasons include, but are not limited to:

- Actual medical trend differing from expected;
- Changes in the healthcare plan designs offered to active and retired members;
- Participant behavior differing from expected;
    - Elections at retirement;
    - One-person versus two-person coverage elections;
    - Time of retirement or termination.

Benefits Valued

The benefit provisions that were valued are summarized in Section C. The valuation is required to be performed on the current benefit terms and existing legal agreements. Consideration is to be given to the written plan document as well as other communications between the employer and plan members and an established pattern of practice for cost sharing. The summary of major plan provisions is designed to outline principal plan benefits. If the plan summary is not in accordance with the actual provisions, please alert the actuary immediately so they can both be sure the proper provisions are valued.

SECTION B

FINANCIAL SCHEDULES

Schedule of Changes in Total OPEB Liability and Related Ratios
Measurement Year Ending September 30, 2020
(Ultimately 10 Years Will Be Displayed)

Measurement Year Ended September 30,	2020	2019	2018
A. Total OPEB Liability			
1. Service cost	$ 2,282,038	$ 1,677,787	$ 1,731,394
2. Interest on the Total OPEB Liability	953,389	1,086,906	974,551
3. Changes of benefit terms	28,595	0	0
4. Difference between expected and actual experience of the Total OPEB Liability	(4,646,689)	0	0
5. Changes in assumptions and other inputs	(4,692,393)	4,006,356	(1,029,325)
6. Benefit payments	(1,048,358)	(1,122,335)	(1,054,805)
7. Net change in Total OPEB Liability	$ (7,123,418)	$ 5,648,714	$ 621,815
8. Total OPEB Liability – Beginning	32,910,842	27,262,128	26,640,313
9. Total OPEB Liability – Ending	$ 25,787,424	$ 32,910,842	$ 27,262,128
B. Covered-Employee Payroll	$ 99,272,204	$ 95,520,530	$ 92,964,945
C. Total OPEB liability as a percentage of Covered-Employee Payroll	25.98%	34.45%	29.33%

Notes to Schedule of Changes in Total OPEB Liability and Related Ratios

Valuation Date:	January 1, 2020
Measurement Date:	September 30, 2020

Roll Forward Procedures:	The Total OPEB Liability was rolled forward nine months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	2.41%
Salary Increases	Salary increase rates used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.
Retirement Age	Retirement rates used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 3.99%.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

Other Information:

Notes

The following assumption changes have been reflected in the Schedule of Changes in the Total OPEB Liability for the measurement period ending September 30, 2020:
-The discount rate was changed from 2.75% to 2.41%.
-Per capita costs and premiums were updated based on information provided.
-Healthcare cost trend assumption was revised to reflect the decrease of assumed ultimate rate of inflation from 2.50% to 2.25% and the removal of the additional trend to model the excise ("Cadillac") tax.
- Demographic assumptions were updated following an experience study of the City of Clearwater Employees' Pension Plan. Updated assumptions include the rates of salary increases, rates of disability, rates of withdrawal, and rates of retirement.

Benefit changes reflect the passing of Florida Senate Bill 426, which provides benefits for eligible firefighters diagnosed with specified cancers.

Refer to page F-9 of this report for additional comments regarding changes in benefits and assumptions and their impact on the Total OPEB Liability.

Statement of OPEB Expense
Employer Fiscal Year Ended September 30, 2020
(Based on Measurement Year Ending September 30, 2020)

OPEB Expense		
1. Service Cost	$	2,282,038
2. Interest on the Total OPEB Liability		953,389
3. Current-Period Benefit Changes		28,595
4. OPEB Plan Administrative Expense		0
5. Recognition of Outflow/(Inflow) of Resources due to Liabilities		(979,065)
6. Total OPEB Expense	**$**	**2,284,957**

Recognition of Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 6.4 years.

Statement of Outflows and Inflows Arising from Current Reporting Period
Employer Fiscal Year Ended September 30, 2020
(Based on Measurement Year Ended September 30, 2020)

Outflows/(Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total OPEB Liability (gains) or losses	$	(4,646,689)
2. Changes in assumptions and other inputs (gains) or losses	$	(4,692,393)
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}		6.4
4. Outflow/(Inflow) of Resources to be recognized in the current OPEB expense for the difference between expected and actual experience of the Total OPEB Liability (1 ÷ 3)	$	(726,045)
5. Outflow/(Inflow) of Resources to be recognized in the current OPEB expense for changes in assumptions and other inputs (2 ÷ 3)	$	(733,186)
6. Outflow/(Inflow) of Resources to be recognized in the current OPEB expense due to Liabilities (4 + 5)	$	(1,459,231)
7. Deferred Outflow/(Inflow) of Resources to be recognized in future OPEB expenses for the difference between expected and actual experience of the Total OPEB Liability (1 - 4)	$	(3,920,644)
8. Deferred Outflow/(Inflow) of Resources to be recognized in future OPEB expenses for changes in assumptions and other inputs (2 - 5)	$	(3,959,207)
9. Deferred Outflow/(Inflow) of Resources to be recognized in future OPEB expenses due to Liabilities (7 + 8)	$	(7,879,851)

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Employer Fiscal Year Ended September 30, 2020 (Based on Measurement Year Ending September 30, 2020)

A. Outflows and Inflows of Resources by Source to be Recognized in Current OPEB Expense

	Outflows of Resources	Inflows of Resources	Net Inflows of Resources
1. Differences between expected and actual experience	$ 0	$ 726,045	$ (726,045)
2. Changes in assumptions and other inputs	646,186	899,206	(253,020)
3. Total	$ 646,186	$ 1,625,251	$ (979,065)

B. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
1. Differences between expected and actual experience	$ 0	$ 3,920,644	$ (3,920,644)
2. Changes in assumptions and other inputs	2,713,984	4,490,472	(1,776,488)
3. Total	$ 2,713,984	$ 8,411,116	$ (5,697,132)

C. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future OPEB Expenses

Year Ending September 30	Net Deferred Inflows of Resources
2021	$ (979,065)
2022	(979,065)
2023	(979,065)
2024	(846,250)
2025	(1,329,991)
Thereafter	(583,696)
Total	(5,697,132)

Statement of Remaining Deferred Outflows and Inflows of Resources
Employer Fiscal Year Ended September 30, 2020
(Based on Measurement Year Ending September 30, 2020)

Date Established	Source	Recognition Period (years)	Original Amount	Years Remaining	Amount Unrecognized Beg. of Period	Amount Recognized in Current Expense	Amount Deferred to Future Periods
Deferred Outflows of Resources							
9/30/2019	Assumption Changes	6.2	$ 4,006,356	5.2	$ 3,360,170	$ 646,186	$ 2,713,984
		SUBTOTAL:	4,006,356		3,360,170	646,186	2,713,984
Deferred Inflows of Resources							
9/30/2018	Assumption Changes	6.2	$ (1,029,325)	4.2	$ (697,285)	$ (166,020)	(531,265)
9/30/2020	Assumption Changes	6.4	(4,692,393)	6.4	(4,692,393)	(733,186)	(3,959,207)
9/30/2020	Liability Experience	6.4	(4,646,689)	6.4	(4,646,689)	(726,045)	(3,920,644)
		SUBTOTAL:	(10,368,407)		(10,036,367)	(1,625,251)	(8,411,116)
		GRAND TOTAL:	**(6,362,051)**		**(6,676,197)**	**(979,065)**	**(5,697,132)**

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.41% (based on the daily rate closest to but not later than the measurement date of the Fidelity Investments' "20-Year Municipal GO AA Index"). The discount rate was 2.75% as of the beginning of the measurement year.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of the valuation date:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	610
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	80
Active Plan Members	1,536
Total Plan Members	2,226

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.41%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease 1.41%	Current Discount Rate Assumption 2.41%	1% Increase 3.41%
$ 28,398,096	$ 25,787,424	$ 23,415,878

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 22,316,338	$ 25,787,424	$ 30,079,270

SECTION C

SUMMARY OF SUBSTANTIVE PLAN PROVISIONS

Summary of Substantive Plan Provisions as of January 1, 2020

Eligibility for Retiree Benefits

Any employee of the City of Clearwater who satisfies the Vesting, Disability, Early or Normal Retirement provisions of the applicable Pension Plans may be eligible for certain post-employment benefits. The following presents the eligibility requirements for retirement under the City of Clearwater Employees' Pension Plan*.*

VESTED TERMINATION	Full vesting starts after 10 years of credited service. With 10 years of pension creditable service with the City, retiree health coverage may commence immediately upon attainment of pension benefit eligibility.
DISABILITY RETIREMENT	Non-duty disability pension after 10 years creditable service. For duty disability, there is no service credit requirement.
SURVIVORSHIP	Survivor becomes eligible when employment is terminated by death for any actively employed participant.
EARLY RETIREMENT	*Hazardous Duty*: age 50 with 10 years of creditable service.
NORMAL RETIREMENT	*Non-Hazardous Duty (if hired prior to January 1, 2013):* Earlier of *(i)* the attainment of age 55 with 20 years of creditable service, or *(ii)* the attainment of age 65 with 10 years of creditable service, or *(iii)* 30 years of creditable service, regardless of age. *Non-Hazardous Duty (if hired on or after January 1, 2013):* Earlier of *(i)* the attainment of age 60 with 25 years of creditable service, or *(ii)* the attainment of age 65 with 10 years of creditable service. *Hazardous Duty*: Earlier of *(i)* the attainment of age 55 with 10 years of creditable service, or *(ii)* 20 years of creditable service, regardless of age.

Eligibility requirements for retirement under the 401(a) Defined Contribution Plan are as follows:

DEFINED CONTRIBUTION PLAN	Meeting applicable requirements for Social Security benefits upon accrual of at least 5 years of creditable service with the City.

Other Post-Employment Benefits

Certain Other Post-Employment Benefits (OPEB) are available to all employees retiring from the City under the provisions of Disability, Early or Normal Retirement, as described above. The OPEB benefits include lifetime access to coverage for the retiree and dependents under the Medical and Prescription Plan, Life insurance benefits for some retirees as well as optional participation in the voluntary dental, vision and supplemental insurance plans sponsored by the City for employees.

Health-Related Benefits

Eligible retirees may choose among the same Medical Plan options available for similarly situated active employees of the City. Dependents of retirees may be covered at the retiree's option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription benefits and rules for coverage as are active employees. Retirees and their dependents age 65 and over are not required to enroll for Part B under Medicare in order to remain covered under the program. However, the plan will pay as secondary to Medicare for all post-65 coverage provided to Medicare eligible retirees. Exception will be made to a group of grandfathered retirees who are not eligible for Medicare benefits. The plan will pay as a primary payer for claims incurred by such retirees.

Results presented in this report are based on the healthcare plan design in effect as of January 1, 2020.

Retiree Contributions for Medical/Prescription Benefits

In order to begin and maintain retiree Medical/Prescription coverage, premium contributions are required from the retiree. For dependent coverage, the retiree is required to pay a premium as well. If any required amounts are not paid timely, the coverage for the retiree and/or the dependent(s) will cease. The amount of the contributions required for retiree and dependent coverage may change from time to time.

The chart below summarizes the current total monthly contribution amounts required from retirees and their spouses to maintain medical/prescription coverage. The stated policy is that premium contribution required from retirees is equal to the blended group rate. Coverage for children of retirees is available (until their limiting age). However, for measuring the long-term costs, the relatively few children covered by retirees coupled with the short duration of their coverage remaining results in costs that are not material in the long term. Consequently, only spouses are included in the chart below.

Monthly Premiums as of January 1, 2020	
Plan	**PHA PPO**
Retiree	$ 754.82
Retiree + 1 Dependent	$ 1,293.36
Retiree + Family	$ 2,122.23

Survivorship Benefits

The surviving spouse of a retiree is eligible to continue coverage under the group plan but must pay the premium applicable to an individual retiree (not a spouse). Non-line of duty death: if an active employee dies upon vesting under the pension plan and the spouse is eligible for a survivor pension, the surviving spouse will be eligible for the retiree benefits that the employee would have been eligible for if death had not occurred. Line-of-duty death for Hazardous Duty employees: medical benefits will be paid at 100% for the surviving spouse and dependents as long as they meet eligibility requirements.

Disabled Retirees Premium Contributions

Members eligible for disability retirement are subject to premium payments the same as all regular retirees. An exception is made to Firefighters and Police Officers who had sustained catastrophic injuries in the line of duty. Premiums for health coverage of such firefighters, police officers, their spouses and any dependent children will be paid by the City as prescribed by the Florida Statutes Sections 112.191(2)(g)1 and 112.19(2)(h)1 respectively (first introduced as the Alu-O'Hara Public Safety Act).

In accordance with Florida Senate Bill 426, Firefighters employed full-time who are diagnosed with cancer (and who have been employed by the Employer for at least five years) are entitled to timely reimbursements from the Employer for any out-of-pocket deductible, copayment or coinsurance costs incurred due to the treatment of cancer, as an alternative to pursuing workers compensation benefits. This reimbursement benefit is continued for a period up to 10 years following termination of employment provided the member enrolls in the retiree health insurance program. While not treated as an OPEB for this purpose, such Firefighters are also entitled one-time cash payouts of $25,000, upon initial diagnosis of cancer. For more details, refer to Ch. 112.1816, F.S.

Dental, Vision and Supplemental Insurance Plans

Dental, vision and supplemental insurance benefits for retirees and their dependents are fully paid by the retiree, as they are for employees and their dependents. Consequently, these benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 75.

COBRA Benefits

Former employees, retirees and dependents may be eligible for an extended benefit under COBRA, regardless of the terms of the employer’s other post-employment benefits. COBRA benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 75.

Life Insurance

The City provides life insurance with face amount of $1,000 to retirees who retired before October 1, 2008 at no cost to the retiree. This is considered as other post-employment benefits for the purposes of GASB Statement No. 75. There is no life insurance provided to employees retiring on or after October 1, 2008.

Funding Vehicle

There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for this purpose. All approved benefits are paid by the City when due.

Termination and Amendment

The post-employment benefits are extended to retirees and continued at the discretion of the City, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change premium contributions required from retirees in the future as circumstances change.

Significant Changes After January 1, 2020

There have been no significant changes (other than premium rate increases) in any health benefits or life insurance benefits since January 1, 2020 and through September 30, 2020.

SECTION D

DEVELOPMENT OF INITIAL PER CAPITA COSTS

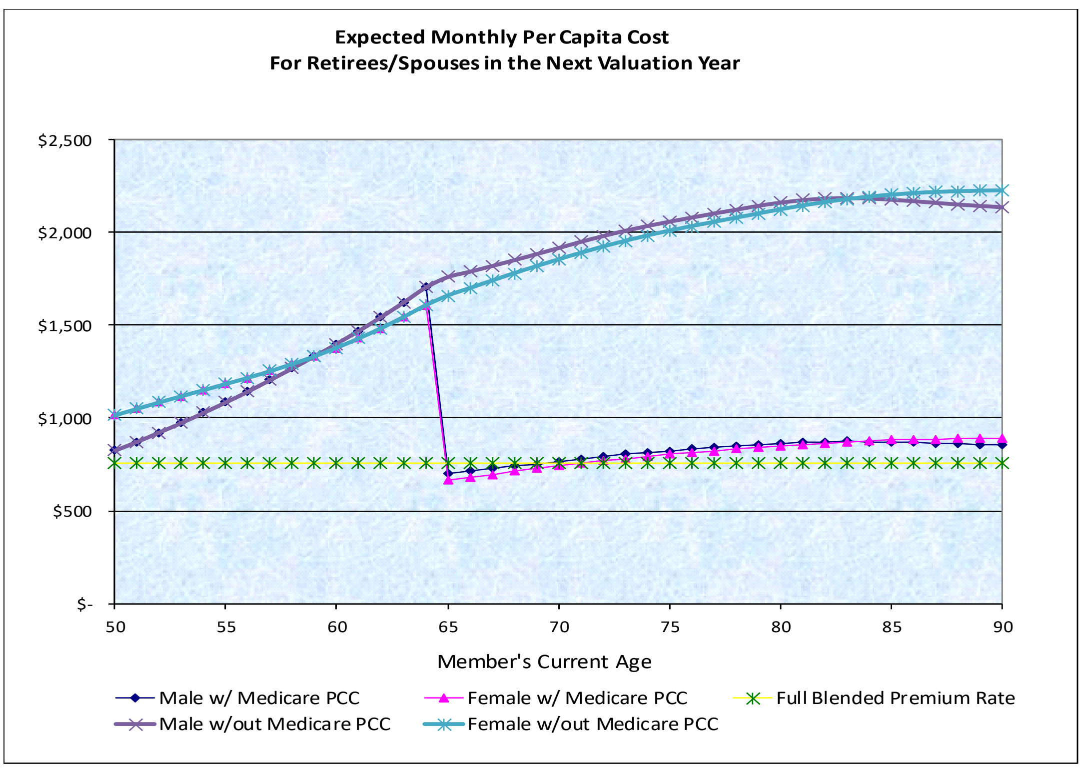
Development of Initial Per Capita Costs

By offering medical coverage to employees, retirees and their dependents, the Employer assumes the responsibility for the total claims and other costs incurred by plan members. These costs are partially offset by contributions from employees and retirees. While the total premium amounts charged for covering employees and retirees and their dependents is the same without regard to the age or gender of the member, the true costs of medical and prescription coverage in any given year, depends on these factors. As the ages of employees, retirees and dependents in the covered population increase, so do their costs of benefits.

The table and the graph below illustrate the expected initial monthly Per Capita Costs (PCC) applicable to current retirees in the coming year.

Initial Monthly Per Capita Cost By Age/Sex					
Medicare Not Eligible Retirees			Medicare Eligible Retirees		
Sample Ages	Male	Female	Sample Ages	Male	Female
45	$ 632.82	$ 873.38	**65**	$ 703.68	$ 663.71
50	824.01	1,015.10	**70**	766.56	741.77
55	1,084.30	1,183.90	**75**	823.30	803.36
59	*1,333.00*	*1,333.00*	**80**	864.31	849.19
60	1,400.44	1,378.95	**85**	870.59	880.85
64	1,702.97	1,607.14	**90**	854.46	889.67

For clarity, premium contributions applicable to a spouse are not presented on the graph below. The spread between the Per Capita Cost and the premium actually collected from the retiree is the expected monthly cost borne by the Employer when providing medical coverage to a particular retiree.



The amounts of Per Capita Costs illustrated on the previous page have been developed by employing the morbidity tables discussed below. The table shows select values of age grading factors reflecting rates at which medical costs increase with age of the member. The age grading factors have been developed based on the results of the study published (June 2013) in *Health Care Costs – From Birth to Death* sponsored by the Society of Actuaries and authored by Mr. Dale H. Yamamoto. These percentages are separate from the annual Trend, which operates to increase costs independent of and in addition to the Aging Factors. For example, in any single year a group of 61-year old males are expected to cost 5.02% more than a group of 60-year old males.

Medical/Rx Cost Increase By Age					
Sample Ages	**Male**	**Female**	**Sample Ages**	**Male**	**Female**
30	4.80%	3.74%	**65**	1.68%	2.46%
35	4.45%	-0.32%	**70**	1.72%	1.89%
40	4.42%	0.44%	**75**	1.07%	1.20%
45	4.89%	2.34%	**80**	0.62%	0.97%
50	5.81%	3.46%	**85**	-0.37%	0.36%
55	5.44%	2.84%	**90**	-0.28%	-0.14%
60	5.02%	3.66%	**95**	-0.38%	-2.21%

The total cost expected (based on claims and other costs for the self-insured health plan) for the entire covered population was allocated by age/sex, based upon the age/sex distribution of all plan members and the morbidity tables above. This procedure resulted in a table of age/sex-specific initial Per Capita Costs for the coming year. These calculations were based upon the benefits provided under the plan options available to employees and retirees as of the Valuation Date.

In the development of the PCC amounts, retirees and dependents age 65 and older are assumed to be Medicare-eligible. The “% of Total Claims Paid by Medicare” is an assumption regarding whether the core plan or Medicare pays as primary for Medicare-eligible retirees and dependents. According to the Summary of Substantive Plan Provisions, the plan does not require Medicare-eligible members continuing coverage in the core plan to enroll in Medicare Part B, however, post-65 medical coverage is secondary to Medicare for all retirees and dependents who are eligible for Medicare. In our work, we assume that the employer’s cost for a claim incurred by a Medicare eligible retiree is lower than the cost of the same claim incurred by a retiree who is not eligible for Medicare benefits. We are referring to that offset as “% of Total Claims Paid by Medicare” although some of it may be paid by a retiree. Retirees who prove that they are not eligible for any Medicare benefits are eligible to continue coverage under the plan with all claims paid by the plan, subject to standard copayment and coinsurance rules.

Furthermore, we are recognizing the fact, that healthy retirees are less likely to select the medical coverage when required to pay a full blended premium. The impact of this phenomenon is usually less when retirees are offered direct subsidies and continuation of medical coverage is more common among retirees. This adjustment is made through application of the “Anti-selection Load” presented below.

Additional Factors used in PCC Development	
Anti-selection Load	15%
% of Total Claims Paid by Medicare*	60%

**Not all City retirees are eligible for Medicare benefits; refer to discussion of Medicare Benefits under the Health Coverage Assumptions in Section F.*

The Monthly Per Capita Costs (PCC) by age and sex represent the costs of coverage after taking out deductibles, coinsurance, co-pays, and Medicare payments, but before applying any monthly retiree contributions (premiums) charged for coverage. The Medicare Part D subsidy, if any, has not been given any consideration, since it may not be used to offset the OPEB obligation.

Amounts for each age/sex combination for this Valuation were developed based on census data for all participants of the Health Care Plan and on the total expected claims and other costs incurred by all members of the plan.

Expected Per Capita Costs applicable to retirees who retire under disability provisions are assumed to be the same as for all other similarly situated retirees. Although disabled retirees are generally more expensive to cover, some of such retirees may qualify for benefits under the Medicare program, which offsets the increased costs. We did not assess the relative magnitude of these factors but given the fact that they offset each other combined with a relatively low incidence of disability retirements, we believe that overall materiality of this aspect does not warrant more detailed analysis. Consequently, all retirees are subjected to the same model regardless of disability status.

The number of subscribers included in the Actuarial Valuation may be slightly different from the number used to develop the Per Capita Costs. The present distribution of subscribers for the purpose of Per Capita Cost Development is summarized below.

	Number of Subscribers					
	Active/COBRA		Retired - Under 65		Retired - Over 65	
Coverage	Single	Family/Spouse	Single	Family/Spouse	Single	Family/Spouse
PHA PPO	1,123	417	52	30	13	3

SECTION E

SUMMARY OF PARTICIPANT DATA

Summary of Participant Data

Age Group	Years of Service to Valuation Date - Active Employees							
	0-5	6-9	10-14	15-19	20-24	25-29	30 & Up	Total
0 - 14	-	-	-	-	-	-	-	-
15 - 19	2	-	-	-	-	-	-	2
20 - 24	47	-	-	-	-	-	-	47
25 - 29	161	21	-	-	-	-	-	182
30 - 34	122	47	22	1	-	-	-	192
35 - 39	69	36	53	20	-	-	-	178
40 - 44	55	31	45	31	10	-	-	172
45 - 49	60	30	38	55	34	8	-	225
50 - 54	30	21	25	45	47	22	2	192
55 - 59	44	23	24	33	25	14	7	170
60 - 64	16	14	21	23	27	15	10	126
65 - 69	6	5	7	6	5	6	-	35
70 - 74	2	1	1	4	3	1	3	15
75 - 99	-	-	-	-	-	-	-	-
Total	614	229	236	218	151	66	22	1,536

Current Inactives with Medical Coverage and/or Life Insurance					
Age Group	Health Coverage		Life Insurance		
	Male	Female	Male	Female	Total
0 - 44	1	-	-	-	25
45 - 49	1	1	-	-	19
50 - 54	4	-	-	2	23
55 - 59	16	8	14	2	50
60 - 64	26	15	38	11	95
65 - 69	12	7	120	19	152
70 - 74	1	2	126	28	155
75 - 79	4	-	69	16	85
80 - 84	-	-	40	11	51
85 - 89	-	-	24	6	30
90 - 94	-	-	5	2	7
95 - +	-	-	-	-	-
Total	65	33	436	97	692

Inactive Particiapnts with Current Health or Life Insurance Coverage or Eligible for Future Health Coverage						
Age Group	Current Retirees		Vested Terminated		All Inactives	
	Male	Female	Male	Female	Male	Female
0 - 44	1	-	17	7	18	7
45 - 49	1	1	11	6	12	7
50 - 54	4	2	8	9	12	11
55 - 59	30	10	4	6	34	16
60 - 64	59	25	5	6	64	31
65 - 69	126	25	1	-	127	25
70 - 74	127	28	-	-	127	28
75 - 79	69	16	-	-	69	16
80 - 84	40	11	-	-	40	11
85 - 89	24	6	-	-	24	6
90 - 94	5	2	-	-	5	2
95 - +	-	-	-	-	-	-
Total	486	126	46	34	532	160

SECTION F

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions and Methods

Actuarial Valuation Date: January 1, 2020 for employee and retiree population purposes, for development of per capita cost purposes, and for valuation purposes.

Actuarial Cost Method: Individual Entry Age Normal Cost Method with an increasing Normal Cost pattern consistent with the salary increase assumptions.

Discount Rate: Under GASB Statement No. 75, when there are currently no invested plan assets held in trust to finance the OPEB obligations, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.41% (based on the daily rate closest to but not later than the measurement date of Fidelity Investments' "20-Year Municipal GO AA Index").

Mortality Tables: Mortality tables are used to measure the probabilities of participants dying before and after retirement. Mortality rates employed in this valuation are taken from the RP-2000 Combined Healthy Participant Mortality Table for active members and the RP-2000 Mortality Table for Annuitants for non-disabled inactive members, with mortality improvement projected to all future years from the year 2000 using Projection Scale BB. Rates for Special Risk Class members are a blend of 10% White Collar and 90% Blue Collar (male) and 100% White Collar (female). Rates applicable to members other than Special Risk are a blend of 50% White Collar and 50% Blue Collar (male) and 100% White Collar (female).

All Police (and other than Special Risk Class member) deaths and 90% of Firefighters' deaths before retirement are assumed to be non-service connected.

Mortality rates for impaired (from disability) lives are based on the RP-2000 Disabled Retiree tables and Healthy White Collar tables for males and females. Rates for Special Risk Class members are a blend of 60% Disabled Retiree tables with setback four years (male) and set forward two years (female) and 40% Annuitant White Collar with no setback. Rates applicable to members other than Special Risk have been adjusted to be 100% Disabled Retiree with setback four years (male) and set forward two years (female).

These are the same rates used for Regular Class and Special Risk Class members in the July 1, 2018 Actuarial Valuation of the Florida Retirement System.

Rates of Disability:

Disability rates are used to measure the probabilities of active participants becoming disabled. 100% of disabilities are assumed to be service-connected. The tables below present disability rates for select ages and are the same as used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.

Hazardous Duty Disability		
Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Males	Females
20	0.25%	0.50%
25	0.25%	0.50%
30	0.25%	0.75%
35	0.30%	1.00%
40	0.45%	1.25%
45	0.60%	1.50%
50	0.60%	1.50%
55	0.60%	1.50%
60	0.75%	1.50%
65	1.00%	1.50%
70	1.50%	1.50%

Non-Hazardous Duty Disability		
Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Males	Females
20	0.03%	0.03%
25	0.03%	0.03%
30	0.03%	0.03%
35	0.04%	0.04%
40	0.07%	0.07%
45	0.10%	0.10%
50	0.14%	0.14%
55	0.24%	0.24%
60	0.29%	0.29%
65	0.34%	0.34%
70	0.44%	0.44%

Rates of Termination from Active Employment:

These rates do not apply to participants eligible to retire and do not reflect separation on account of death or disability. Termination rates are used to measure the probabilities of participants terminating employment for other reasons. The following table shows termination rates for select ages. These tables are the same as used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.

Hazardous Duty Withdrawal - Males		
Years of Service	Age	% of Active Members Separating Within Next Year
Under 1	All Ages	8.5%
1	All Ages	7.5%
2 - 5	Under 40	4.5%
	40 & Over	2.5%
6 & Over	Under 40	2.0%
	40 & Over	1.5%

Hazardous Duty Withdrawal - Females		
Years of Service	Age	% of Active Members Separating Within Next Year
Under 1	All Ages	20.0%
1 & Over	All Ages	4.0%

Non-Hazardous Duty Withdrawal - Males		
Years of Service	Age	% of Active Members Separating Within Next Year
Under 1	Under 35	25.0%
	35 & Over	11.0%
1 - 2	All Ages	16.0%
3 - 4	Under 40	11.0%
	40 & Over	5.0%
5 - 9	Under 30	12.5%
	30 - 49	5.0%
	50 - 59	3.0%
	60 & Over	7.5%
10 & Over	Under 35	7.5%
	35 - 39	4.0%
	40 - 49	3.5%
	50 - 54	2.0%
	55 - 59	3.0%
	60 & Over	4.5%

Non-Hazardous Duty Withdrawal - Females		
Years of Service	Age	% of Active Members Separating Within Next Year
Under 3	Under 30	22.0%
	30 - 34	15.0%
	35 - 44	5.0%
	45 - 49	14.0%
	50 - 59	18.0%
	60 & Over	25.0%
3 - 4	Under 30	18.0%
	30 - 39	14.0%
	40 - 59	5.0%
	60 & Over	20.0%
5 - 9	Under 35	5.0%
	35 - 44	6.0%
	45 - 59	4.5%
	60 & Over	3.0%
10 & Over	Under 40	6.0%
	40 - 44	5.0%
	45 - 49	3.8%
	50 - 54	3.3%
	55 - 59	2.8%
	60 & Over	6.0%

General Price Inflation: Long-term general price inflation is assumed to be 2.25% per year.

Salary Increases: These Rates are used to measure changes in salary. Salary increase rates are shown in the following table and are the same as used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.

% Increase in Salary - Hazardous Duty			
Years of Service	Merit and Seniority	Base (Inflation)	Total Increase
1 - 2	5.35%	2.25%	7.60%
3 - 4	4.00%	2.25%	6.25%
5 - 9	3.25%	2.25%	5.50%
10 - 14	3.00%	2.25%	5.25%
15 and Higher	2.25%	2.25%	4.50%

% Increase in Salary - Non-Hazardous Duty			
Years of Service	Merit and Seniority	Base (Inflation)	Total Increase
1	4.25%	2.25%	6.50%
2	3.35%	2.25%	5.60%
3	2.25%	2.25%	4.50%
4 - 9	1.50%	2.25%	3.75%
10 - 14	1.30%	2.25%	3.55%
15 - 19	0.80%	2.25%	3.05%
20 and Higher	0.50%	2.25%	2.75%

Rates of Retirement: These rates are used to measure the probabilities of eligible members retiring during the next year. Rates presented below are applicable to Hazardous and Non-Hazardous eligible for Normal Retirement or Early Retirement. Salary increase rates are shown in the following table and are the same as used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.

Hazardous Duty Retirement		
Years of Service	Age	Probability of Retirement
10 - 19	50 - 54	5.0%
	55 - 59	15.0%
	60 - 64	40.0%
	65 & Over	100.0%
20 & Over	Under 55	15.0%
	55 - 59	30.0%
	60 - 64	40.0%
	65 & Over	100.0%

Non-Hazardous Duty Retirement		
Years of Service	Age	Probability of Retirement
10 - 19	65 - 74	30.0%
	75 & Over	100.0%
20 - 29	55 - 64	20.0%
	65 - 69	30.0%
	70 & Over	100.0%
30 & Over	Under 55	45.0%
	55 - 59	20.0%
	60 - 64	30.0%
	65 - 69	50.0%
	70 & Over	100.0%

Health Coverage Assumptions

Coverage Acceptance Rates: Not everyone who retires will accept coverage and pay the required premium upon retirement. Following are the assumptions as to future Medical Coverage Acceptance Rates. Lapse rates presented below reflect the discontinuation of coverage under the City's plan. Acceptance and lapsing rates presented below result from an analysis of the choice pattern exhibited by employees retiring in the recent years.

Acceptance and Lapsing Rates						
	Not Medicare Eligible			Medicare Eligible		
Coverage Tier	Ret Only	Ret + 1	Total	Ret Only	Ret + 1	Total
Acceptance at Retirement (before age 65)	30%	20%	50%	15%	10%	25%
Acceptance at Retirement (age 65 and after)	12%	8%	20%	1.5%	1%	2.5%
Lapsing at age 65	60%	60%	60%	90%	90%	90%
Continuation of Survivors	N/A	50%	50%	N/A	50%	50%

Administrative Expenses: Administrative expenses are included in the Per Capita Costs.

Expected Retiree Contributions: Members are required to make monthly contributions to maintain their coverage. A weighted-average has been used with weights derived from the current distribution of members. Such average expected retiree premium contributions (without regard to any subsidy from the City) are shown in the table below.

Average Monthly Premium (as of Valuation Date)		
Coverage	Non-Medicare	Medicare
Retiree	$755.00	$755.00
Spouse	$539.00	$539.00

Per Capita Costs: As described in Section D of this Report, expected monthly Per Capita (or per person) Costs were developed for the year following the Actuarial Valuation Date.

Healthcare Cost Trend Rates: Monthly Per Capita Costs (PCC) and Retiree Contributions (premiums) for Medical/Rx benefits are assumed to increase each year according to the rates set forth in the following table. For example, the PCC for the calendar year beginning on 1/1/2021 is expected to increase by 6.25% over the PCC for the calendar year beginning on 1/1/2020.

The trend rates for the costs of benefits and premiums for the years after 2023 are based on the forecasting model built and published (December 2007, and updated September 2019) in *Modeling Long-Term Health Care Cost Trends* sponsored by the Society of Actuaries and authored by Prof. Thomas E. Getzen. The long-term rates reflect a 2.25% assumed ultimate inflation rate, 25% resistance level for health care spending as a percent of GDP and a 17-year convergence period.

Annual Medical/Rx Increase Rates					
Year	**PCC**	**Premium**	**Year**	**PCC**	**Premium**
2021	6.25%	6.25%	**2034**	4.27%	4.27%
2022	6.00%	6.00%	**2035**	4.23%	4.23%
2023	5.75%	5.75%	**2036**	4.20%	4.20%
2024	5.60%	5.60%	**2037**	4.17%	4.17%
2025	5.44%	5.44%	**2038**	4.15%	4.15%
2026	5.29%	5.29%	**2039**	4.07%	4.07%
2027	5.13%	5.13%	**2040**	3.99%	3.99%
2028	4.98%	4.98%	**2041**	3.99%	3.99%
2029	4.82%	4.82%	**2042**	3.99%	3.99%
2030	4.82%	4.82%	**2043**	3.99%	3.99%
2031	4.54%	4.54%	**2044**	3.99%	3.99%
2032	4.40%	4.40%	**2045**	3.99%	3.99%
2033	4.32%	4.32%	**Thereafter**	3.99%	3.99%

Medicare Benefits:

Generally, retirees become eligible for Medicare Part A when they turn age 65 and have worked, or their spouses have worked, for at least 10 years in Medicare-covered employment or when they become disabled. However, when the Social Security Act was first enacted in 1935, state and local government employees were excluded from Social Security coverage due to debate over the federal government's authority to tax local and state governments. States and local governments were later allowed to enter voluntary agreements with the Social Security Administration (Section 218 Agreements) and have their employees covered under Social Security. The City of Clearwater opted not to enter into such agreement, and employees of the City and its component units are exempt from Social Security taxes and therefore not eligible for Social Security benefits. When the Social Security Act was amended in 1965 to create Medicare benefits, employees not covered under Social Security would not be eligible for Medicare benefits.

However, the Medicare program became mandatory for state and local government employees hired, or rehired, after March 31, 1986. All such employees would become eligible for Medicare benefits if they work at least 10 years. Consequently, employees and retirees hired prior to April 1, 1986 and continuously employed by the City until retirement would not be eligible for Medicare benefits unless they gain such eligibility through other employment or by virtue of being married to an eligible Medicare beneficiary.

When data collected for this actuarial valuation did not contain sufficient detail to determine Medicare eligibility for all employees and retirees without ambiguity, the following assumptions have been made:

- All current active employees hired after March 31, 1986 are assumed to be covered under Medicare and eligible for future Medicare benefits,

- All current employees hired prior to April 1, 1986 and having Medicare taxes currently withheld are assumed to be covered under Medicare and will be eligible for future Medicare benefits.

- 50% of current employees hired prior to April 1, 1986 and **not** having Medicare taxes currently withheld are assumed to be **not** covered under Medicare and will **not** be eligible for future Medicare benefits.

- In the absence of obtaining the hire date for retirees (to determine Medicare eligibility) it is assumed that 80% of retirees retired prior to January 1, 2001 had been continuously employed since at least March 31, 1986. Combined with the assumption above, this is equivalent to assuming that 40% of such retirees (50% of 80%) would not qualify for Medicare benefits, with the remaining 60% considered to become eligible for Medicare benefits.

- In the absence of obtaining the hire date for retirees (to determine Medicare eligibility) it is assumed that 80% of retirees retired on or after January 1, 2001 had been hired (or rehired) on or after April 1, 1986. This is the same as assuming that 10% of such retirees (20% of 50%) would never become eligible for Medicare benefits with the remaining 90% eligible for future Medicare benefits.

Medicare eligibility is one of the major factors affecting the City's OPEB cost and liability with a twofold impact:

(i) Medicare will not pay any portion of claims incurred by non-covered retirees, and

(ii) Retirees not eligible for Medicare benefits (and therefore more expensive to cover) are more likely to elect and retain retiree coverage under the employer's plan.

This is reflected in the health coverage assumptions used in this actuarial valuation.

Miscellaneous and Technical Assumptions

Roll Forward Disclosure:	Since the measurement date and the valuation date are not the same, the total OPEB liability from the January 1, 2020 valuation date to the September 30, 2020 measurement date was rolled forward.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Pay Increase Timing:	End of (fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year starting on the valuation date.
Decrement Timing:	Decrements are assumed to occur at the middle of the year.
Decrement Operation:	Decrements operate simultaneously. Termination rates cease upon eligibility for normal or early retirement.
Decrement Relativity:	Decrement rates are treated as absolute rates of decrement.
Adjustments:	Where complete participant data was not available, we have used data assumptions which we believe are reasonable and internally consistent.

Assumption, Method, and Plan Changes

Assumption and Method Changes:

1. The discount rate was changed from 2.75% as of the beginning of the measurement period to 2.41% as of September 30, 2020 (based on the Long-Term Municipal Bond rate). This change increased the Total OPEB Liability.

2. The medical claims costs and premiums were updated based on actual claims and premium information provided for this valuation. This change decreased the Total OPEB Liability.

3. The long-term healthcare cost trend assumption was revised to reflect a lower long-term inflation assumption of 2.25% (previously 2.50%). This change decreased the Total OPEB Liability.

4. The excise ("Cadillac") tax on healthcare plans was repealed by law. In the prior valuation, the excise tax was modeled using an additional trend of 0.52% for 2023 and all subsequent years. This change decreased the Total OPEB Liability.

5. Demographic assumptions were updated following an experience study of the City of Clearwater Employees' Pension Plan. Updated assumptions include the rates of salary increases, rates of disability, rates of withdrawal, and rates of retirement. This change decreased the Total OPEB Liability.

Plan Changes:

Change in benefits due to the passing of Florida Senate Bill 426, which provides benefits for eligible firefighters diagnosed with specified cancers. This change increased the Total OPEB Liability.

SECTION G

GLOSSARY OF TERMS

Glossary of Terms

Accrued Service	Service credited under the system that was rendered before the date of the actuarial valuation.
Actuarial Accrued Liability (AAL)	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
Actuarial Assumptions	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the OPEB trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
Actuarial Gain (Loss)	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
Actuarial Valuation	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total OPEB liability, and related actuarial present value of projected benefit payments for OPEB.
Actuarial Valuation Date	The date as of which an actuarial valuation is performed.

Glossary of Terms

Actuarially Determined Contribution or Annual Required Contribution
A calculated contribution into an OPEB plan for the reporting period, most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

Amortization Method
The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be "open" (meaning, reset each year) or "closed" (the number of years remaining will decline each year).

Amortization Payment
The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.

Cost-of-Living Adjustments
Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan (cost-sharing OPEB plan)
A multiple-employer defined benefit OPEB plan in which the OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides benefits through the OPEB plan.

Covered-Employee Payroll
The payroll of employees that are provided with benefits through the OPEB plan.

Deferred Inflows and Outflows
The deferred inflows and outflows of OPEB resources are amounts used under GASB Statement No. 75 in developing the annual OPEB expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in the OPEB expense should be included in the deferred inflows or outflows of resources.

Discount Rate
For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically:

1. The benefit payments to be made while the OPEB plans' fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and
2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

Glossary of Terms

Entry Age Actuarial Cost Method	A cost method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.
Fiduciary Net Position	The fiduciary net position is the market value of the assets of the trust dedicated to the defined benefit provisions.
GASB	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
Long-Term Expected Rate of Return	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
Money-Weighted Rate of Return	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 74, the money-weighted rate of return is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense.
Multiple-Employer Defined Benefit OPEB Plan	A multiple-employer plan is a defined benefit OPEB plan that is used to provide OPEB payments to the employees of more than one employer.
Municipal Bond Rate	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
Net OPEB Liability	The liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan.
Non-Employer Contributing Entities	Non-employer contributing entities are entities that make contributions to an OPEB plan that is used to provide OPEB payments to the employees of other entities. For purposes of the GASB accounting statements, plan members are not considered non-employer contributing entities.

Glossary of Terms

Normal Cost	The portion of the actuarial present value allocated to a valuation year is called the normal cost. For purposes of application to the requirements of this Statement, the term normal cost is the equivalent of service cost.
Other Postemployment Benefits (OPEB)	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other post-employment benefits do not include termination benefits.
Real Rate of Return	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
Service Cost	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total OPEB Expense	The total OPEB expense is the sum of the following items that are recognized at the end of the employer's fiscal year: 1. Service Cost 2. Interest on the Total OPEB Liability 3. Current-Period Benefit Changes 4. Employee Contributions (made negative for addition here) 5. Projected Earnings on Plan Investments (made negative for addition here) 6. OPEB Plan Administrative Expense 7. Other Changes in Plan Fiduciary Net Position 8. Recognition of Outflow (Inflow) of Resources due to Liabilities 9. Recognition of Outflow (Inflow) of Resources due to Assets
Total OPEB Liability	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
Unfunded Actuarial Accrued Liability	The difference between actuarial accrued liability and valuation assets.
Valuation Assets	The assets used in determining the unfunded liability of the plan. For purposes of GASB Statement Nos. 74 and 75, the valuation assets are equal to the market value of assets.