



nyhart

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April 21, 2022

Proposal to Provide Actuarial Services
RFB TO-22-10

Topeka Metropolitan Transit Authority (Metro)

PROPOSAL CONTACT

John Mallows

FSA, MAAA

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HQ ADDRESS

Nyhart

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PHONE

General (317) 845-3500

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Letter of Transmittal

April 21, 2022

RE: PROPOSAL FOR OPEB ACTUARIAL SERVICES RFB TO-22-10

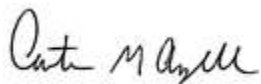
It has been our privilege to serve the Topeka Metropolitan Transit Authority. Thank you for once again considering Nyhart's OPEB actuarial services proposal. We thoroughly understand the scope of work being requested as we have proven in our execution of service.

Nyhart's experienced consultants and industry-leading tools have helped the Metro manage its post-employment health benefit compliance obligation for years:

- We have met all deadlines and service expectations expressed by the Metro.
- Our results have yielded no surprises and our work is free from hidden or *add-on* fees.
- We have communicated with the Metro frequently and in a transparent manner.
- The Metro is well aware of our scope and quality of services and can expect a commitment to continuous enhancement.
- Nyhart is already familiar with the Metro's retiree OPEB benefits, accounting staff, and internal practices. This familiarity fosters ongoing consistency and trust between both parties.
- Nyhart has considerable historical data and claims information which can be efficiently accessed for assumption studies and *what-if* modeling.
- The Topeka Metropolitan Transit Authority benefits from our experience with a large network of clients enabling us to stay current with trends in benefit design and strategy.
- The Metro can avoid issues and delays caused by transition to advisors using different actuarial processes and assumptions.

We know your business must be earned, and we are committed to constant improvement of the compliance-management effort and excellent customer service.

Best regards,



Carter M. Angell, FSA, EA, MAAA

CEO

Nyhart, part of FuturePlan by Ascensus

P (317) 845-3577 | **F** (317) 845-3654 **E** carter.angell@nyhart.com

A 8415 Allison Pointe Blvd, Ste 300, Indianapolis, IN 46250

Project Capacity

Statement of Project Understanding

The Topeka Metro will require an actuarial review of their post-employment benefits in accordance with Governmental Accounting Standards Board (GASB) Statements 74/75. This report will allow implementation and compliance of the GASB rules regarding accounting for OPEB.

The GASB 75 statement requires a liability for OPEB known as the Net OPEB Liability to be acknowledged on the Metro's balance sheet. Also, an OPEB expense will be reflected in its income statement.

Our responsibility will be to provide consulting services to the Topeka Metro and the information it needs to fulfill its OPEB needs in an accurate and timely fashion.

Using the data that the Metro submits, we have technology, expertise, and procedures in place to assure accuracy and timeliness.

Nyhart's Project Capacity

Associates are assigned to optimize work quality and cost efficacy for the client. We attest that the firm, and the assigned OPEB team have the bandwidth and expertise to fully engage in Topeka Metropolitan Transit Authority's project and meet all required deadlines. We are qualified to perform all the healthcare aspects of the valuation and do not need to outsource any of those functions.

OPEB Scope of Services

Comprehensive report for disclosure in the notes to the financial statements as required by GASB;

- Total OPEB Liability, Fiduciary Net Position, Net OPEB Liability, Funded Ratio
- OPEB Expense
- Deferred Outflows / Inflows
- If required, Actuarial Determined Contribution (ADC), Schedule of Employer Contributions, and Asset Reconciliation
- Sensitivity Results

Description of:

- Substantive plan provisions
- Actuarial methods and assumptions
- Summary of Plan participation, including age/service distribution table(s)
- Discount rate development

As part of the actuarial valuation, we will also conduct the following:

- Analysis of data to assess inconsistencies and make recommendations for enhancing data quality
- Determination of the implicit rate subsidy
- A gain/loss analysis to determine reasons for changes in the unfunded liability
- Separately identifying actuarial value of benefit amounts for actives and retirees, including:
 - Present Value of Future Benefits
 - Total OPEB Liability

- Fiduciary Net Position and Net OPEB Liability
- After the valuation has been completed, a conference call to review results is included with our services.

Optional Services

These services are priced upon request:

- On-site meeting to present results
- OPEB modeling for changes in plan provisions
- Assumption / experience study
- Self-funded health plan actuarial review

Internal Quality Control and Management Procedures

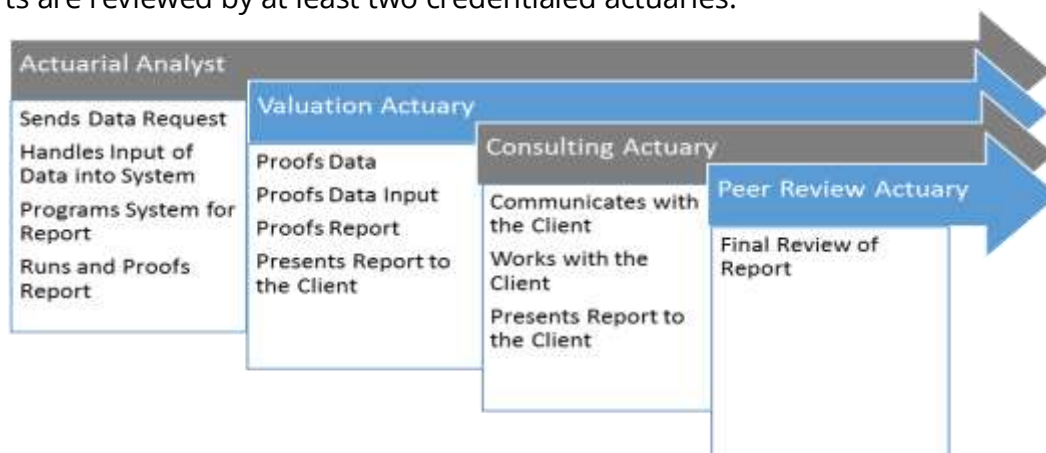
Nyhart's internal quality control and project management procedures are described below. Adherence to these procedures produces results that are consistent and comprehensively accurate.

1. **Project Definition:** A mutual understanding of the work expectation is critical to execution of a successful project. Nyhart and the client will clearly define the project, incorporating previous actuarial efforts, expectations for the current project, and key project deadlines.
2. **Data Quality:** The census information provided by the Metro will be reviewed for accuracy and completeness.

Data problems will be identified and resolved with the client. Examples of data tests include:

- Missing dates of birth and hire or changes to dates previously reported
- Salary increases/decreases outside of a standard range
- Unusual changes in the total number of active or inactive participants

3. **Assumption Setting:** Prior actuarial assumptions will be reviewed for appropriateness and reasonableness. Any assumptions outside of this standard will be discussed and recommendations made for new assumptions.
4. **Programming:** Plan provisions and actuarial assumptions are coded in our valuation system by the actuarial analyst assigned to the project. The initial programming is reviewed and changed as necessary by the project manager to be consistent with the substantive plan provisions.
5. **Calculations and Report Drafting:** All calculations and actuarial reports are initially done by the actuarial analyst and then reviewed by the project manager and technical actuary. All reports are reviewed by at least two credentialed actuaries.



Our approach to working with Topeka Metropolitan Transit Authority's Staff

Nyhart relieves as much responsibility from our clients as possible. Topeka Metropolitan Transit Authority's responsibility is to provide accurate census data, to be prepared to discuss different actuarial assumptions (with our guidance) and to assist with third-party vendors, as needed.



Collection of Data and Documents

A formal data request will be prepared and discussed with Metro's staff to clarify what is needed and in what format. It is our policy to allow clients to use whatever systems and programs they are comfortable rather than forcing them to comply with our internal standards.



Project Management

Key project deadlines are defined by the client and agreed upon early in the engagement. The client is responsible for providing timely data to Nyhart. The data will be screened for errors and issues promptly resolved.



Assumption Setting

The Metro will be asked to participate in the assumption-setting process to help create modeling assumptions that are experience-based and appropriate for retiree health care purposes. Our data request will include specific historical information that will help Nyhart develop appropriate assumptions.



Calculations

Proval: Industry-leading software for pension/OPEB plans

Relius: Software utilized for pension-only plans

Claros Actuarial Assistant: Used for healthcare relative values

Windsor Strategy Solutions: actuarial/underwriting software for health plan design

Nyhart Proprietary Software

Pension Financial Manager & Pension Design Manager: designed to support client's plan management

Automated Report Writer: expedited production of GASB 74/75 reports



Review of Results

The Metro's staff will have the opportunity to review and discuss the preliminary GASB 74/75 results prior to finalizing the report. After all questions have been answered and the client approves the preliminary results, the final signed report is released.



Auditors

Auditors are welcome to ask questions or request documentation necessary for their due diligence efforts.

Sample OPEB Timetable

Step		Responsibility	Estimated Timeline
1	Meet to discuss GASB requirements, actuarial assumptions and confirm expectations and deadline	Client & Nyhart	One Week After Hiring
2	Collect necessary information	Client	
3	Prepare draft report, data preparation, programming, testing, and peer review	Nyhart	Six to Eight Weeks After Complete Information is Received from the Client
4	Meet to review preliminary report	Client & Nyhart	One Week After Preliminary Report is Released
5	Internal review and discussion of preliminary report	Client	
6	Release final report following any changes to plan provisions, assumptions, and/or data	Nyhart	One to Two Weeks After Client Notifies Nyhart of Changes
7	Meet to review final report	Client & Nyhart	One Week After Final Report

Our process from the time we receive the data until we provide the funding report is typically eight to ten weeks for a plan similar to the Metro's.

Assuming we receive the necessary data when requested, you may be assured we will meet or precede your deadline. If we do not receive the necessary data in a timely manner, we will still make every attempt to meet your deadline.

Professional Staff



John Mallows

FSA, MAAA

Actuarial Consultant

✉ john.mallows@nyhart.com

P | 317-845-3609 | 800-428-7106 F | 317-845-3654

Remote - Texas

John Mallows joined Nyhart in 2020 and is an Actuarial Consultant in Nyhart's Healthcare Practice. He brings with him over 20 years of experience with public and private clients. John previously worked for a large brokerage firm providing plan sponsor services related to self-funded health plans, and he has extensive experience with Medicare Part D related projects, having served as the attesting actuary for over 70 clients.

John is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He earned his bachelor's degree in Actuarial Science from the University of Waterloo.



Cody Kocher

ASA, MAAA

Actuarial Consultant

✉ cody.kocher@nyhart.com

P | 317-845-3515 | 800-428-7106 F | 317-845-3654

Remote - Indiana

Cody joined Nyhart in 2017 and is another valuable member of the Healthcare Practice. He consults with public and private clients on a variety of issues with a focus on retiree healthcare and employee benefit plans. Cody is a key contributor to overall project execution and quality, development of actuarial staff, and building relationships with potential clients and partners.

Cody is an Associate of the Society of Actuaries and received a Bachelor of Science Degree in Actuarial Science from Ball State University.



Megan Gillen

Actuarial Analyst

✉ megan.gillen@nyhart.com

P | 317-845-3539 | 800-428-7106 F | 317-845-3654

Remote - Indiana

Megan Gillen joined Nyhart in July of 2020 and is an analyst in the Healthcare Practice. She will have the responsibility of inputting data and running the first draft report for proofing.

Megan earned her bachelor's degree in Applied and Computational Mathematics and Statistics at the University of Notre Dame. Megan will work under the direct supervision of John Mallows.

Qualifications and References

Qualifications & Experience

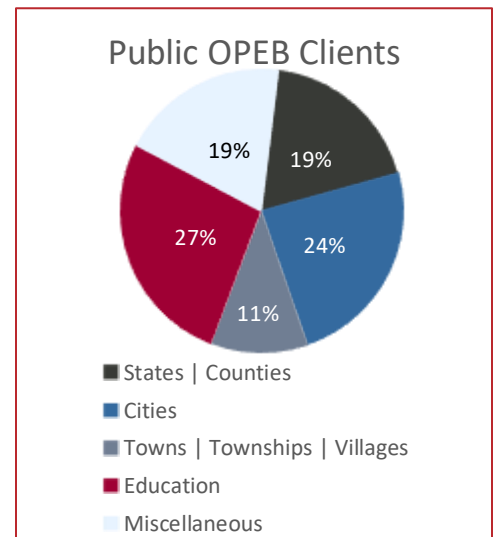
Nyhart has performed thousands of OPEB valuations, studies, and experience studies since the standards became effective. Our team of healthcare actuaries, with a combined 80+ years of actuarial experience, provide a nationally recognized level of expertise while maintaining a small firm feel for our clients.

We have developed templates and training manuals to conduct OPEB valuations so that consistent, reliable techniques are applied in the process. These protocols ensure accuracy and allow testing of assumption settings to evaluate the rationality of results.

Familiarity with GASB 75

Nyhart provides actuarial services for more than 550 government and private-sector employers offering OPEB benefits to their retirees across the US. More than 85% of these employers are in the government sector.

Nyhart's OPEB experience is more extensive than most because our health actuaries also provide underwriting and modeling services to more than 60 single-employer, multiple-employer and Taft-Hartley health plans. We understand how health plans work at a fundamental level and often suggest improvements or alternatives to improve the administration of OPEB plans.



Knowledge vs. Experience

Most OPEB clients who started prefunding do not have a long-term strategy. The decision to start funding was made as a responsible starting point for proper fiduciary action. The long-term considerations such as; *how long to fund, what is a reasonable target, and when can money start to be taken out* were delayed to a later time.

Many OPEB and pension clients tend to make short-term decisions, such as the budget for the upcoming year. Nyhart tries to broaden the focus from what happened last year to what is going to happen 5 to 10 years in the future.

Our clients are not actuaries and do not deal with OPEB-related activities very often during the year. Thus, we attempt to keep our reports simple and in non-technical terms. Our clients inform us that our communication style is a valuable component of our services.

Quality-Control Processes

- Reconciliation of census information and health costs
- Detailed actuarial gain-and-loss analysis by source
- Uniformity tests between client-provided data and Nyhart-generated content

OPEB Project Work Examples

- Impact of funding policy alternatives on existing/future retirees
- Savings estimate from introducing high-deductible health option
- Model impact of excluding spouses with access to other employment-based coverage
- Evaluate long-term funding policies

- Model impact of selling OPEB bonds
- Determine appropriate time to begin disbursements from OPEB trust
- Actuarial assumption study

Industry Recognition

- In 2018, Nyhart was selected as preferred vendor for the Tennessee School Board Association OPEB Trust.
- Nyhart was the sole recommendation to provide GASB 43 & 45 consulting services to all public schools within the San Diego County Office of Education in 2016.
- In 2011, Nyhart was selected as actuarial vendor for Cattaraugus-Allegany BOCES which includes 23 school districts.
- In 2008, Nyhart was selected as a preferred vendor for the Iowa State Association of Counties and Iowa Public Agency Investment Trust. In this capacity, Nyhart provides actuarial GASB and healthcare services to more than 70 separate entities.
- In 2007, our firm began working with employers seeking to participate in the newly formed *California Employers' Retiree Benefits Trust* (CERBT).
- In 2005 our San Diego office was selected to be one of three preferred actuarial firms to provide Statements No. 43 & 45 consulting services to members of the California Community College League.

References

Client	Contact	Service Provided
City of Emporia 104 E. 5th Avenue Emporia, KS 66801	Janet Harrouff Dir. of Admin. & Finance 620-343-4286 jharrouff@emporia-kansas.gov	OPEB Actuarial 2009-2012 Regained in 2015
Johnson County 111 S. Cherry, Suite 2400 Olathe, KS 66061	Cameron Ahrens Healthcare Manager 913-715-0704 cameron.ahrens@jocogov.org	OPEB Actuarial Since 2010
City of Wichita 455 N Main St, 12th Floor Wichita, KS 67202	Nicole Babcock, CPA Controller 316-268-4282 nbabcock@wichita.gov	OPEB Actuarial 2009-2011
City of Basehor 2620 N. 155th Street Basehor, KS 66007	Lloyd Martley Chief of Police 913-724-3397 chief@basehorpolice.org	OPEB Actuarial Since 2014
City of Leavenworth 100 North 5th Street Leavenworth, KS 66048	Karen Parker Municipal Accountant 913-684-0354 kparker@firstcity.org	OPEB & Pension Actuarial Since 2014
Shawnee County 200 SE 7th, Room 201 Topeka, KS 66603	Susan McGhee 785-251-4076 susan.mcghee@snco.us	OPEB Actuarial Since 2017
City of Des Moines 400 Robert D. Ray Dr, 1 st Floor Des Moines, IA 50309	James Remington Deputy Finance Director 515-283-4517 JERemington@dmgov.org	OPEB Actuarial Since 2010

Price

The fees quoted below are all-inclusive fees for the Topeka Metropolitan Transit Authority. Unless otherwise requested, our fees will be billed in two installments. 50% of fees will be billed upon commencement of work, and the remaining 50% upon completion of work. Please note, invoices are due and payable upon receipt.

For projects that are to be billed on a time and materials basis the hourly rates shown above will apply. The range of rates at each position vary based on experience and credentials. Associates will be assigned to optimize work quality and cost efficiency for the client. Please note that Nyhart is always willing to use a fixed fee approach if a scope of work has been clearly defined.

Hourly Rates

Classification	Hourly Rate
Lead Consulting Actuary	\$375 - \$500
Valuation Actuary	\$275 - \$375
Actuarial Analyst	\$205 - \$275
Administration Analyst	\$125 - \$205

Valuation Fees

Please find the Metro's Price Form following this page.

If a results breakdown (Total OPEB Liability, Fiduciary Net Position, Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows) by group or reporting unit is requested, there will be an additional fee of 10% for a two-group breakdown, plus an additional 1% for each extra group-breakdown requested, limited to no more than 1/3 of the current year's fees.


This clause will be included in our formal service agreement and may be waived if we know in advance the number of breakdown groups.

PRICE QUOTE

FY2022 – Full Valuation	\$3,500
FY2023 – Interim Valuation	\$2,100
FY2024 – Full Valuation	\$3,600
FY2025 – Interim Valuation	\$2,150
FY2026 – Full Valuation	\$3,700
FY2027 – Interim Valuation	\$2,200
Total Contract Cost	\$17,250

The Howard E. Nyhart Co., Inc. Dba Nyhart

Proposer



Signature of Proposer's Authorized Official

Carter Angell CEO/Vice President

Name and Title of Proposer's Authorized Official

4/20/22

Date

Note: All reports are to be prepared in accordance with GASB 75 requirements and must be submitted to Metro in final format by August 15 of each year.

Certifications – Required Forms

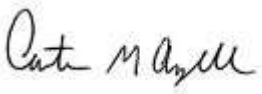
COVER SHEET

Proposer Information

Company Name	The Howard E. Nyhart Co., Inc. Dba Nyhart
Address	8415 Allison Pointe Blvd, Ste 300
City, State, Zip	Indianapolis, IN 46250
Main Phone	(317) 845-3500

Contact Person Information

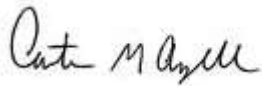
Name	John Mallows
Job Title	Consulting Actuary Project Manager
Phone	(317) 845-3609
Alt. Phone	(317) 845-3500
Email	john.mallows@nyhart.com

Signature	
Date:	4/21/22

NON-COLLUSION CERTIFICATION

This is my sworn statement to certify that this proposal was not made in the interest of or on behalf of any undisclosed entity. This proposal is not collusive.

This proposer has not been a party to any agreement or collusion in restraint of freedom of competition by agreement to bid a fixed price, to refrain from bidding, or otherwise. This proposer has not, directly or indirectly, by agreement, communication or conference with anyone, attempted to induce action prejudicial to the interest of Topeka Metropolitan Transit Authority, or of any proposer, or anyone else interested in the proposed contract.

Signature:  _____

Name and Title: Carter Angell CEO/Vice President _____

Company Name: The Howard E. Nyhart Co., Inc. DbA Nyhart _____

Date: 4/21/22 _____

DISADVANTAGED BUSINESS ENTERPRISES (DBE) CERTIFICATION

This contract is subject to the requirements of Title 49, Code of Federal Regulations, Part 26, *Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs*. The national goal for participation of Disadvantaged Business Enterprises (DBE) is 10%. Metro's overall 2022-2024 goal for DBE participation is 1.62%; the race neutral goal is 1.25%, and the race conscious goal is 0.37%. There is no contract goal for this procurement.

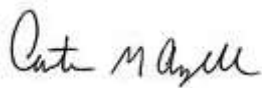
The contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of this DOT-assisted contract. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as Metro deems appropriate. Each subcontract the contractor signs with a subcontractor must include the assurance in this paragraph (see 49 CFR 26.13(b)).

The contractor is required to pay its subcontractors performing work related to this contract for satisfactory performance of that work no later than 30 days after the contractor's receipt of payment for that work from Metro.

The contractor may not hold retainage from its subcontractors.

The contractor must promptly notify Metro, whenever a DBE subcontractor performing work related to this contract is terminated or fails to complete its work, and must make good faith efforts to engage another DBE subcontractor to perform at least the same amount of work. The contractor may not terminate any DBE subcontractor and perform that work through its own forces or those of an affiliate without prior written consent of Metro.

Signature: _____



Name and Title: _____

Carter Angell CEO/Vice President

Company Name: _____

The Howard E. Nyhart Co., Inc. Dba Nyhart

Date: _____

4/21/22

SUSPENSION / DEBARMENT CERTIFICATION

In regard to 2 CFR Parts 180 and 1200

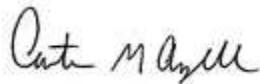
This order is a covered transaction for purposes of 2 CFR Parts 180 and 1200. As such, the bidder is required to verify that itself, its principals, or its affiliates are not excluded or disqualified from participating in Federally awarded contracts.

Bidder is required to comply with Suspension / Debarment requirements, and must include the requirement to comply in any lower-tier covered transaction that it enters into.

By signing and submitting its bid, the bidder certifies as follows:

The certification in this clause is a material representation of fact relied upon by Topeka Metropolitan Transit Authority. If it is later determined that the bidder knowingly rendered an erroneous certification, in addition to remedies available to Topeka Metropolitan Transit Authority, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The bidder agrees to comply with the requirements of 2 CFR Parts 180 and 1200 while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder further agrees to include a provision requiring such compliance in its lower-tier covered transactions.

Signature:



Name and Title:

Carter Angell CEO/Vice President

Company Name:

The Howard E. Nyhart Co., Inc. Dba Nyhart

Date:

4/21/2022

Appendix

Sample Data Request

GASB 74/75 Valuation Report

Sample Data Request Letter

GASB 75 OPEB DATA REQUEST

Client : (Client Name)

Valuation Period: Full FYE MM/DD/YYYY

Benefit Provisions

1. Confirmation of health benefits offered at retirement.

- If life insurance is one of the benefits offered at retirement provide the retiree life insurance amount.
- Only put Y for dental, vision, and life insurance benefits if these benefits are subsidized by the Client.

Benefit	Offered (Y/N)	Length of Coverage
Medical		
Dental		
Vision		
Life Insurance		

2. Provide eligibility requirements for retiree health benefits for different employee groups (if applicable).

Employee Group	Eligibility

3. Upon retirement how do you treat unused sick leave and/or vacation time? Select the situation below that best applies to you:

- Retirees receive a cash payout and may use it to pay for retiree health care contributions.
- Retirees receive a cash payout which is deposited into an individual retirement account to be used for health care contributions and eligible medical expenses.
- Retirees do not receive a cash payout; instead the value of unused sick leave and/or vacation time is converted to health care coverage.
- Other; please describe.

In the event that a cash payout is being made, does the Client fully expense the cash payout under GASB 16?

4. Provide a description of the retiree health benefits for surviving spouses in the following situations:

- Upon death of retirees

- Upon death of active employees who have met retirement eligibility requirements

- Upon death of active employees who have not met retirement eligibility requirements

GASB 75 OPEB DATA REQUEST

Client : (Client Name)

Valuation Period: Full FYE MM/DD/YYYY

Benefit Provisions

5. Provide the eligibility requirement for disability health coverage (if applicable)

6. Provide description of retiree health benefits from union contracts, employee handbooks, or summary of plan descriptions showing the benefit schedule and eligibility requirements.

Asset Information

1. Confirm the Client's fiscal year.
2. Confirm that the Client is currently not setting aside an asset reserve to fund retiree health care.
3. Provide a description of how the Client's general operating assets are invested.

4. Provide current annual rate of return on the Client's general operating assets and for the past 3 years.

Statistics

1. Provide the following census statistics that will help us to customize the actuarial assumptions to fit the Client's actual experience.

	FYE YYW0	FYE YYW1	FYE YYW2	FYE YYW3
1. # of full time (FT) employees at beginning of year				
2. # of FT EEs who terminated during the year *				
3. # of FT EEs who retired during the year				
4. # of retired FT EEs listed in item 3 that elected retiree health coverage with the Client				

* Please note that item 2 should exclude any terminated employees who are eligible for retirement and included in item 3.

2. Provide the (i) age, (ii) years of credited service at retirement, and (iii) retiree health benefits election indicator (Y/ N) for full-time employees who retired during the past three years (including those who did not elect retiree health coverage with the Client).

GASB 75 OPEB DATA REQUEST

Client : (Client Name)

Valuation Period: Full FYE MM/DD/YYYY

Retiree Contributions

1. Provide a short description on what the retiree contribution policy is.

2. Describe any grandfathered contribution policies not included above.

3. Provide current retiree's monthly contributions and historical contribution information for the past 3 years for each health plan and employee group (if applicable).

The table below should only be filled in if:

- **The retiree does NOT pay the full cost of the health care coverage; or**
- **If retiree contribution arrangement is NOT a percentage of premium rates.**

Retiree Contributions (Monthly)	Plan A		Plan B		Plan C	
	EE only	EE + Sp	EE only	EE + Sp	EE only	EE + Sp
Eff. 7/1/YYW0						
Eff. 7/1/YYW1						
Eff. 7/1/YYW2						
Eff. 7/1/YYW3						

Retiree Contributions (Monthly)	Dental (if offered)		Retiree Contributions (Monthly)	Vision (if offered)	
	EE only	EE + Sp		EE only	EE + Sp
Eff. 7/1/YYW0			Eff. 7/1/YYW0		
Eff. 7/1/YYW1			Eff. 7/1/YYW1		
Eff. 7/1/YYW2			Eff. 7/1/YYW2		
Eff. 7/1/YYW3			Eff. 7/1/YYW3		

GASB 75 OPEB DATA REQUEST – Continued

Client : (Client Name)

Valuation Period: Full FYE MM/DD/YYYY

Premium Rates

- Current monthly premium equivalent rates and historical premium information for the past 3 years for each health plan and employee group (if applicable).

Medical Premium (Monthly)	Plan A		Plan B		Plan C	
	EE only	EE + Sp	EE only	EE + Sp	EE only	EE + Sp
Eff. 7/1/YYW0						
Eff. 7/1/YYW1						
Eff. 7/1/YYW2						
Eff. 7/1/YYW3						

Premium (Monthly)	Dental (if offered)	
	EE only	EE + Sp
Eff. 7/1/YYW0		
Eff. 7/1/YYW1		
Eff. 7/1/YYW2		
Eff. 7/1/YYW3		

Premium (Monthly)	Vision (if offered)	
	EE only	EE + Sp
Eff. 7/1/YYW0		
Eff. 7/1/YYW1		
Eff. 7/1/YYW2		
Eff. 7/1/YYW3		

- Are employees required to have health coverage with the Client immediately preceding retirement to be eligible for retiree health benefits?
 - If not, do employees that don't have health coverage while actively employed typically elect health benefits at retirement?
- If there is more than 1 health plan, confirm that upon retirement, retirees are allowed to choose any plan offered.
- Confirmation whether the health plan(s) is self-insured or fully-insured.
 - If the plan is fully-insured are premiums calculated based on actual claims experience?
 - If the plan is self-insured, provide the calculations that developed the premium equivalents.

GASB 75 OPEB DATA REQUEST – Continued

Client : (Client Name)

Valuation Period: Full FYE MM/DD/YYYY

Census Data

Provide a census file in Excel as of xxxxx (or any date that is representative of the Client's employment mix as of xxxxx) with the following required fields. The census data MUST be uploaded to our secure website. Please refer to a separate pdf for instructions on how to upload files to our secure website.

Active Employees	Retired Employees
Name	Name
SSN or other ID	SSN or other ID
Sex (M or F)	Sex (M or F)
Birth date	Birth date
Hire date	Retirement date
Group	Group
Health Plan (Plan A, Plan B, Plan C, or none)	Health Plan (Plan A, Plan B, Plan C, Medicare Supplement Plan)
Health Coverage (EE, EE/spouse, EE/children, family, or none)	Health Coverage (EE, EE/spouse, EE/children, or family)
Annual Salary	Group for GASB results breakdown ¹
Group for GASB results breakdown ¹	
	If spouses are covered under the health plan please provide the following information for each spouse: Spouse date of birth Spouse sex

¹ If GASB results are needed by group, include the group identifier in the census data file.

Miscellaneous

Suggested timeline for completion of project

	Date
Data returned to Nyhart	
Preliminary results	
Final results	TBD

GASB 75 OPEB INTERIM DATA REQUEST

Client: (Client Name)

Valuation Period: Interim FYE MM/DD/YYYY

1. Have there been changes made to the retiree health care benefits structure? If yes, please provide the following:

- Effective date of the plan changes
- Description of changes
- Updated union contracts (if any)

2. Provide summary of plan descriptions for all plans effective on **mm/dd/yyyy**.

3. Confirm that the following retiree contribution policy is still valid.

No contributions are required for retirees under age 65 who retire with at least 20 years of service. Retirees under age 65 who retire with less than 20 years of service receive a \$400 annual Client subsidy towards the health care premium rates. All Medicare retirees pay the full premium rates of Medicare Supplement Plan less the \$400 Client annual subsidy.

4. Update monthly premium rates for all plans.

Medical Premium (Monthly)	PPO Plan 1		PPO Plan 2		PPO Plan 3	
	EE only	EE + Sp	EE only	EE + Sp	EE only	EE + Sp
4/1/YY – 3/31/YY						
4/1/YY – 3/31/YY	\$ 460.35	\$ 920.70	\$ 418.93	\$ 837.87	\$ 396.56	\$ 793.12

5. Update the following total aggregate enrollment by plan.

	Active Employees			Retirees		
	Single	With Spouse	Total	Single	With Spouse	Total
YYYY						
PPO Plan 1						
PPO Plan 2						
PPO Plan 3						

	Active Employees			Retirees		
	Single	With Spouse	Total	Single	With Spouse	Total
As of December 31, 2008						
PPO Plan 1	136	283	419	138	18	156
PPO Plan 2	21	42	63			
PPO Plan 3	16	25	41			

6. Provide a confirmation of the GASB 75 accounting entries or, alternatively, the official GASB 75 disclosures for the fiscal year ending June 30, YYYY.

GASB 74/75 Valuation Report



GASB 75 INTERIM ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2021

TOPEKA METROPOLITAN TRANSIT AUTHORITY

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July 2, 2021

Chip Falldine, CFO
Topeka Metropolitan Transit Authority
201 N. Kansas Avenue
Topeka, KS 66603

This report summarizes the interim GASB actuarial valuation for the Topeka Metropolitan Transit Authority 2020/21 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

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); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.



Suraj M. Datta, FSA, MAAA
Consulting Actuary



David Murciano, ASA, MAAA, EA
Valuation Actuary

Executive Summary

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2021 compared to the prior fiscal year as shown in the Transit Authority's Notes to Financial Statement.

	As of June 30, 2020		As of June 30, 2021	
Total OPEB Liability	\$	82,672	\$	87,984
Actuarial Value of Assets	\$	0	\$	0
Net OPEB Liability	\$	82,672	\$	87,984
Funded Ratio		0.0%		0.0%

	FY 2019/20		FY 2020/21	
OPEB Expense	\$	(2,979)	\$	(7,031)
Annual Employer Contributions	\$	6,546	\$	4,496

	As of June 30, 2020		As of June 30, 2021	
Discount Rate		2.66%		2.19%
Expected Return on Assets		N/A		N/A

GASB Disclosures

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2020/21		FY 2019/20		FY 2018/19		FY 2017/18
Total OPEB Liability							
Total OPEB Liability - beginning of year	\$	82,672	\$	112,091	\$	140,755	\$ 146,176
Service cost		6,015		8,497		10,473	13,611
Interest		2,300		4,119		5,729	5,688
Change of benefit terms		0		0		0	0
Changes in assumptions		2,470		(2,230)		2,504	(12,568)
Differences between expected and actual experience		(977)		(33,259)		(40,950)	(10,341)
Benefit payments		(4,496)		(6,546)		(6,420)	(1,811)
Net change in total OPEB liability	\$	5,312	\$	(29,419)	\$	(28,664)	\$ (5,421)
Total OPEB Liability - end of year	\$	87,984	\$	82,672	\$	112,091	\$ 140,755
Plan Fiduciary Net Position							
Plan fiduciary net position - beginning of year	\$	0	\$	0	\$	0	\$ 0
Contributions - employer		4,496		6,546		6,420	1,811
Contributions - active employees		0		0		0	0
Net investment income		0		0		0	0
Benefit payments		(4,496)		(6,546)		(6,420)	(1,811)
Trust administrative expenses		0		0		0	0
Net change in plan fiduciary net position	\$	0	\$	0	\$	0	\$ 0
Plan fiduciary net position - end of year	\$	0	\$	0	\$	0	\$ 0
Net OPEB Liability - end of year	\$	87,984	\$	82,672	\$	112,091	\$ 140,755
Plan fiduciary net position as % of total OPEB liability		0.0%		0.0%		0.0%	0.0%
Covered employee payroll	\$	3,978,641	\$	3,844,098	\$	4,223,949	\$ 3,464,914
Net OPEB liability as % of covered payroll		2.2%		2.2%		2.7%	4.1%

* FY 2020/21 covered payroll is based on FY 2019/20 covered payroll increased by the general wage inflation rate (3.50%).

GASB Disclosures

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

OPEB Expense

OPEB Expense	FY 2020/21		FY 2019/20	
Discount Rate				
Beginning of year	2.66%		3.51%	
End of year	2.19%		2.66%	
Service cost	\$	6,015	\$	8,497
Interest		2,300		4,119
Change of benefit terms		0		0
Projected earnings on OPEB plan investments		0		0
Reduction for contributions from active employees		0		0
OPEB plan administrative expenses		0		0
Current period recognition of deferred outflows / (inflows) of resources				
Differences between expected and actual experience	\$	(14,008)	\$	(13,845)
Changes in assumptions		(1,338)		(1,750)
Net difference between projected and actual earnings on OPEB plan investments		0		0
Total current period recognition	\$	(15,346)	\$	(15,595)
Total OPEB expense	\$	(7,031)	\$	(2,979)

GASB Disclosures

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2018	\$ (10,341)	7	\$ (1,477)	\$ (4,433)
June 30, 2019	\$ (40,950)	6	\$ (6,825)	\$ (20,475)
June 30, 2020	\$ (33,259)	6	\$ (5,543)	\$ (22,173)
June 30, 2021	\$ (977)	6	\$ (163)	\$ (814)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2018	\$ (12,568)	7	\$ (1,795)	\$ (5,388)
June 30, 2019	\$ 2,504	6	\$ 417	\$ 1,253
June 30, 2020	\$ (2,230)	6	\$ (372)	\$ (1,486)
June 30, 2021	\$ 2,470	6	\$ 412	\$ 2,058

GASB Disclosures

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Deferred Outflows / (Inflows) of Resources (Continued)

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ 0	N/A	\$ 0	\$ 0
June 30, 2020	\$ 0	N/A	\$ 0	\$ 0
June 30, 2021	\$ 0	N/A	\$ 0	\$ 0

As of fiscal year ending June 30, 2021	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (47,895)
Changes in assumptions	3,311	(6,874)
Net difference between projected and actual earnings in OPEB plan investments	N/A	N/A
Total	\$ 3,311	\$ (54,769)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2021 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2022	\$ (15,346)
2023	\$ (15,346)
2024	\$ (15,349)
2025	\$ (5,665)
2026	\$ 248
Thereafter	\$ 0

GASB Disclosures

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2021, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 2.19%.
- The 1% decrease in discount rate would be 1.19%.
- The 1% increase in discount rate would be 3.19%.

As of June 30, 2021	Net OPEB Liability	
1% Decrease	\$	93,270
Current Discount Rate	\$	87,984
1% Increase	\$	82,758

The following presents the Net OPEB Liability as of June 30, 2021, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.50%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.50%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 8.50%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2021	Net OPEB Liability	
1% Decrease	\$	78,352
Current Trend Rates	\$	87,984
1% Increase	\$	99,266

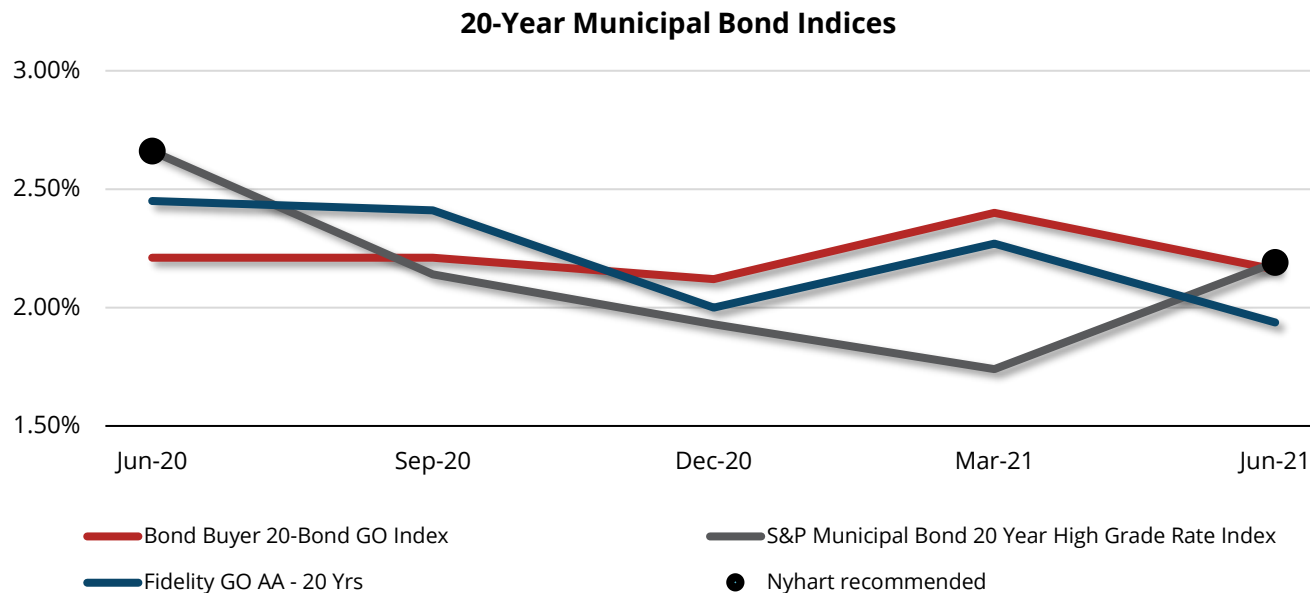
Discussion of Discount Rates

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale).

For the current valuation, the discount rate was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

	Bond Buyer Go 20-Bond Municipal Bond Index	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Yield as of July 1, 2020	2.21%	2.66%	2.45%	2.21% - 2.66%	2.66%
Yield as of June 30, 2021	2.16%	2.19%	1.94%	1.94% - 2.19%	2.19%



Summary of Key Actuarial Assumptions

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

For a complete summary of actuarial methods and assumptions, refer to the GASB 75 actuarial valuation report for the fiscal year ending June 30, 2020.

Measurement Date	For fiscal year ending June 30, 2021, a June 30, 2021 measurement date was used.																
Actuarial Valuation Date	July 1, 2020 with results actuarially projected on a “no gain / no loss” basis to get to the June 30, 2021 measurement date. Liabilities as of July 1, 2020 are based on an actuarial valuation date of July 1, 2020.																
Discount Rate	2.19% as of June 30, 2021 and 2.66% as of July 1, 2020 for accounting disclosure purposes. Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.																
Payroll Growth	Payroll growth rates including general wage inflation of 3.50% (2.75% general inflation and 0.75% productivity) plus merit increases as shown below are based on the Kansas Public Employees Retirement System December 31, 2019 Actuarial Valuation for local employees. <table><tr><th>YOS</th><th>General</th></tr><tr><td>0</td><td>6.50%</td></tr><tr><td>5</td><td>2.20%</td></tr><tr><td>10</td><td>1.20%</td></tr><tr><td>15</td><td>0.80%</td></tr><tr><td>20</td><td>0.60%</td></tr><tr><td>25</td><td>0.10%</td></tr><tr><td>30+</td><td>0.00%</td></tr></table>	YOS	General	0	6.50%	5	2.20%	10	1.20%	15	0.80%	20	0.60%	25	0.10%	30+	0.00%
YOS	General																
0	6.50%																
5	2.20%																
10	1.20%																
15	0.80%																
20	0.60%																
25	0.10%																
30+	0.00%																
Inflation Rate	2.75% per year																
Cost Method	<p>Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:</p> <ul style="list-style-type: none">• Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant’s benefit at retirement; and• Annual Service Cost is a constant percentage of the participant’s salary that is assumed to increase according to the Payroll Growth.																

Summary of Key Actuarial Assumptions

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Health Care Trend Rates	FYE	Medical/Rx	FYE	Medical/Rx
	2022	7.5%	2026	5.5%
	2023	7.0%	2027	5.0%
	2024	6.5%	2028+	4.5%
	2025	6.0%		

Retiree Contributions Retiree contributions are assumed to increase according to health care trend rates.

Actuary's Notes

Topeka Metropolitan Transit Authority Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2021

Interim year valuation results have been projected from the prior year's valuation, with adjustments for actual premium and contribution increases from 2019/20 to 2020/21. The impact of this change was an increase in liabilities.

Additionally, we have updated the discount rate assumption based on the yield for 20-year-tax-exempt general obligation municipal bonds as of June 30, 2021 (measurement date). The discount rate is 2.66% as of July 1, 2020 and 2.19% as of June 30, 2021. Refer to the Discussion of Discount Rates section for more information on selection of the discount rate. Making this change resulted in an increase in liabilities.

Premium Rates

Same benefit options are offered to retirees as active employees. The Transit Authority's health plans are fully-insured and experience-rated. The monthly premiums by plan effective on January 1, 2020 and January 1, 2021 are as shown below.

Plan (Eff. 1/1/2020)	EE	EE + Spouse
\$1,500/\$3,000 Ded Plan	\$ 645.57	\$ 1,380.78
\$2,500/\$5,000 Ded Plan	\$ 585.88	\$ 1,253.12
\$3,500/\$7,000 Ded Plan	\$ 544.95	\$ 1,165.57
Plan (Eff. 1/1/2021)		
\$1,500/\$3,000 Ded Plan	\$ 663.85	\$ 1,426.09
\$2,500/\$5,000 Ded Plan	\$ 651.74	\$ 1,400.05
\$3,500/\$7,000 Ded Plan	\$ 644.57	\$ 1,384.62

Retiree Cost Sharing

Retirees are responsible for the full premium rates up to 125% of the premium.