Northern Inyo Hospital

August 19 2020 Regular Meeting

August 19 2020 Regular Meeting - August 19 2020 Regular M

AGENDA

NORTHERN INYO HEALTHCARE DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
August 19, 2020 at 5:00 p.m.
2957 Birch Street, Bishop, CA

Northern Inyo Healthcare District invites you to attend this Zoom meeting:

TO CONNECT VIA **ZOOM**: (*A link is also available on the NIHD Website*)
https://zoom.us/j/213497015?pwd=TDlIWXRuWjE4T1Y2YVFWbnF2aGk5UT09
Meeting ID: 213 497 015
Password: 608092

PHONE CONNECTION:
888 475 4499 US Toll-free
877 853 5257 US Toll-free
Meeting ID: 213 497 015

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1. Call to Order (at 5:00 pm).
2. ***Public Comment***: At this time, persons in the audience may speak on any items not on the agenda on any matter within the jurisdiction of the District Board. Members of the audience will have an opportunity to address the Board on every item on the agenda, and speakers will be limited to a maximum of three minutes each. The Board is prohibited from generally discussing or taking action on items not included on the agenda.
3. New Business and Reports:
   - A. Brown Act presentation, District Legal Counsel (*information item*).
   - B. Physician Recruitment update (*information item*).
   - C. Introduction/demonstration of NIHD Scorpion website (*information item*).
   - D. Pension Plan funding overview/facts (*information item*).
   - E. Defined Benefit Plan Actuarial Report (*information item*).
   - F. Cerner Implementation update (*information item*).
   - G. Presentation from Counsel on the legal relationship between Pioneer Home Health and NIHD (*information item*).
   - H. Recording of District Board meetings (*discussion item*).
   - I. Pioneer Medical Associates partnership purchase proposal (*action item*).
   - J. NIHD Workflow and Departmental Efficiency Project Proposal (*action item*).

K. Annual review of District Board of Directors Policies and Procedures (*action item*).

L. Overview of Board of Directors annual operating budget (*information item*).

M. Approval of District Board Resolution 20-09, financial account authorizations (*action item*).

N. Financial update as of June 30, 2020 (*information item*).

O. Consideration of amendments to NIHD Conflict of Interest Code (*action item*).

P. Revision of Interim Chief Executive Officer contract (*action item*).

Q. Recommendation for one-year renewal of Jones & Mayer Legal Services Agreement (*action item*).

R. NIHD Medical, Dental, and Vision broker proposal (*action item*).

S. Building stronger NIHD Board of Directors and Medical Staff Relations, Ad Hoc Committee formation (*action item*).

4. Reports:

A. Eastern Sierra Emergency Physicians quarterly report (*information item*).

B. ROI Committee report approval (*action item*).

C. Outsource Inc. Healthcare Collections update (*information item*).

5. Chief of Staff Report, Vice Chief of Staff Charlotte Helvie, MD:

A. Medical Staff Appointments (*action items*):

1. *Adam Jesionek, MD (family medicine/hospitalist) – Provisional Active Staff*
2. *Danish Atwal, MD (Renown Cardiology) – Telemedicine Staff*
3. *Htet Khine, MD (Renown Cardiology) – Telemedicine Staff*

B. Policy and Procedure approvals (*action items*):

1. *Biosafety Plan*
2. *Blood Bank – Emergency Requests for Blood Components*
3. *Death in the Operating Room*
4. *Draping for Surgical Procedures*
5. *Electrosurgical Cautery*
6. *Fire Safety in Surgery*
7. *Immediate Use Sterilization Procedure*
8. *Implantation of Medical Devices*
9. *Medical Device Tracking*
10. *Medical Students in the OR*
11. *NPO Guidelines*

12. Sterile Processing Scope of Service

13. Sterile Processing Standards of Practice

14. Surgeries Requiring an Assistant

15. Clorox Total 360 System Electrostatic Sprayer

16. Aerosolized Transmissible Disease Exposure Plan/Respiratory Protection Program

17. NIHD Workforce Exposed to Communicable Illness

18. Scope of Service – Infection Prevention

19. Toy Cleaning

C. Annual Approval (*action item*):

1. Standardized Protocol – Physician Assistant in the Operating Room

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Consent Agenda (action items)

6. Approval of minutes of the July 19 2020 regular meeting

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7. Reports from Board members (*information items*).
8. Adjournment to Closed Session to/for:

A. Conference with Legal Counsel, existing litigation (*pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9*). Name of case: Inyo County LAFCO and NIHD v. SMHD, Case No. 34-2015-8002247-CY-WM-GDS-Sacramento County.

B. Conference with Labor Negotiators, Agency Designated Representative: Irma Moisa; Employee Organization: AFSCME Council 57 (*pursuant to Government Code Section 54957.6*).

C. Public Employee Performance Evaluation (*pursuant to Government Code Section 54957(b*)) title: Interim Chief Executive Officer.

9. Return to Open Session and report of any action taken (*information item*).
10. Adjournment.

In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District Board meeting, please contact administration at (760) 873-2838 at least 48 hours prior to the meeting.

The Brown Act

Government Code §54950

Keith F. Collins
Jones & Mayer
General Counsel
Northern Inyo Healthcare District

Basic requirement of the Brown Act:

- Requires that public agency actions “be taken openly and that their deliberations be conducted openly.”
- all “meetings” of a “legislative body” must be open and public.

Who is Subject to the Brown Act?

<u>"Legislative Body" includes</u><u>:</u>

- Governing body of a local agency –Board of Directors of a Healthcare District
- Any Commissions, Committee or Boards Created by formal action of the Governing Body
- A <u>private corporation</u> if either:
  - Created by local agency to exercise authority of local agency; or
  - Receives public funds from agency and has board member on its board

What constitutes a “Meeting?”

- A Meeting Is: Any congregation of a majority of the members of the legislative body in the same time and place to hear, discuss or deliberate upon any item within their jurisdiction.

- Watch out for:
  - Informal discussions
  - Telephone conversations for purpose of discussing decisions in advance
  - Serial Meetings
  - E-mails, texts, blogs, social networking sites

A Meeting is NOT:

- Individual contacts or conversations
- Attendance by majority at certain conferences or social events, so long as majority does not discuss issues within their jurisdiction
- Attendance at meeting of other legislative bodies, so long as majority does not discuss issues within their jurisdiction

E-mails

- It is easy to violate the Brown Act by simply hitting the “Reply All” button.

- Caution is needed.

- Potential Public Records Act Problems:
  - Using your own email/device to discuss NIHD business will subject personal emails/texts to disclosure. *City of San Jose v. Superior Court* (Recent Cal. Supreme Court ruling)
  - Recommend use of NIHD email address.

Texting

- Similar problems as with e-mail.

- Can be easily used to hold a serial meeting before or during a meeting (cell phones).

- Avoid Sending or Receiving Texts/Emails:
  1. To/From the public during a meeting
  2. To/From members of the body during a meeting.
  3. If you have declared conflict.

Blogging

- Short for "Web-Log". A "frequently updated website, normally with dated entries, commonly used to post opinions."
  - Very popular with public officials.
  - Includes sites such as Facebook and Twitter.
  - Has not yet been formally addressed by FPPC.
  - Potential serial meeting if a majority gets involved

Posting Requirements

- Post agenda at least 72 hours before a "regular" meeting
  - 24 hours for "special meetings."
  - All documents provided to Board must be provided to public
- Special Meeting not permitted for discussion on Agency Executive compensation or perks
- Specify time/location
- Include brief general description of each item
  - Includes closed session items

Posting Requirements (cont'd)

- <u>No action on any item not appearing on the posted agenda</u>
- Limited Exceptions:
  - Statutorily defined "Emergency"
  - Need for Immediate Action – requires a 2/3 vote that there is an immediate need, and need arose after the agenda was posted
  - Brief responses to questions comments from public
  - Brief reports by board members and staff
  - Request to agendize an item for a future meeting

Closed Sessions

- Permissible only where allowed by statute
  - Personnel Discussions
  - Labor Negotiations
  - Litigation
  - Real property negotiations
  - Trade secrets
  - Others
- Disclosure of information discussed is illegal

Consequences of Brown Act Violations

- Nullification of decision
- Criminal sanctions for intentional violations (up to 6 months in jail/$1000 fine)
- Intense adverse media attention

- Questions?

NORTHERN INYO HEALTHCARE DISTRICT
PRESENTATION TO THE BOARD OF DIRECTORS
FOR INFORMATION

Date: 08/06/2020

Title: **INTRODUCTION TO NORTHERN INYO HEALTHCARE DISTRICT NEW WEBSITE**

Presenter(s): Barbara Laughon, Manager, Marketing, Communications & Strategy

Sarah Schwald, Director of Healthcare Marketing Strategy at Scorpion

Synopsis:

Barbara will do an introduction for the Board members and introduce Sarah. Sarah will be presenting 5-10 mins on the website overview and dashboard information. This presentation will be live so no slides are available beforehand.

Prepared by: Lynda Vance
Lynda Vance
Project Management Specialist

Reviewed by: Barbara Laughon
Barbara Laughon
Mgr Marketing, Comm & Strategy

Approved by: Kelli Davis
Name
Title

FOR EXECUTIVE TEAM USE ONLY:

Date of Executive Team Approval: ________ Submitted by: ________________________________
Chief Officer

Northern Inyo County Local Hospital District Retirement Plan

DB Plan Funding FAQs

1) What is the DB Plan?

The DB plan is a defined benefit (DB) plan that provides monthly retirement income to eligible employees who leave employment or retire from the Hospital District. The Plan was established in 1975 and provides a monthly benefit at age 65 equal to 2.5% of average compensation multiplied by years of service, up to 40 years. Average compensation is measured over the 3 consecutive year period that produces the highest average. The plan was closed to new entrants on January 1, 2013, but continues to be in effect for those who remain in the plan.

Active participants as of 1/1/20	142
Part-time employees / On leave	5
Former employees who are vested and not yet retired	69
Retirees	0*
Total participants	216

* There are no retirees because when someone retires they either receive a lump sum distribution or have an annuity purchased on their behalf from New York Life.

Plan assets as of 6/30/2020	$19,335,860
Actuarial liability as of 6/30/2020	$59,135,440
Unfunded actuarial liability as of 6/30/2020	$39,799,580
Funded percentage	32.7%
Entry age normal cost	$1,951,401

2) What is meant by the “actuarial liability” and the “normal cost” of the DB Plan?

The “actuarial liability” is the present value of retirement benefits expected to be paid in the future that has been allocated to past years of service. There are different methods used to allocate the present value. The method used for accounting disclosures purposes is the Entry Age method.

The “normal cost” is the present value of retirement benefits expected to be paid in the future that has been allocated one year of service. It is the expected cost of the plan for one additional year of service. A plan with no active participants will have no normal cost.

3) How is the funding of the DB plan being changed?

For the last several years, the funding policy has been to fund the value of benefits accrued each year, plus a payment to achieve 110% funding by a certain date. In 2012, the 110% funding target was set to be January 1, 2032. The 110% target was moved up to January 1, 2028, beginning in 2018.

The proposed change to the funding policy is for one year only. For the 2020-21 fiscal year, the proposal is to only pay the entry age normal cost for the year, instead of the amount required to reach the 110% funding target by January 1, 2028.

The effect of the change will be to reduce the required contribution to the DB Plan from $7,740,000 to $2,028,000, a reduction of $5,712,000. Management expects to return to the normal level of contributions beginning with the 2021-22 fiscal year.

4) Why is this change being made?

   This change is being made due to adverse financial pressures being felt by the Hospital District due to the COVID-19 pandemic.

5) What is the current funding level of the DB plan?

   Retiree benefits are 100% funded due to the purchases of annuities from New York Life. Benefits for active employees and vested terminated employees are about 33% funded. On a combined basis for active and retirees, the plan is about 64% funded.

6) How does the current funding level compare with other public plans?

   The funding level for public plans varies greatly, but many plans are funded in the 60% to 80% range for actives and retirees combined. Most public plans do not purchase annuities for retirees but instead pay them monthly.

   For example, the CalPERS DB plan for the Miscellaneous Employees of the County of Inyo was reported to be 69.5% as of June 30, 2018 (the most recent information available) for actives and retirees combined. If the plan assets were first allocated to retirees, and then the leftover assets allocated to actives and former employees, the retiree portion would be 100% funded and the active and former employee portion would be 9.4% funded.

7) How will this impact current retirees?

   The reduction in contributions will not impact retirees in any way, since their benefits are 100% paid for by New York Life through previous purchases of guaranteed annuities.

8) How will this impact the benefits being earned by active employees in the DB plan?

   Active employees in the DB plan will continue to accrue the same benefits as they have before. There is no reduction in benefits and their accrued DB benefit will continue to increase as they accrue more service (up to 40 years).

9) Will there be enough assets to provide for future benefits?

   As of June 30, 2020, the DB Plan has assets of $19,335,860 available to pay benefits for future retirees. Over the past 4 years, the DB Plan has paid between $7,000,000 and $8,000,000 each year in lump sum distributions and annuity purchases. The DB plan has sufficient assets to continue to provide retirement distributions this fiscal year.

10) How will this affect the DB plan in the long run?

   By paying less contributions now, the Hospital District will pay more contributions later. Overall, the total contributions required to be made into the plan will be about the same, whether they are made now or later. The only difference will be the loss of investment gains on the contributions that are being deferred. Due to the conservative nature of the investments, which are held in bond funds and insurance contracts, the annual investment earnings are expected to average 4% over the long run. If contributions are reduced by about $5,700,000, then this will reduce the expected investment return by about $228,000.

Over the past 10 calendar years, the actual investment return has averaged 3.4%:

2019	6.7%
2018	(0.5%)
2017	1.0%
2016	0.7%
2015	1.5%
2014	5.2%
2013	2.8%
2012	4.9%
2011	5.9%
2010	5.9%

650 California Street, 21st Floor
San Francisco, CA 94108-2702
USA

Tel +1 415 403 1333
Fax +1 415 403 1334

milliman.com

August 7, 2020

Ms. Genifer Owens
Controller
Northern Inyo Healthcare District
150 Pioneer Lane
Bishop, California 93514-2599

Northern Inyo County Local Hospital District Retirement Plan
Actuarial Valuation as of January 1, 2020

Dear Gen:

Enclosed is the Actuarial Valuation as of January 1, 2020, which includes the GASB 67 and 68 disclosures for the fiscal year ended June 30, 2020. The valuation calculates the recommended annual contribution based upon the funding policy that was adopted in 2019, as well as an alternative, temporary policy of only funding the normal cost for one year of service.

Based upon the 2019 funding policy, the recommended annual contribution would be $7,740,000, which would result in an increase of the monthly contribution rate from $500,000 to $645,000, effective July 1, 2020. This contribution includes the ABO normal cost of $3,498,000 plus an amortization payment of $4,242,000 towards the funding deficit.

If an alternative, temporary policy to only fund the entry age normal cost is adopted, the annual contribution would be $2,028,000, and the monthly contribution would be $169,000.

If you have any questions or would like to review the report with me, please give me a call at (415) 394-3716.

Sincerely,

Rich Wright

RAW:jh
enc.
cc: Vinay Behl

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Northern Inyo County
Local Hospital District Retirement Plan

Actuarial Valuation as of January 1, 2020

Prepared by:

Richard A. Wright
FSA, MAAA

Milliman, Inc.
650 California Street, 21st Floor
San Francisco, California 94108
Tel 415 403 1333 Fax 415 403 1334
milliman.com

August 7, 2020

650 California Street, 21st Floor
San Francisco, CA 94108-2702
USA

Tel +1 415 403 1333
Fax +1 415 403 1334

milliman.com

August 7, 2020

Northern Inyo Healthcare District
150 Pioneer Lane
Bishop, California 93514-2599

Northern Inyo County Local Hospital District Retirement Plan
Actuarial Valuation as of January 1, 2020

As part of our engagement with the Healthcare District, we have made an actuarial valuation of the Northern Inyo County Local Hospital District Retirement Plan as of January 1, 2020. The purpose of this valuation is to determine the recommended contribution pursuant to the Healthcare District's funding policy, and to provide the computations to fulfill financial accounting requirements under GASB Statement No. 67 and 68.

In preparing this report, we have relied without audit on information (some oral and some in writing) provided by New York Life Insurance Company and the Healthcare District. This information includes, but is not limited to, financial information, census data, and plan provisions. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete the results may be different and the calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the Fund have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Fund.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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 (such as the end of an amortization period or additional cost or contribution requirements based on the Fund's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Healthcare District has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the Healthcare District and for fulfilling financial accounting requirements under GASB Statement No. 67 and 68. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Healthcare District's funding policy and goals. Determinations for other purposes may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the Healthcare District. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The Healthcare District may provide a copy of Milliman's work, in its entirety, to the Healthcare District's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Healthcare District.

(b) The Healthcare District may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Rick Wright

Richard A. Wright, FSA, MAAA
Consulting Actuary

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INTRODUCTION

This report sets forth the results of our valuation of the Northern Inyo County Local Hospital District Retirement Plan, as of January 1, 2020. In Section II we furnish certain financial statements and actuarial exhibits of the Fund for the 2019 plan year. Section III presents the determination of the contribution requirement for the 2020 plan year.

A summary of the Plan is set forth in Appendix A, and the actuarial assumptions and cost method used in determining the costs and liabilities are described in Appendix B. The membership data is shown in Appendix C.

HIGHLIGHTS

The Plan was closed to new entrants effective January 1, 2013.

In this year's valuation, the interest rate assumption has been lowered from 5.00% to 4.00% to reflect a decrease in anticipated future investment returns (see p. 2) and the salary scale assumption has been lowered from 4.00% to 3.00%. In addition, based on retiree annuity form elections in recent years, the form of payment assumption has been updated from 60% lump sum/40% annuity to 50% lump sum/50% annuity. Also, the mortality assumption for valuing the annuity liabilities has been updated to incorporate the MP-2019 projection scale that was published by the Society of Actuaries in October 2019, which is applied as a generational projection to the RP-2014 Mortality Table starting from a base year of 2006, and replaces the MP-2018 projection scale that had been reflected in the prior valuation. These assumption changes increased the present value of accumulated plan benefits by $7,316,149, as shown in Exhibit 5.

The entry age normal cost increased from $1,781,772 in last year's valuation to $1,951,401 this year, primarily due to the decrease in the assumed interest rate. The normal cost as a percentage of payroll increased by 2.7% from last year's 15.4% to 18.1%.

The investment performance of the fund showed a return of 4.4% for 2019. The average investment return over the last 20 years has been 4.8%.

Using the 2019 funding policy, the recommended contribution would be based on a target funding level of 110% of the Accumulated Benefit Obligation (ABO). As of January 1, 2020, the Plan's current funding level is 49.6% of ABO. The recommended contribution is the ABO normal cost plus an amortization amount towards the funding target. The 2019 funding policy was designed to amortize the funding target deficit over 10 years from January 1, 2018.

For the 2020 plan year, the recommended contribution based upon the 2019 funding policy is $7,740,000, or $645,000 per month if paid in 12 monthly installments during the fiscal year beginning July 1, 2020.

An alternative, temporary policy of funding only the entry age normal cost has been proposed by the Hospital District. Under that proposal, the contribution for the 2020 plan year would be $2,028,000, or $169,000 per month if paid in 12 monthly installments beginning July 1, 2020.

RATIONALE FOR SIGNIFICANT ASSUMPTIONS

Mortality. For the pre-retirement mortality assumption, as well as for the post-retirement mortality assumption for those electing the annuity form of payment at retirement, the mortality assumption has been updated to incorporate the MP-2019 projection scale that was published by the Society of Actuaries in October 2019. This projection scale is applied to the RP-2014 Mortality Table starting from a base year of 2006, and applies a generational projection going forward. In the prior year's valuation, the MP-2018 projection scale was used, along with the same base table.

Interest. For the pre-retirement interest assumption, as well as for the post-retirement interest assumption for those electing the annuity form of payment at retirement, we have revised the assumed interest rate from 5.0% to 4.0%. Our current long-term expected returns for various asset classes are shown below and include a 2.5% inflation assumption over the next 20 years.

Asset Class	Expected Nominal Return	Asset Allocation
Cash	2.25%	0.41%
U.S. Fixed Income	3.54%	59.34%
U.S. Government Bonds	3.05%	5.69%
U.S. Credit Bonds	4.16%	9.96%
U.S. Mortgages	3.62%	6.91%
U.S. Bank/Leveraged Loans	4.93%	11.99%
U.S. High Yield Bonds	5.20%	2.44%
Private Equity	12.12%	2.85%
Hedge Funds	5.64%	0.41%
Expected Average Return (1 yr)		4.03%
50th Percentile Return (20 yrs)		3.97%

Based on the above asset allocation, we expect the 1-year nominal rate of return to be 4.03%. The 50th percentile average return over the next 20 years is expected to be 3.97%.

Salary Increase Assumption. We have assumed that future salaries will increase at a rate of 3.0% per annum, which we have determined to be reasonable based on recent experience and future expectations. The salary increase assumption for the prior valuation was 4.0% per annum.

Form of Payment Election. We have assumed that 50% of retiring participants will elect a lump sum and 50% will elect an annuity. This assumption has been updated based on plan experience for the 5 years prior to the valuation date. For the prior valuation, we assumed that 60% of retiring participants would elect a lump sum and 40% would elect an annuity.

RESULTS OF VALUATION

The following table compares the principal valuation results with those of the prior plan year.

		January 1, 2020	January 1, 2019
Number of Participants			
Active	– Fully vested	125	125
	– Partially vested	15	30
	– Nonvested	2	0
	– Total	142	155
Part-time employees with accrued benefits		4	8
Disabled employees with accrued benefits		1	1
Terminated vested		69	68
Total participants		216	232
Participant Payroll under NRA		$ 10,780,522	$ 11,537,345
Actuarial Accrued Liability		$ 56,095,285	$ 62,008,986
Funding Target – 110% of Accumulated Benefit Obligation (ABO)		$ 52,752,915	$ 45,621,123
Actuarial Assets		$ 24,203,820	$ 24,826,009
Entry Age Normal Cost at Beginning of Year		$ 1,951,401	$ 1,781,772
As a percentage of applicable payroll		18.1%	15.4%
Funding Policy Contribution		$ 7,740,000	$ 6,072,000
As a percentage of applicable payroll		71.8%	52.6%
Temporary, Alternative Funding Policy Contribution		$ 2,028,000	$ n/a
As a percentage of applicable payroll		18.8%	n/a
Investment Return (Calendar Year Basis)			
Current year		6.7%	(0.5%)
Average over for last 5 years		1.8%	1.6%

GASB 67/68 Measurements as of Fiscal Year End	June 30, 2020	June 30, 2019
Net Pension Liability		
Total Pension Liability (TPL)	$ 59,135,440	$ 55,803,539
Fiduciary Net Position (FNP)	19,335,860	23,115,981
Net Pension Liability (NPL)	39,799,580	32,687,558
FNP as % of TPL	32.70%	41.42%
GASB 68 Pension Expense for Fiscal Year	$ 6,912,870	$ 6,310,945

MONTHLY CONTRIBUTIONS

The funding requirements for the 2020 plan year are shown below. Contributions for a fiscal year (July 1 to June 30) are being applied to the plan year (January 1 to December 31) ending within the fiscal year.

Approximate Date of Contribution	Contributions for the 2020 Plan Year 2019 Funding Policy	Alternative Policy
07/15/2020	$ 645,000	$ 169,000
08/15/2020	645,000	169,000
09/15/2020	645,000	169,000
10/15/2020	645,000	169,000
11/15/2020	645,000	169,000
12/15/2020	645,000	169,000
01/15/2021	645,000	169,000
02/15/2021	645,000	169,000
03/15/2021	645,000	169,000
04/15/2021	645,000	169,000
05/15/2021	645,000	169,000
06/15/2021	645,000	169,000
Total	$ 7,740,000	$ 2,028,000

EXHIBIT 1. SUMMARY OF PLAN ASSETS

The valuation assets as of January 1, 2020, are the sum of the accrued balances in the contractual Fixed Dollar Account (GA-928) and the Indexed Bond Fund (account #11344) as of December 31, 2019, maintained by New York Life, plus any accrued but unpaid contributions and minus any distributions payable. The balance in the contractual Pension Account is allocated to retired participants and beneficiaries and is excluded from the valuation. Development of the assets is as follows:

	January 1, 2020	January 1, 2019
Plan Assets		
Fixed Dollar Account (GA-928)	$ 8,710,715	$ 11,029,164
Indexed Bond Fund (Acc. #11344)	11,993,105	11,054,845
Total	$ 20,703,820	$ 22,084,009
Accrued Contributions	3,500,000	2,742,000
Actuarial Assets	$ 24,203,820	$ 24,826,009
Asset Allocation		
Fixed Dollar Account	36.0%	44.5%
Indexed Bond Fund	49.6%	44.5%
Accrued Contributions	14.5%	11.0%
Total	100.0%	100.0

Note: We have not audited the fund's assets shown above. We have relied on the information furnished by New York Life Insurance Company.

EXHIBIT 2. SUMMARY OF CHANGES IN PLAN ASSETS

Plan assets increase or decrease each year due to employer contributions, investment income, benefit payments to retiring participants, plan expenses paid by the trust fund, and any realized and unrealized gains and losses from investments.

	PLAN YEAR ENDING	
	December 31, 2019	December 31, 2018
Beginning Balance	$ 22,084,009	$ 24,047,455
Additions:		
Employer contributions	5,242,000	6,300,000
Investment income	938,260	513,468
Experience adjustment	492,973	0
Total	6,673,233	6,813,468
Subtractions:		
Benefit payments	(8,053,422)	(8,082,821)
Expenses & related charges	0	(64,562)
Experience adjustment	0	(629,531)
Total	(8,053,422)	(8,776,914)
Ending Balance	$ $20,703,820	$ 22,084,009

EXHIBIT 3. HISTORICAL RETURNS ON PLAN ASSETS

The following table shows the historical return on plan assets since 2000:

Plan Year	Return
2019	6.68%
2018	(0.48)%
2017	1.00%
2016	0.71%
2015	1.46%
2014	5.21%
2013	2.82%
2012	4.93%
2011	5.94%
2010	5.88%
2009	5.97%
2008	6.53%
2007	6.71%
2006	5.57%
2005	5.32%
2004	5.84%
2003	5.41%
2002	8.18%
2001	7.33%
2000	8.48%
Average for last 5 years	1.84%
Average for last 10 years	3.38%
Average for last 20 years	4.94%

The actuarial valuation rate for the 2020 plan year is 4.00%.

EXHIBIT 4. PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (ABO)

The present value of accumulated plan benefits (also known as the Accumulated Benefit Obligation or ABO) is the value of benefits that have been accrued to date.

	As of January 1, 2020	As of January 1, 2019
Vested Benefits		
Active participants	$ 39,165,067	$ 33,752,724
Part-time participants with accrued benefits	272,284	1,494,808
Terminated vested participants	8,446,297	6,176,067
Participants currently receiving payments	0	0
Total	$ 47,883,648	$ 41,423,599
Nonvested Benefits	73,547	50,149
Total	$ 47,957,195	$ 41,473,748
Valuation Assets	$ 24,203,820	$ 24,826,009
Funding Ratio	50.5%	59.9%

EXHIBIT 5. CHANGES IN ACCUMULATED PLAN BENEFITS

The changes in the present value of accumulated plan benefits for the last two plan years are summarized below.

	PLAN YEAR ENDING	
	December 31, 2019	December 31, 2018
Beginning of Year	$ 41,473,748	$ 42,680,430
Benefits accumulated and actuarial experience	5,147,033	4,799,856
Increase for interest due to the decrease in the discount period	2,073,687	2,134,022
Plan amendment	0	0
Change in actuarial assumptions	7,316,149	(57,739)
Benefits paid	(8,053,422)	(8,082,821)
End of Year	$ 47,957,195	$ 41,473,748

EXHIBIT 6. DEVELOPMENT OF NORMAL COST

The normal cost is calculated according to the actuarial cost method. Under the entry age normal cost method, the normal cost is calculated as the sum of the normal costs for individual participants. A participant's normal cost is calculated by allocating the value of future benefits as a level percentage of earnings over the participant's working lifetime. The normal cost is as follows:

	PLAN YEAR BEGINNING	
	January 1, 2020	January 1, 2019
Normal cost as of beginning of plan year	$ 1,951,401	$ 1,781,772
Estimated payroll for plan participants	10,780,522	11,537,345
Normal Cost as % of payroll	18.1%	15.4%
Normal cost as of end of plan year	2,029,457	1,870,861

EXHIBIT 7. ACTUARIAL ACCRUED LIABILITY

The actuarial accrued liability has been calculated using the entry age normal actuarial cost method, and is equal to the present value of benefits for all members less the present value of future normal costs for active employees. Any actuarial liability in excess of the plan's assets is called an unfunded actuarial accrued liability.

	As of January 1, 2020	As of January 1, 2019
Present Value of Benefits		
Active participants	$ 68,880,528	$ 62,243,980
Part-time participants with accrued benefits	272,284	1,494,808
Terminated vested participants	8,446,297	6,176,067
Participants currently receiving payments	0	0
Total PVB	$ 77,599,109	$ 69,914,855
Present Value of Future Normal Cost		
Active employees	$ 15,590,123	$ 13,819,570
Actuarial Accrued Liability		
Active participants	53,290,405	48,424,410
Part-time participants with accrued benefits	272,284	1,494,808
Terminated vested participants	8,446,297	6,176,067
Participants currently receiving payments	0	0
Total actuarial accrued liability	$ 62,008,986	$ 56,095,285
Actuarial Assets	$ 24,203,820	$ 24,826,009
Unfunded Actuarial Accrued Liability	$ 37,805,166	$ 31,269,276

EXHIBIT 8. FULL FUNDING LIMITATION

The full funding limitation is defined by the Internal Revenue Code and limits minimum required and maximum deductible contributions of well-funded retirement plans.

	PLAN YEAR ENDING	
	December 31, 2020	December 31, 2019
Actuarial Accrued Liability	$ 62,008,986	$ 56,095,285
Normal Cost	1,951,401	1,781,772
Total	$ 63,960,387	$ 57,877,057
Actuarial assets	$ 24,203,820	$ 24,826,009
Full Funding Limitation, beginning of year	$ 39,756,567	$ 33,051,048
Interest	1,590,263	1,652,552
Full Funding Limitation, end of year	$ 41,346,830	$ 34,703,600

EXHIBIT 9. RECOMMENDED CONTRIBUTION

The recommended contribution targets a funding level of 110% of the Accumulated Benefit Obligation (ABO). Since the plan is currently funded less than 110% of ABO, the deficit is being amortized. The amortization period was reset beginning January 1, 2018, to 10 years. Previously, the funding target deficit was amortized over a 20-year period beginning on January 1, 2012. The recommended contribution is reduced, if necessary, to the Full Funding Limitation.

	PLAN YEAR ENDING	
	December 31, 2020	December 31, 2019
Target Surplus		
Accumulated Benefit Obligation (ABO)	$ 47,957,195	$ 41,473,748
Funding Target %	x 110%	x 110%
Funding Target (110% of ABO)	$ 52,752,915	$ 45,621,123
Actuarial Assets	24,203,820	24,826,009
Excess / (deficit)	$ (28,549,095)	$ (20,795,114)
Recommended Contribution		
ABO Normal Cost	$ 3,363,222	$ 2,992,119
Amortization of (Excess) / Deficit	4,077,245	2,786,349
Total as of beginning of year	$ 7,440,467	$ 5,778,468
Interest	297,619	288,923
Total as of end of year	$ 7,738,086	$ 6,067,391
Full Funding Limitation, end of year	$ 41,346,830	$ 34,703,600
Recommended Contribution	$ 7,738,086	$ 6,067,391
Alternative Contribution (Entry Age Normal Cost Only)		
Entry Age Normal Cost	$ 1,951,401	$ n/a
Interest	78,056	n/a
Total as of end of year	$ 2,029,457	$ n/a

EXHIBIT 10. SUMMARY OF PLAN ASSETS AS OF FISCAL YEAR END

Plan assets are shown below at market value, and are the sum of the balances in (a) the contractual Fixed Dollar Account (GA-928), which includes the estimated accrued interest as of the fiscal year end, and (b) the Indexed Bond Fund (account #11344), maintained by New York Life. Plan assets do not include assets in the Pension Account with New York Life, which holds assets allocated to retiree benefits that have been purchased with annuity contracts from New York Life.

	June 30, 2020	June 30, 2019
Plan Assets		
Fixed Dollar Account (GA-928)[1]	$ 7,185,909	$ 11,399,670
Indexed Bond Fund (Acc. #11344)	12,149,951	11,716,311
Total	$ 19,335,860	$ 23,115,981
Asset Allocation		
Fixed Dollar Account	37.2%	49.3%
Indexed Bond Fund	62.8%	50.7%
Total	100.0%	100.0%

1 As of 6/30/2020, includes estimated accrued interest of $147,642 and estimated accrued expenses of ($29,313). As of 6/30/2019, includes estimated accrued interest of $219,293 and estimated accrued expenses of ($32,281).

EXHIBIT 11. CHANGES IN PLAN ASSETS OVER FISCAL YEAR

Plan assets increase or decrease each year due to employer contributions, investment income, benefit payments to retiring participants and any experience adjustment from the Pension Account, and plan expenses paid by the trust fund.

	FISCAL YEAR ENDING	
	June 30, 2020	June 30, 2019
Beginning Balance	$ 23,115,981	$ 25,492,382
Additions		
Employer contributions	$ 5,500,000	$ 6,060,000
Investment income	1,317,318	680,602
Total	$ 6,817,318	$ 6,740,602
Subtractions		
Benefit payments	$ (10,541,782)	$ (9,049,661)
Expenses & related charges	(55,657)	(67,342)
Total	$ (10,597,439)	$ (9,117,003)
Ending Balance	$ 19,335,860	$ 23,115,981

EXHIBIT 12. MONEY WEIGHTED INVESTMENT RETURN

GASB 67 requires the disclosure of the money-weighted rate of return on plan investments. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows with Interest
Beginning Balance – July 1, 2019	$ 23,115,981	12	1.00	$ 24,593,346
Monthly Net External Cash Flows:				
July	466,717	11.5	0.96	495,316
August	500,000	10.5	0.88	528,015
September	(249,326)	9.5	0.79	(261,832)
October	(1,198,615)	8.5	0.71	(1,252,514)
November	(2,091,173)	7.5	0.63	(2,174,404)
December	(481,144)	6.5	0.54	(497,512)
January	(890,810)	5.5	0.46	(916,561)
February	(1,095,489)	4.5	0.38	(1,121,585)
March	500,000	3.5	0.29	509,064
April	(875,522)	2.5	0.21	(886,987)
May	500,000	1.5	0.13	504,043
June	(182,077)	0.5	0.04	(182,529)
Ending Value – June 30, 2020	$			$ 19,335,860

Year Ending June 30	Money Weighted Investment Return
2020	6.39%
2019	2.96%
2018	(1.16%)
2017	(0.48%)
2016	3.11%
2015	3.86%
2014	n/a
2013	n/a
2012	n/a
2011	n/a

EXHIBIT 13. NET PENSION LIABILITY

The Total Pension Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions listed below and shown in Appendix B, and was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year end as prescribed by GASB 67 and 68.

The liabilities are calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies for as long as the plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date. Since there is no depletion date for this plan, the expected rate of return is used as the discount rate.

	June 30, 2020	June 30, 2019
Total Pension Liability	$ 59,135,440	$ 55,803,539
Fiduciary Net Position	19,335,860	23,115,981
Net Pension Liability	$ 39,799,580	$ 32,687,558
Fiduciary Net Position as a % of Total Pension Liability	32.70%	41.42%
Covered Payroll	$ 10,780,522	$ 11,537,345
Net Pension Liability as of % of Covered Payroll	369.18%	283.32%
Valuation Date	1/1/2020	1/1/2019
Measurement date	6/30/2020	6/30/2019
GASB 67/68 Reporting date	6/30/2020	6/30/2019
Depletion date	None	None
Discount rate	4.00%	5.00%
Expected rate of return, net of investment expenses	4.00%	5.00%
Municipal bond rate	n/a	n/a

		As of June 30, 2020	
Sensitivity Analysis	1% Decrease in Discount Rate 3.00%	Current Discount Rate 4.00%	1% Increase in Discount Rate 5.00%
Total Pension Liability	$ 67,939,708	$ 59,135,440	$ 51,835,074
Fiduciary Net Position	19,335,860	19,335,860	19,335,860
Net Pension Liability	$ 48,603,848	$ 39,799,580	$ 32,499,214

EXHIBIT 14. CHANGES IN NET PENSION LIABILITY

GASB 67 requires disclosure of the changes in the Net Pension Liability.

	Fiscal Year Ending June 30, 2020 Increase / (Decreas20		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of Beginning of Year	$ 55,803,539	$ 23,115,981	$ 32,687,558
Service cost	$ 1,825,773	$ 0	$ 1,825,773
Interest on the total pension liability	2,621,136	0	2,621,136
Changes of benefit terms	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	2,565,863	0	2,565,863
Changes of assumptions	6,860,911	0	6,860,911
Benefit payments	(10,541,782)	(10,541,782)	0
Employer contributions	0	5,500,000	(5,500,000)
Employee contributions	0	0	0
Net investment income	0	1,317,318	(1,317,318)
Administrative expense	0	(55,657)	55,657
Total changes	$ 3,331,901	$ (3,780,121)	$ 7,112,022
Balance as of End of Year	$ 59,135,440	$ 19,335,860	$ 39,799,580

EXHIBIT 15. SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67 requires a 10-Year schedule of changes in the Net Pension Liability. Values are shown below in 1,000s.

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total Pension Liability - Beginning of Year	$ 55,804	$ 57,266	$ 56,575	$ 61,998	$ 50,592
Service cost	1,826	2,174	2,281	2,812	2,220
Interest on the total pension liability	2,621	2,749	2,806	3,053	3,048
Changes of benefit terms	0	0	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	2,565	2,751	1,343	(3,295)	1,385
Changes of assumptions	6,861	(88)	(185)	(417)	12,967
Benefit payments	(10,542)	(9,050)	(5,554)	(7,576)	(8,214)
Total changes	$ 3,331	$ (1,462)	$ 691	$ (5,423)	$ 11,406
Total Pension Liability - End of Year	$ 59,135	$ 55,804	$ 57,266	$ 56,575	$ 61,998
Fiduciary Net Position – Beginning of Year	$ 23,116	$ 25,492	$ 26,088	$ 28,506	$ 31,991
Employer contributions	5,500	6,060	5,340	5,340	3,900
Net investment income	1,318	681	(293)	(127)	880
Benefit payments	(10,542)	(9,050)	(5,554)	(7,576)	(8,214)
Administrative expense	(56)	(67)	(89)	(55)	(51)
Total changes	$ (3,780)	$ (2,376)	$ (596)	$ (2,418)	$ (3,485)
Fiduciary Net Position – End of Year	$ 19,336	$ 23,116	$ 25,492	$ 26,088	$ 28,506
Net Pension Liability - End of Year	$ 39,800	$ 32,688	$ 31,774	$ 30,487	$ 33,492
Fiduciary Net Position as a % of TPL	32.70%	41.42%	44.52%	46.11%	45.98%
Covered employee payroll	$ 10,781	$ 11,537	$ 12,968	$ 13,530	$ 15,892
Net Pension Liability as a % of Covered Employee Payroll	369.18%	283.32%	245.01%	225.34%	210.74%

EXHIBIT 15. SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67 requires a 10-Year schedule of changes in the Net Pension Liability. Values are shown below in 1,000s.

	June 30, 2015	
Total Pension Liability - Beginning of Year	$	55,607
Service cost		2,683
Interest on the total pension liability		3,356
Changes of benefit terms		0
Differences between actual and expected experience with regard to economic or demographic factors		108
Changes of assumptions		(1,841)
Benefit payments		(9,321)
Total changes	$	(5,015)
Total Pension Liability - End of Year	$	50,592
Fiduciary Net Position – Beginning of Year	$	35,769
Employer contributions		4,320
Net investment income		1,223
Benefit payments		(9,321)
Administrative expense		(0)
Total changes	$	(3,778)
Fiduciary Net Position – End of Year	$	31,991
Net Pension Liability - End of Year	$	18,601
Fiduciary Net Position as a % of TPL		62.23%
Covered employee payroll	$	17,665
Net Pension Liability as a % of Covered Employee Payroll		105.30%

EXHIBIT 16. SCHEDULE OF CONTRIBUTIONS

GASB 67 requires disclosure of the Schedule of Employer Contributions.

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll[1]	Contribution as a % of Covered Payroll
2011	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2015	$ 4,320,000	$ 4,320,000	$ 0	$ 19,429,331	22.23%
2016	$ 3,900,000	$ 3,900,000	$ 0	$ 17,664,833	22.08%
2017	$ 5,340,000	$ 5,340,000	$ 0	$ 15,892,425	33.60%
2018	$ 4,716,000	$ 5,340,000	$ (624,000)	$ 13,529,712	39.47%
2019	$ 5,484,000	$ 6,060,000	$ (576,000)	$ 12,968,106	46.73%
2020	$ 6,072,000	$ 5,500,000	$ 572,000	$ 11,537,345	47.67%

[1] Covered Payroll shown is the applicable amount for the calendar plan year ending within fiscal year, on which the Actuarially Determined Contribution is based.

EXHIBIT 17. DEPLETION DATE PROJECTION

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Northern Inyo County Local Hospital District Retirement Plan:

- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.

- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our professional opinion that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

EXHIBIT 18. CALCULATION OF PENSION EXPENSE

GASB 68 requires the calculation of the pension expense for fiscal years beginning on or after June 15, 2014.

Pension Expense	For the Fiscal Year Ending June 30, 2020	June 30, 2019
Service cost	$ 1,825,773	$ 2,174,400
Interest on the total pension liability	2,621,136	2,748,540
Effect of plan changes	0	0
Administrative expense	55,657	67,342
Member contributions	0	0
Expected investment return, net of investment expenses	(1,029,917)	(1,199,126)
Recognition of Deferred Inflows/Outflows of Resources		
Economic/demographic (gains) or losses	589,849	276,939
Assumption changes or inputs	1,990,256	1,153,560
Investment (gains) or losses	860,116	1,089,290
Total Recognition	$ 3,440,221	$ 2,519,789
Pension expense	$ 6,912,870	$ 6,310,945

Deferred Inflows / Outflows of Resources	As of June 30, 2020 Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (1,780,425)	$ 5,862,285
Changes of assumptions	(1,011,780)	11,787,261
Net difference between projected and actual earnings	0	1,016,001
Contributions made subsequent to measurement date	0	0
Total	$ (2,792,205)	$ 18,665,547

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

Fiscal Year Ending June 30	Recognized Deferred Inflows/Outflows
2020	$ 3,243,283
2021	2,944,185
2022	2,645,803
2023	2,717,349
2024	1,308,143
Thereafter	3,014,579

EXHIBIT 19. SCHEDULE OF DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Investment (gains)/losses are recognized in pension expense over a period of five years. Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Date Established	Original Amount	Original Recognition Period	Amount Recognized in Expense FYE 2020	Balance of Deferred Inflows 6/30/20	Balance of Deferred Outflows 6/30/20
Investment (gains) or losses					
6/30/2020	$ (287,401)	5.0	$ (57,480)	$ (229,921)	$ 0
6/30/2019	518,524	5.0	103,705	0	311,114
6/30/2018	1,589,283	5.0	317,857	0	635,712
6/30/2017	1,495,472	5.0	299,094	0	299,096
6/30/2016	984,692	5.0	196,938	0	0
Total			$ 860,116	$ (229,921)	$ 1,245,922
Economic/demographic (gains) or losses					
6/30/2020	$ 2,565,863	8.2	$ 312,910	$ 0	$ 2,252,953
6/30/2019	2,751,955	8.3	331,561	0	2,088,833
6/30/2018	1,343,607	8.5	158,071	0	869,394
6/30/2017	(3,295,677)	8.7	(378,813)	(1,780,425)	0
6/30/2016	1,385,608	9.0	153,956	0	615,828
6/30/2015	108,261	8.9	12,164	0	35,277
Total			$ 589,849	$ (1,780,425)	$ 5,862,285
Assumption changes or inputs					
6/30/2020	$ 6,860,911	8.2	$ 836,696	$ 0	$ 6,024,215
6/30/2019	(87,727)	8.3	(10,570)	(66,587)	0
6/30/2018	(185,137)	8.5	(21,781)	(119,794)	0
6/30/2017	(417,283)	8.7	(47,964)	(225,427)	0
6/30/2016	12,966,856	9.0	1,440,762	0	5,763,046
6/30/2015	(1,841,294)	8.9	(206,887)	(599,972)	0
Total			$ 1,990,256	$ (1,011,780)	$ 11,787,261

APPENDIX A. SUMMARY OF PENSION PLAN

The following paragraphs are only a brief summary of the more important provisions of the plan. In the event there are any inconsistencies between statements contained in this Appendix and the plan document, the provisions of the plan document shall control.

Effective Date: March 1, 1975; last restatement January 1, 2009; amended January 1, 2008; and amended January 1, 2013.

Plan Eligibility: An employee becomes a participant of the plan on the earliest January 1 or July 1 following the later of attainment of age 21 and completion of 1 year of service. The Plan was closed to new entrants effective January 1, 2013.

Vesting: 50% vesting after 5 years of Credited Service increasing 10% per year until 100% vested after 10 years of service. Active participants automatically become 100% vested upon attainment of normal retirement age or if they become totally and permanently disabled.

Normal Retirement Date: The first day of the month coinciding with or following the later of Participant's attainment of age 65 or completion of 5 years of plan participation. However, the Normal Retirement Date shall not be later than age 70.

Normal Retirement Benefit: 2.50% of Average Annual Compensation multiplied by years of Credited Service, but not less than $600.

Average Annual Compensation: Average of annual compensation for the highest consecutive 36-month period preceding the determination date. Compensation includes wages, shift differential, standby pay, and 50% of the value of any unused and unpaid sick leave existing at the time of termination of employment, and accrued after April 26, 1997.

Accrued Benefit: Normal Retirement Benefit prorated on credited service.

Normal Form of Retirement Benefit: Life Annuity.

Early Retirement: The first day of the month coinciding with or following the Participant's attainment of age 55 and completion of at least 5 years of credited service. Then the normal retirement benefit will be reduced by 5/9% for each of the first 60 months and 5/18% for each additional month that payment starts before normal retirement age.

Pre-Retirement Death Benefit: If a vested participant dies prior to retirement, his or her beneficiary will receive the actuarially determined present value of his or her accrued benefit.

APPENDIX B. ACTUARIAL COST METHOD AND ASSUMPTIONS

The following cost method and assumptions were used in valuing the benefits of all participants.

	January 1, 2020	January 1, 2019
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Form of Payment Election	50% of retiring participants are assumed to elect a lump sum, and 50% are assumed to elect an annuity.	60% of retiring participants are assumed to elect a lump sum, and 40% are assumed to elect an annuity.
Interest Rate		
Pre-retirement	4.00%	5.00%
Post-ret. (Annuity elected)	4.00%	5.00%
Post-ret. (Lump Sum elected)	Based on Date of Participation DOP Before 7/1/2009: 8.00% DOP On/After 7/1/2009: 6.50%	Based on Date of Participation DOP Before 7/1/2009: 8.00% DOP On/After 7/1/2009: 6.50%
Mortality		
Pre-retirement	RP-2014 Healthy Mortality with Generational Projection from 2006 Base Year using Scale MP-2019	RP-2014 Healthy Mortality with Generational Projection from 2006 Base Year using Scale MP-2018
Post-ret. (Annuity elected)	RP-2014 Healthy Mortality with Generational Projection from 2006 Base Year using Scale MP-2019	RP-2014 Healthy Mortality with Generational Projection from 2006 Base Year using Scale MP-2018
Post-ret. (Lump Sum elected)	Based on Date of Participation DOP Before 7/1/2009: 1984 UP Mortality Table set back 4 years. DOP On/After 7/1/2009: RP-2000 Table for Males set back 4 years.	Based on Date of Participation DOP Before 7/1/2009: 1984 UP Mortality Table set back 4 years. DOP On/After 7/1/2009: RP-2000 Table for Males set back 4 years.
Salary Scale	3.00%	4.00%
Disability		
Disablement Rate	None.	None.
Disabled Annuitants Mortality	None.	None.
Withdrawal Rates	Table T-8, The Actuary's Pension Handbook, Crocker-Sarason-Straight.	Table T-8, The Actuary's Pension Handbook, Crocker-Sarason-Straight.
Retirement Age	The later of age 65 or the 5th anniversary of date of participation; or age 70, if earlier.	The later of age 65 or the 5th anniversary of date of participation; or age 70, if earlier.
Asset Valuation Method	Market value	Market value

APPENDIX C. SUMMARY OF PARTICIPANT DATA

The plan was closed to new entrants effective January 1, 2013.

Active Participants as of January 1, 2020

	NUMBER OF PARTICIPANTS			ANNUAL SALARIES		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25 - 29	0	0	0	0	0	0
30 - 34	3	3	6	242,679	208,428	451,107
35 - 39	4	13	17	354,087	838,993	1,193,080
40 - 44	5	14	19	638,431	1,099,491	1,737,922
45 - 49	3	9	12	206,360	618,014	824,374
50 - 54	3	12	15	319,278	1,191,205	1,510,483
55 - 59	7	26	33	610,117	1,836,487	2,446,604
60 - 64	4	26	30	339,131	2,281,189	2,620,320
65 - 69	2	7	9	149,580	613,034	762,614
70 & Over	0	1	1	0	126,069	126,069
Total	31	111	142	$ 2,859,663	$ 8,812,910	$ 11,672,573

Other Participants as of January 1, 2020

	NUMBER OF PARTICIPANTS			ANNUAL BENEFITS		
Participant Status	Males	Females	Total	Males	Females	Total
Part-time	1	3	4	$ 3,720	$ 67,164	$ 70,884
Disabled	0	1	1	0	4,370	4,370
Terminated Vested	19	50	69	284,163	705,029	989,192
Retired	0	0	0	0	0	0
Total	20	54	74	$ 287,883	$ 776,563	$ 1,064,446

APPENDIX C. SUMMARY OF PARTICIPANT DATA (*cont'd*)

Active Participants as of January 1, 2020

	YEARS OF SERVICE							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 25	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0
30 - 34	0	1	5	0	0	0	0	6
35 - 39	0	2	12	3	0	0	0	17
40 - 44	0	5	9	5	0	0	0	19
45 - 49	0	2	3	4	3	0	0	12
50 - 54	0	2	8	1	1	2	1	15
55 - 59	1	3	5	12	6	2	4	33
60 - 64	1	0	7	8	6	3	5	30
65 - 69	0	1	2	2	2	1	1	9
70 & Over	1	0	0	0	0	0	0	1
Total	3	16	51	35	18	8	11	142

APPENDIX D. RECONCILIATION OF PARTICIPANT DATA

	ACTIVES	PART-TIME	TERM VESTEDS	DISABLEDS	TOTAL
As of 1/1/2019	155	8	68	1	232
New entrants					
Rehired/Return to active	1				1
Move to part-time	1	(1)			
Non-vested withdrawals					
Vested withdrawals	(7)	(2)	9		
Disability					
Deaths					
Annuity purchases	(4)	(1)	(4)		(9)
Lump sum payouts	(4)		(4)		(8)
Other					
As of 1/1/2020	142	4	69	1	216

APPENDIX E. GLOSSARY OF KEY TERMS

Actuarial Accrued Liability. The Present Value of Future Benefits allocated to past service in accordance with the actuarial cost method.

Accumulated Benefit Obligation (ABO). The present value of benefits accrued as of the valuation date. The ABO includes both vested and nonvested benefits, but does not include the cost of additional service or compensation increases after the valuation date.

Actuarial Gains and Losses. Changes to the funded status due to deviations from the actuarial assumptions. The deviations may result from gains and losses from investments, employee turnover, disability, retirement, mortality, and administrative expenses.

Actuarially Determined Contribution. A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.

Deferred Inflows/Outflows of Resources. Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.

Fiduciary Net Position. Equal to market value of assets.

Funded Status. A comparison of the plan assets against liabilities for future benefits. The funded status will differ depending on which benefit liability is being compared. For example, the actuarial accrued liability can include the value of future compensation increases, but the present value of accumulated benefits does not. The funded status is also dependent on the interest rate used to discount future benefits back to the present.

Funding Target. For this plan, the funding target has been set by the plan sponsor, effective January 1, 2016, to be equal to 110% of the Accumulated Benefit Obligation (ABO).

Money-Weighted Rate of Return. The internal rate of return on pension plan investments, net of investment expenses.

Municipal Bond Rate. Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Net Pension Liability. Total Pension Liability minus the Plan's Fiduciary Net Position.

Normal Cost or Service Cost. The value of benefits earned for one year of service. The normal cost is calculated in accordance with the actuarial cost method. The accumulation of all normal costs assigned to past service equals the Actuarial Accrued Liability. The ABO normal cost is the increase in the ABO due to one additional year of service and one additional year of compensation increases.

Present Value of Accumulated Benefits. This is the same as the ABO.

Present Value of Future Benefits. The sum of all benefits expected to be paid in the future by the plan, with the payments discounted to the present using the valuation interest rate. This includes benefits to be earned in the future for current employees.

Present Value of Future Normal Cost. The sum of all future normal costs expected for current employees, with the costs discounted back to the present using the valuation interest rate.

Projected Benefit Payments. All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.

Total Pension Liability. The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.

Vested Benefits. These include benefits to which a plan participant has earned a nonforfeitable right as a result of having satisfied the applicable service requirement(s) for such benefits under the plan, which include normal retirement benefits, early retirement benefits, and the pre-retirement spouse's survivor annuity.

Appendix F. Risk Disclosure

The purpose of this appendix is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases to the Plan's participants. Historical data is included.

The results of the actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match the assumptions. As an example, investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these likely differences when making decisions that may affect the future financial health of the Plan, or of the Plan's participants.

In addition, as plans mature they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As an example, it is more difficult for a plan sponsor to deal with the effects of a 10% investment loss on a plan with $1 billion in assets and liabilities than if the same plan sponsor is responsible for a 10% investment loss on a plan with $1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the Plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the Plan.
- Assess the risks identified as significant to the Plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the Plan's risks.

ASOP 51 states that if in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the Plan to understand the risks identified by the actuary, then the actuary should recommend that such an assessment be performed.

This appendix uses the framework of ASOP 51 to communicate important information about: significant risks to the Plan, the Plan's maturity, and relevant historical plan data.

Investment Risk

Definition: The potential that investment returns will be different than expected.

Identification: To the extent that actual investment returns differ from the assumed investment return, the Plan's future assets, funding contributions, and funded status may differ significantly from those presented in this valuation.

Assessment: If the prior year's investment performance had resulted in a market value of assets that is $1,000,000 lower than the current value, it would have resulted in an increase in the Recommended Contribution of approximately $144,000.

Interest Rate Risk

Definition: The potential that interest rates will be different than expected.

Identification: The pension liabilities reported herein have been calculated by computing the present value of expected future benefit payments using the interest rate described in Appendix B. If interest rates in future valuations differ from this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation. As a general rule, using a higher interest rate to compute the present value of future benefit payments will result in a lower pension liability, and vice versa. One aspect that can be used to estimate the impact of different interest rates is a plan's duration.

Assessment: Exhibit 13 illustrates the effect on the Net Pension Liabilities if the interest rate is 1% higher or 1% lower than the interest rate used in this valuation.

Demographic Risks

Definition: The potential that mortality or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that participants will follow patterns of demographic experience (e.g., mortality, withdrawal, disability, retirement, form of payment election, etc.) as described in Appendix B. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation.