

Illustration - Note Disclosures and Required Supplementary Information for a Cost-Sharing employer in SEAD-OPEB in which contributions for employees are funded by the State of Georgia.

[Note: This illustration includes only note disclosures and required supplementary information required by GASB Statement 75. The circumstances of this example employer do not include all circumstances for which note disclosures and required supplementary information should be presented.]

**Local County Tax Office or Board of Commissioners
Notes to the Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts in thousands)**

Note X - Summary of Significant Accounting Policies

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note X – OPEB

[This illustration provides an example of note disclosures of an employer participating only in SEAD-OPEB. If employees were provided with benefits through more than one OPEB plan, the employer should disclose information required by paragraph 89 of Statement 75 and should apply the requirements of paragraph 90 of Statement 75.]

General Information about the SEAD-OPEB Plan

Plan description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: {For ERS Employers -} Pursuant to O.C.G.A. 47-2-292(a) the Department of Revenue receives an annual appropriation from the Georgia General Assembly to be used to fund the employer contributions for local county tax commissioners and employees. Pursuant to O.C.G.A. 47-2-290(a) the Council of State Courts (CSC) and the Prosecuting Attorneys' Council (PAC) receive annual appropriations from the Georgia General Assembly for employer contributions of local employees in State Courts in Bibb, Chatham and DeKalb counties. {For JRS Employers -} Pursuant to O.C.G.A. 47-23-81 the employer contributions for state court judges and solicitors are funded by the State of Georgia on behalf of the local county employers and pursuant to O.C.G.A. 47-23-82 the employer contributions for juvenile court judges are funded by the State on behalf of local county employers.

OPEB Liabilities and OPEB Expense

At June 30, 2022, the Office/Board did not have a liability for a proportionate share of the net OPEB liability because of the related State of Georgia support. The amount of the State's proportionate share of net OPEB liability associated with the Office/Board is as follows:

| | |
|--|------------------------|
| State of Georgia's proportionate share of the Net OPEB Liability associated with the Office/Board | \$ <u> XX,XXX</u> |
|--|------------------------|

For the year ended June 30, 2022, the Office/Board recognized OPEB expense of \$X,XXX and OPEB revenue of \$X,XXX for support provided by the State of Georgia.

Actuarial assumptions: The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Inflation | 2.50% |
| Salary increases: | |
| ERS | 3.00 – 6.75% |
| GJRS | 3.75% |
| LRS | N/A |
| Investment rate of return | 7.00%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rate | N/A |

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions in the table that follows:

| <u>Participant Type</u> | <u>Membership Table</u> | <u>Set Forward (+)/ Setback (-)</u> | <u>Adjustment To Rates</u> |
|-------------------------|------------------------------|---|----------------------------|
| Service Retirees | General Healthy Annuitant | Male: +1; Female: +1 | Male: 105%; Female: 108% |
| Disability Retirees | General Disabled | Male: -3; Female: 0 | Male: 103%; Female: 106% |
| Beneficiaries | General Contingent Survivors | Male: +2; Female: +2 | Male: 106%; Female: 105% |

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset class</u> | <u>Target allocation</u> | <u>Long-term expected real rate of return*</u> |
|---|--------------------------|--|
| Fixed income | 30.00% | (1.50)% |
| Domestic large equities | 46.40 | 9.20 |
| Domestic small equities | 1.10 | 13.40 |
| International developed market equities | 11.70 | 9.20 |
| International emerging market equities | 5.80 | 10.40 |
| Alternatives | 5.00 | 10.60 |
| Total | 100.00% | |

* Rates shown are net of inflation

Discount rate: The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Local County Tax Office or Board of Commissioners
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(Dollar amounts in thousands)**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------------------|---------------|---------------|---------------|---------------|
| Office's/Board's proportion of the net OPEB liability (asset) | X.XXX% | X.XXX% | X.XXX% | X.XXX% | X.XXX% |
| Office's/Board's proportionate share of the net OPEB liability (asset) | \$ XX,XXX | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| State of Georgia's proportionate share of the net OPEB liability (asset) associated with the Office/Board | \$ XX,XXX | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Total | \$ XX,XXX | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Office's/Board's covered payroll | XX,XXX | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Office's/Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | N/A | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | 164.76% | 129.20% | 129.73% | 129.46% | 130.17% |

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Local County Tax Office or Board of Commissioners
Notes to Required Supplementary Information
For the Year Ended June 30, 2022
(Dollar amounts in thousands)

Changes of assumptions: On December 17, 2015, the Board of Trustees adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted by the Board on March 15, 2018. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total OPEB Liability.