



# **GASB Statement No. 75 – Are You Ready?**

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

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**Prepared by Aon Hewitt**  
Retirement & Investment

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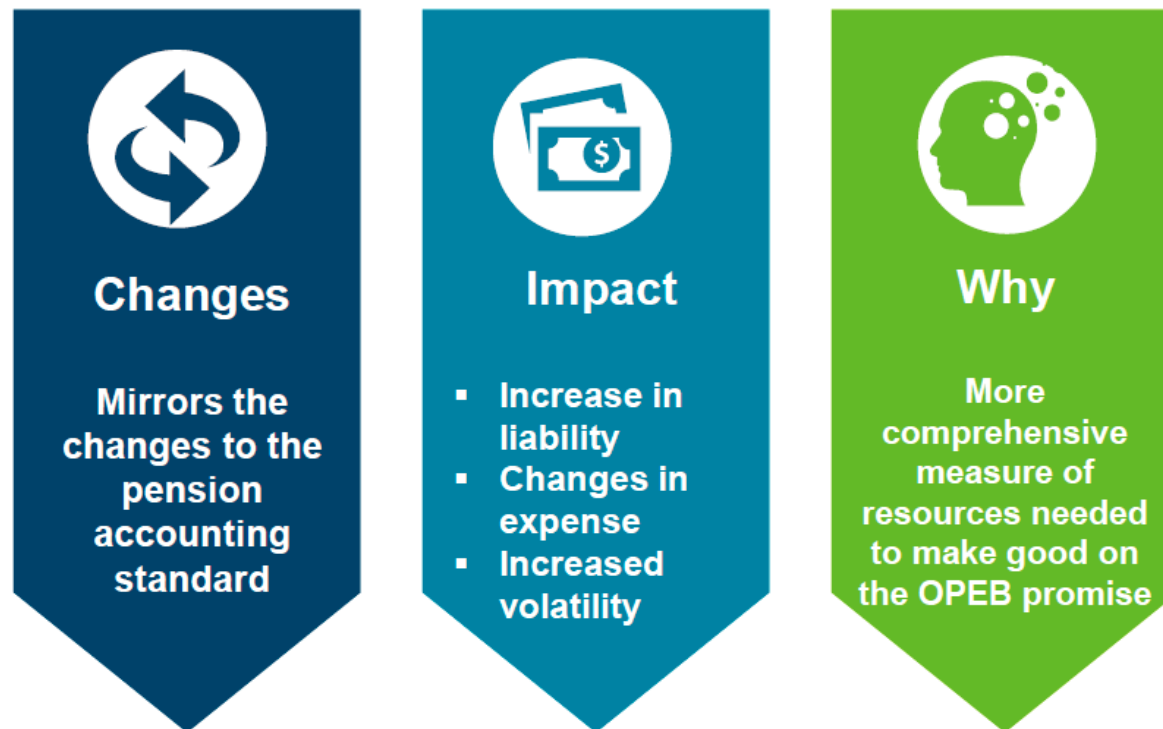
# Background on OPEB Employer Accounting

## Other Post Employment Benefits

## Effective For Fiscal Years Beginning After June 15, 2017

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Standard GASB 75 will be replacing GASB 45 reporting for postretirement welfare plans of public entities.



## Mechanics of Moving to GASB 75

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Net OPEB obligation on Balance Sheet

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Actual plan funded status on Balance Sheet

A discount rate based on expected return

TO

20 year municipal bond rate for expected unfunded portion of plan

Smoothed asset method

TO

Market value with no smoothing

Up to 30 year amortizations of gains/losses

TO

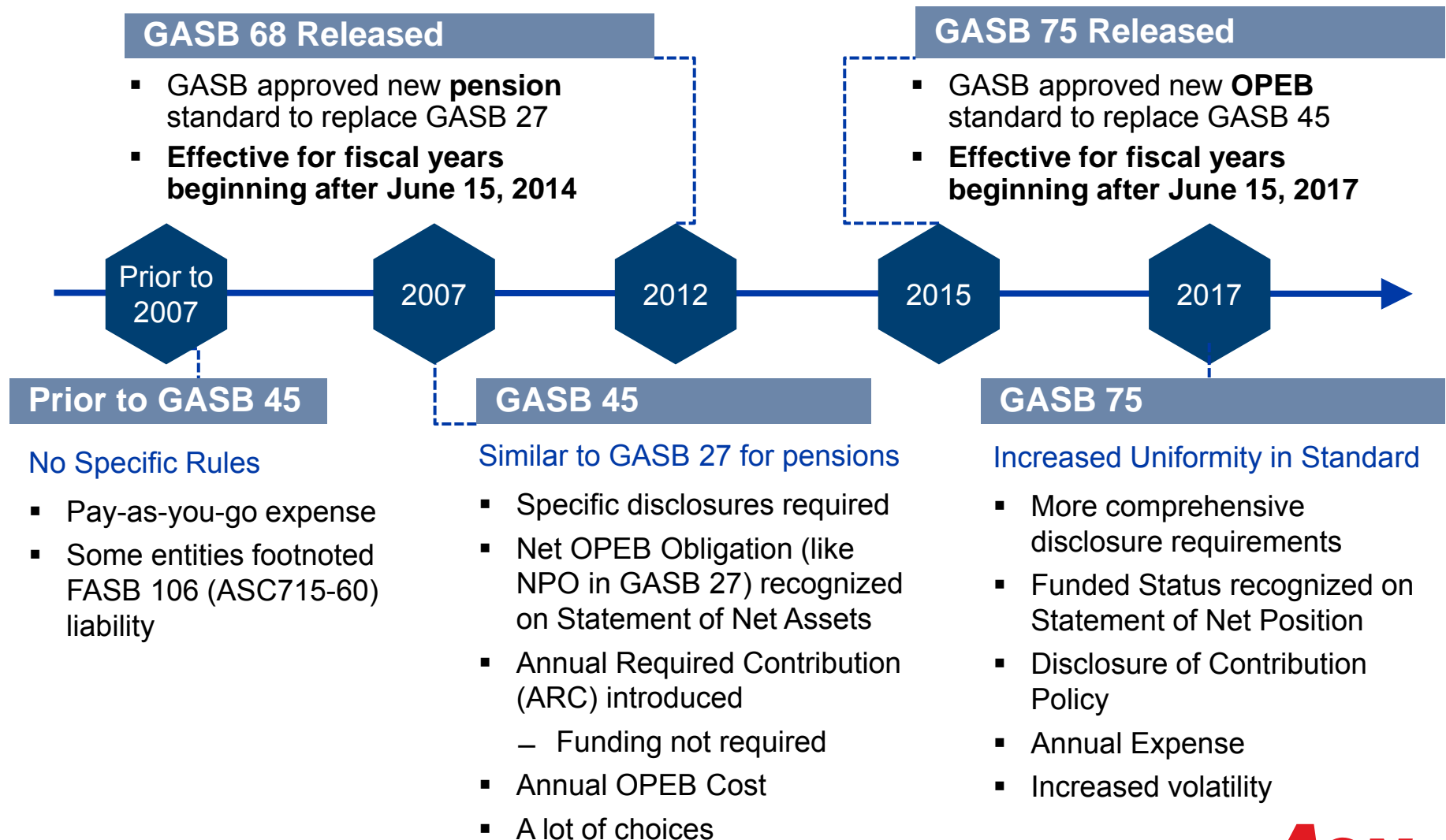
Accelerated recognition of gains/losses

30 year amortization of plan amendments

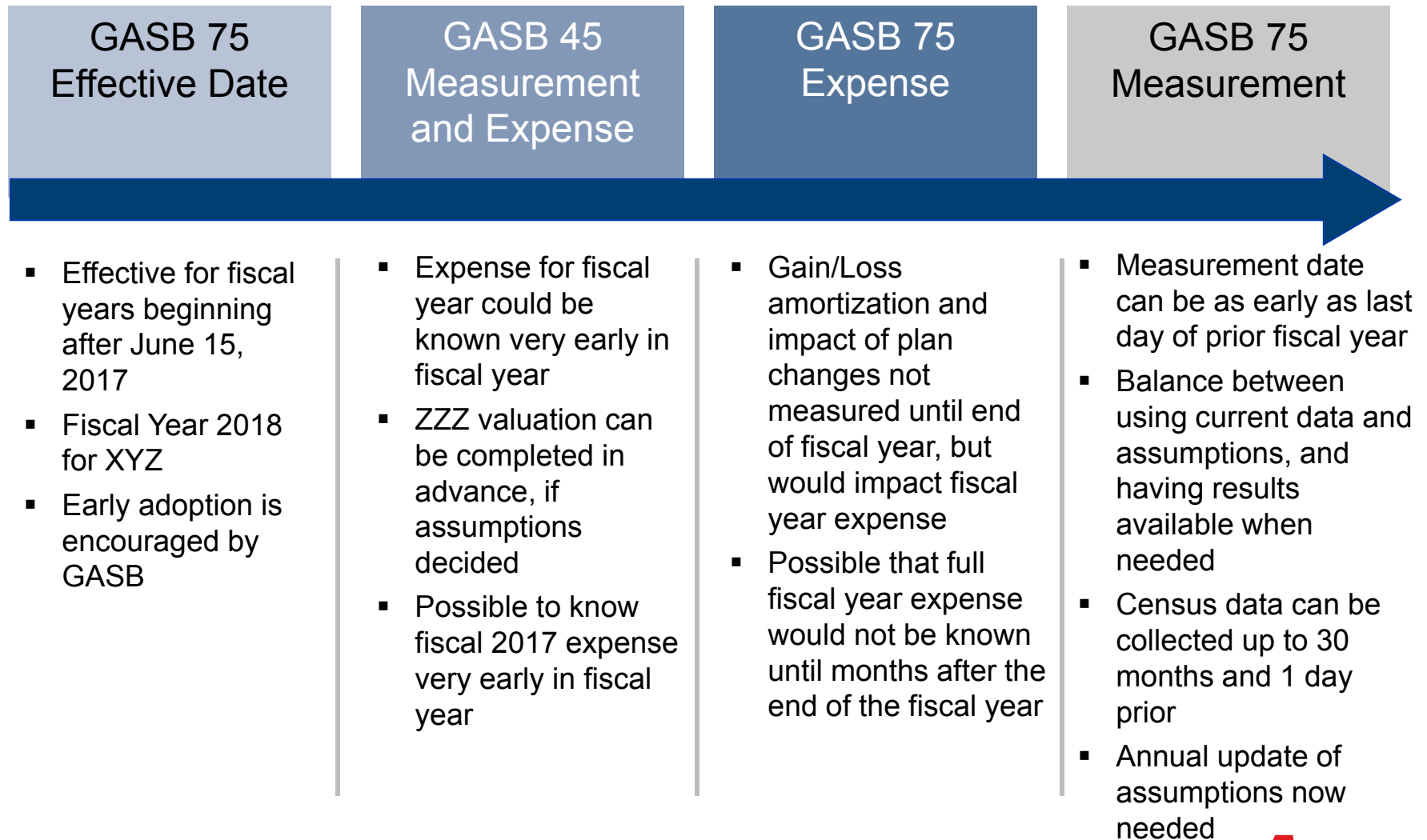
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Immediate plan amendment recognition

## History of GASB Reporting - Employers



## Timing Under GASB 75





## Definitions—Timing Rules

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- **Reporting Date (RD)**—last day of fiscal year
- **Measurement Date (MD)**
  - Date as of which the liability is determined that will be reported on Reporting Date
  - May use fiscal year-end or as early as prior fiscal year-end (1-year “look-back”)
  - Allows for flexibility on when expense and Net Position entries are finalized
- **Valuation Date (VD)**
  - Date of the census update and valuation
  - May be up to 30 months and one day before RD, which allows for biennial valuations
  - If before MD, must roll-forward from VD to MD
- **Measurement Period (MP)**—the 1-year period from prior MD to current MD

Annual valuations are not required but timing rules require at least once every two years.



# Data Request for OPEB Actuarial Valuation

## Required Data

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- Census Data
  - Active employee census
  - Retiree census
- Medical Plan Data
  - Paid claims and enrollment history ( 2+ years of experience preferable)
    - For a self insured plan, this would generally come from your benefits group, or the third party administrator handling the medical benefits
    - For a fully insured plan, this would generally come directly from the carrier
  - Administrative costs
- Assets
  - Only required if there is a trust
  - Asset statement
  - Contributions for the year

## Plan Information

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- Retiree Medical Plan Information
  - Benefit description of the medical plans that are offered
  - Description of the eligibility rules for retiree coverage (for example, age 55 plus 10 years of service)
  - Contribution formula and current contribution amounts for retirees
  - Current rates by medical plan and rate tier for active and retired employees
- Other Post Employment benefits offered
  - Dental
  - Life Insurance



# **GASB 75 Expense**

## Expense Components

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### Service Cost

- Determined as of beginning of Measurement Period
- Do not include interest for year

### Interest Cost

- Determined as of beginning of Measurement Period
- Include interest on Service Cost
- True-up at end of Measurement Period to use actual benefit payments

### EROA

- Determined as of beginning for Measurement Period
- True-up at end of Measurement Period to use actual benefit payments

### Expenses

- Actual administrative expenses for the Measurement Period
- Do not include investment expenses (reflect in EROA)

## Expense Components—Amortization Amounts

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### Liability Gains/ Losses

- Determined as of end of Measurement Period
- Closed period based on average future service of entire population, including inactives (inactives have future service of 0)
- Divide by AFS determined as of beginning of Measurement Period

### Change of Actuarial Assumptions

- Treated same as Liability Gains/Losses
- Closed period based on average future service of entire population, including inactives (inactives have future service of 0)
- Divide by AFS determined as of beginning of Measurement Period

### Asset Gains/ Losses

- Determined as of end of Measurement Period
- Closed five year period (divide by 5)

### Plan Changes

- Increase in liability recognized in full
- Recognized on Measurement Date immediately following amendment



## Case Study Typical Pay-As-You-Go OPEB



## Table of Contents of Actuarial Report

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- Accounting Requirements
  - Development of Net OPEB Expense
  - Reconciliation of Net OPEB Liability
  - Gain/Loss
  - Deferred Outflows/Inflows
  - Sensitivity
  - Disclosure—Changes in Net OPEB Liability and Related Ratios
- Appendix
  - Participant Data
  - Health Care Claims Development
  - Actuarial Assumptions and Methods
  - Actuarial Assumptions and Methods—Discussion
  - Plan Provisions

## Development of Net OPEB Expense

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|                                  |                |
|----------------------------------|----------------|
| (1) Service Cost                 | \$100,373      |
| (2) Interest Cost                | \$36,603       |
| (3) Expected Investment Return   | \$0            |
| (4) Employee Contributions       | \$0            |
| (5) Administrative Expense       | \$0            |
| (6) Plan Changes                 | \$0            |
| (7) Amortization of Unrecognized | \$0            |
| (a) Liability (Gain)/Loss        | (\$3,868)      |
| (b) Asset (Gain)/Loss            | \$0            |
| (c) Assumption Changes           | <u>\$2,607</u> |
| (8) Total Expense                | \$135,715      |

## Development of Net OPEB Expense – Details of Interest Cost

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|  |           |
|--|-----------|
| (a) Total OPEB Liability at Measurement Date | \$899,947 |
| (b) Normal Cost at Measurement Date          | \$100,373 |
| (c) Actual Benefit Payments                  | \$5,960   |
| (d) Discount Rate                            | 3.67%     |
| (e) Interest Cost                            | \$36,603  |

## Reconciliation of Net OPEB Liability

|  | (a) Total OPEB Liability | (b) Plan Fiduciary Net Position | (c) Net OPEB Liability  |
|--|--------------------------|---------------------------------|-------------------------|
| <b>Balance Recognized at 10/1/2015</b>             | <b>\$899,947</b>         |                                 | <b>\$899,947</b>        |
| Changes Recognized for the Fiscal Year:            |                          |                                 |                         |
| Service Cost                                       | \$100,373                | N/A                             | \$100,373               |
| Interest on the Total OPEB Liability               | \$36,603                 | N/A                             | \$36,603                |
| Changes of Benefit Terms                           | \$0                      | N/A                             | \$0                     |
| Differences Between Expected and Actual Experience | (\$40,345)               | N/A                             | (\$40,345)              |
| Changes of Assumptions                             | \$27,186                 | N/A                             | \$27,186                |
| Benefit Payments                                   | (\$5,960)                | \$0                             | (\$5,960)               |
| Contributions From the Employer                    | N/A                      | \$0                             | \$0                     |
| Contributions From the Employee                    | N/A                      | \$0                             | \$0                     |
| Net Investment Income                              | N/A                      | \$0                             | \$0                     |
| Administrative Expense                             | N/A                      | \$0                             | \$0                     |
| <b>Net Changes</b>                                 | <b><u>\$117,857</u></b>  | <b><u>\$0</u></b>               | <b><u>\$117,857</u></b> |
| <b>Balance Recognized at 9/30/2016</b>             | <b>\$1,017,804</b>       |                                 | <b>\$1,017,804</b>      |

## Gain/Loss

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|  |                    |
|--|--------------------|
| (1) OPEB Liability Prior Measurement Date    | \$899,947          |
| (2) Service Cost                             | \$100,373          |
| (3) Interest Cost                            | \$36,603           |
| (4) Plan Changes                             | \$0                |
| (5) Assumption Changes                       | \$27,186           |
| (6) Benefit Payments                         | (\$5,960)          |
| (7) Expected OPEB Liability                  | \$1,058,149        |
| (8) Actual OPEB Liability                    | <u>\$1,017,804</u> |
| (9) OPEB Liability (Gain)/Loss               | (\$40,345)         |
|  |                    |
| (10) Average Future Working Life Expectancy  | 10.43              |
| (11) OPEB Liability (Gain)/Loss Amortization | (\$3,868)          |

## Deferred Outflows/Inflows

|   | Deferred Outflows | Deferred Inflows  |
|---|-------------------|-------------------|
| (1) Difference Between Actual and Expected Experience   | \$0               | (\$36,477)        |
| (2) Net Difference Between Expected and Actual Earnings | \$0               | \$0               |
| (3) Assumption Changes                                  | <u>\$24,579</u>   | <u>\$0</u>        |
| <b>(4) Total</b>  | <b>\$24,579</b>   | <b>(\$36,477)</b> |

## Deferred Outflows/Inflows Amortization

| Type of Base          | Original | Period Remaining | Original          | Balance Remaining | Payment          |
|-----------------------|----------|------------------|-------------------|-------------------|------------------|
| Liability (Gain)/Loss | 10.43    | 9.43             | (\$40,345)        | (\$36,477)        | (\$3,868)        |
| Assumptions           | 10.43    | 9.43             | \$27,186          | \$24,579          | \$2,607          |
| <b>Total</b>          |          |                  | <b>(\$13,159)</b> | <b>(\$11,898)</b> | <b>(\$1,261)</b> |

## Interest Rate Sensitivity

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|                             | <b>1% Decrease</b><br><b>2.06%</b> | <b>Current Rate</b><br><b>3.06%</b> | <b>1% Increase</b><br><b>4.06%</b> |
|-----------------------------|------------------------------------|-------------------------------------|------------------------------------|
| Total OPEB Liability        | \$1,059,148                        | \$1,017,804                         | \$972,701                          |
| Plan Fiduciary Net Position | <u>\$0</u>                         | <u>\$0</u>                          | <u>\$0</u>                         |
| Net OPEB Liability          | \$1,059,148                        | \$1,017,804                         | \$972,701                          |

## Healthcare Cost Trend Sensitivity

|                             | <b>1% Decrease</b><br><b>5%</b> | <b>Trend Rate</b><br><b>6%</b> | <b>1% Increase</b><br><b>7%</b> |
|-----------------------------|---------------------------------|--------------------------------|---------------------------------|
| Total OPEB Liability        | \$905,199                       | \$1,017,804                    | \$1,148,100                     |
| Plan Fiduciary Net Position | <u>\$0</u>                      | <u>\$0</u>                     | <u>\$0</u>                      |
| Net OPEB Liability          | \$905,199                       | \$1,017,804                    | \$1,148,100                     |

## Changes in the Net OPEB Liability and Related Ratios (Ten Years)

| Total OPEB Liability                                |                    |
|---|--------------------|
| Service Cost  | 100,373            |
| Interest Cost                                       | 36,603             |
| Changes of Benefit Terms                            | 0                  |
| Differences Between Expected and Actual Experiences | -40,345            |
| Changes of Assumptions                              | 27,186             |
| Benefit Payments                                    | -5,960             |
| <b>Net Change in Total OPEB Liability</b>           | <b>117,857</b>     |
| <b>Total OPEB Liability (Beginning)</b>             | <b>899,947</b>     |
| <b>Total OPEB Liability (Ending)</b>                | <b>\$1,017,804</b> |



## Changes in the Net OPEB Liability and Related Ratios (Ten Years)

| Plan Fiduciary Net Position                           |                     |
|---|---------------------|
| Contributions—Employer                                | 5,960               |
| Contributions—Member                                  | 0                   |
| Net Investment Income                                 | 0                   |
| Benefit Payments                                      | -5,960              |
| Administrative Expense                                | 0                   |
| Other   | 0                   |
| <b>Net Change in Plan Fiduciary Net Position</b>      | <b>0</b>            |
| <b>Plan Fiduciary Net Position (Beginning)</b>        | <b>0</b>            |
| <b>Plan Fiduciary Net Position (Ending)</b>           | <b>\$0</b>          |
| <b>Net OPEB Liability (Ending)</b>                    | <b>\$1,017,804</b>  |
| <b>Net Position as a Percentage of OPEB Liability</b> | <b>N/A</b>          |
| <b>Covered-Employee Payroll</b>                       | <b>\$24,565,983</b> |
| <b>Net OPEB Liability as a Percentage of Payroll</b>  | <b>4.14%</b>        |



## Case Study Funded OPEB

## Discount Rate under GASB 45 vs GASB 75

### Overview

New standards issued by Governmental Account Standards Board (GASB) gives specific direction on the investment return assumption to be used for financial reporting of public OPEB plans.

### GASB 45

- The discount rate is based on the rate of return on assets
- For unfunded plans, use the return on assets expected to be used to finance payments (subjective measure)
- The discount rate does not change annually




### GASB 75

- The discount rate is the single effective rate based on a combination of:
  - Long-term expected rate of return on assets expected to be sufficient to make future benefit payments, as projected by the funding policy and investment strategy
  - Municipal bond index rate is used for projected future benefit payments not covered by projected funding
- The discount rate is expected to change annually for plans with depletion, or cross-over, dates

## Discount Rate

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### GASB 68/75

Only permitted to account for plan investments if:

- Assets in trust are irrevocable
- Dedicated to providing Pension/OPEB in accordance with plan terms
- Legally protected from creditors

**Discount rate may change annually even if full valuation is not completed each year**



### GASB 68/75 Trust

Discount rate is single effective rate based on a combination of:

- Long-term expected rate of return on assets expected to be sufficient to make future benefit payments, as projected by the funding policy and investment strategy
- Municipal bond index rate is used to discount projected future benefit payments not covered by projected funding



### GASB 68/75 No Trust

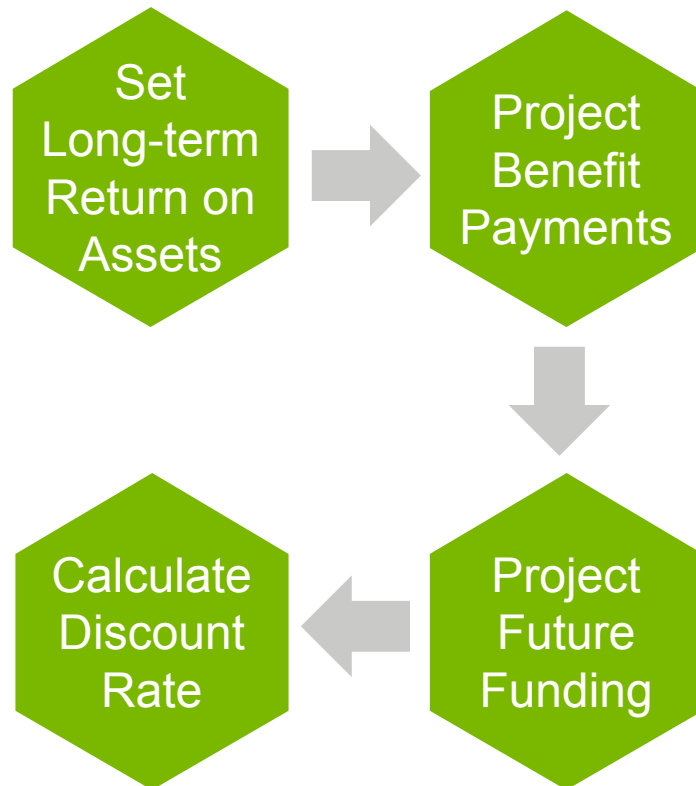
Municipal bond index rate

- Bond Buyers GO 20 Municipal Bond Index
- Available on attachment with daily Market Briefing
- Rate is updated weekly
- DB SERPs follow GASB 73

## Discount Rate for a Plan with a Qualified Trust

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Actuary will need to be involved in this process



- Set an expectation for the long-term return on assets (input from management, investment managers, investment consultants, e-tool, etc.)
- Project future plan benefit payments
- Project future funding based on documented policy
- Payments projected after point when assets are expected to be depleted (“Depletion Date”) are discounted at municipal bond rate

## Change Pay-As-You-Go to Funded Case Study

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- Assume assets of 50% of current unfunded liability in an irrevocable OPEB Trust (\$450,000)
- Assume assets are expected to earn 7% until “depleted”
- Assume funding policy has changed to make no future contributions into a trust
- Assume depletion date is such that the weighted average of 7% expected return and Bond Buyer Index of 3.67% yields a discount rate of  $5\frac{3}{4}\%$

Note that increase in discount rate decreases the liability so now the liability is less than for PAYGO

## Development of Net OPEB Expense

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|                                  | <b>PAYGO</b>   | <b>FUNDED</b>  |
|----------------------------------|----------------|----------------|
| (1) Service Cost                 | \$100,373      | \$70,261       |
| (2) Interest Cost                | \$36,603       | \$38,810       |
| (3) Expected Investment Return   | \$0            | (\$31,295)     |
| (4) Employee Contributions       | \$0            | \$0            |
| (5) Administrative Expense       | \$0            | \$0            |
| (6) Plan Changes                 | \$0            | \$0            |
| (7) Amortization of Unrecognized | \$0            | \$0            |
| (a) Liability (Gain)/Loss        | (\$3,868)      | (\$4,018)      |
| (b) Asset (Gain)/Loss            | \$0            | \$2,956        |
| (c) Assumption Changes           | <u>\$2,607</u> | <u>\$2,607</u> |
| (8) Total Expense                | \$135,715      | \$79,321       |

## Development of Net OPEB Expense – Details of Interest Cost

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|  | <b>PAYGO</b> | <b>FUNDED</b> |
|--|--------------|---------------|
| (a) Total OPEB Liability at Measurement Date | \$899,947    | \$674,960     |
| (b) Normal Cost at Measurement Date          | \$100,373    | \$70,261      |
| (c) Actual Benefit Payments                  | \$5,960      | \$5,960       |
| (d) Discount Rate                            | 3.67%        | 5.75%         |
| (e) Interest Cost                            | \$36,603     | \$38,810      |



## Reconciliation of Net OPEB Liability

|  | (a) Total OPEB Liability | (b) Plan Fiduciary Net Position | (c) Net OPEB Liability |
|--|--------------------------|---------------------------------|------------------------|
| <b>Balance Recognized at 10/1/2015</b>             | <b>\$674,960</b>         | <b>\$450,000</b>                | <b>\$224,960</b>       |
| Changes Recognized for the Fiscal Year:            |                          |                                 |                        |
| Service Cost                                       | \$70,261                 | N/A                             | \$70,261               |
| Interest on the Total OPEB Liability               | \$38,810                 | N/A                             | \$38,810               |
| Changes of Benefit Terms                           | \$0                      | N/A                             | \$0                    |
| Differences Between Expected and Actual Experience | (\$41,904)               | N/A                             | (\$41,904)             |
| Changes of Assumptions                             | \$27,186                 | N/A                             | \$27,186               |
| Benefit Payments                                   | (\$5,960)                | \$5,960                         | 0                      |
| Contributions From the Employer                    | N/A                      | \$0                             | \$0                    |
| Contributions From the Employee                    | N/A                      | \$0                             | \$0                    |
| Net Investment Income                              | N/A                      | \$16,515                        | (\$16,515)             |
| Administrative Expense                             | N/A                      | \$0                             | \$0                    |
| <b>Net Changes</b>                                 | <b><u>\$88,393</u></b>   | <b><u>\$10,555</u></b>          | <b><u>\$77,838</u></b> |
| <b>Balance Recognized at 9/30/2016</b>             | <b>\$763,353</b>         | <b>\$460,555</b>                | <b>\$302,798</b>       |

## Changes in the Net OPEB Liability and Related Ratios (Ten Years)

| Total OPEB Liability                                | PAYGO              | FUNDED           |
|---|--------------------|------------------|
| Service Cost  | 100,373            | 70,261           |
| Interest Cost                                       | 36,603             | 38,810           |
| Changes of Benefit Terms                            | 0                  | 0                |
| Differences Between Expected and Actual Experiences | (40,345)           | (41,904)         |
| Changes of Assumptions                              | 27,186             | 27,186           |
| Benefit Payments                                    | (5,960)            | (5,960)          |
| <b>Net Change in Total OPEB Liability</b>           | <b>117,857</b>     | <b>88,393</b>    |
| <b>Total OPEB Liability (Beginning)</b>             | <b>899,947</b>     | <b>674,960</b>   |
| <b>Total OPEB Liability (Ending)</b>                | <b>\$1,017,804</b> | <b>\$763,353</b> |

## Changes in the Net OPEB Liability and Related Ratios (Ten Years)

| <b>Plan Fiduciary Net Position</b>                    | <b>PAYGO</b>        | <b>FUNDED</b>       |
|---|---------------------|---------------------|
| Contributions—Employer                                | 5,960               | 0                   |
| Contributions—Member                                  | 0                   | 0                   |
| Net Investment Income                                 | 0                   | 16,515              |
| Benefit Payments                                      | (5,960)             | (5,960)             |
| Administrative Expense                                | 0                   | 0                   |
| Other   | 0                   | 0                   |
| <b>Net Change in Plan Fiduciary Net Position</b>      | <b>0</b>            | <b>10,555</b>       |
| <b>Plan Fiduciary Net Position (Beginning)</b>        | <b>0</b>            | <b>\$450,000</b>    |
| <b>Plan Fiduciary Net Position (Ending)</b>           | <b>\$0</b>          | <b>\$460,555</b>    |
| <b>Net OPEB Liability (Ending)</b>                    | <b>\$1,017,804</b>  | <b>\$302,798</b>    |
| <b>Net Position as a Percentage of OPEB Liability</b> | <b>N/A</b>          | <b>60.33%</b>       |
| <b>Covered-Employee Payroll</b>                       | <b>\$24,565,983</b> | <b>\$24,565,983</b> |
| <b>Net OPEB Liability as a Percentage of Payroll</b>  | <b>4.14%</b>        | <b>1.23%</b>        |



# Financial Statement

## Net Position Liability

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### Statement of Net Position

Total Pension/OPEB Liability

Less Plan Fiduciary Net Position (MVA)

Equals Net Pension/OPEB Liability

Report Balance of Deferred Inflows and Outflows

## Financial Reporting Key Elements

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- Statement of Net Position
  - Net Pension/OPEB Liability
    - Previously only disclosed in the notes to the financial statements
    - Replaces the Net Pension Obligation (NPO of GASB 27) and Net OPEB Obligation (NOO of GASB 45) on Statement of Net Position
    - This change is likely to have a material impact on the net position
  - Deferred Inflows and Outflows (unrecognized (gains)losses)
- More extensive footnote disclosures including
  - Description of benefits
  - Assumptions
  - Sensitivity for +/- 1% change in discount rate
  - Detailed reconciliation of liability, assets, and net position
  - Contribution policy and history of actual contributions compared to Actuarially Determined Contributions

## GASB 75 Transition Checklist. Have you...

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- ✓ Determined whether GASB 74 reporting is required
- ✓ Confirmed if prior year restatement is necessary
- ✓ Discussed funding strategies with your actuary and formalized a funding policy
- ✓ Selected an appropriate bond basis for discount rate selection
- ✓ Defined a valuation and measurement date
- ✓ Received sign-off from the plan's auditors on GASB 75 implementation approach
- ✓ Communicated GASB 75 implementation decisions to your actuary
- ✓ Developed a schedule of reports and results
- ✓ Notified leadership and stakeholders of potential financial impact



# OPEB Reference Materials



## Transition Issues

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- Effective for FY beginning after 6/15/2017
- If using 1-year look-back, may already be able to determine transition liability
  - For example, if FY is 7/1 to 6/30, transition date is 7/1/2017
  - If using 1-year look-back, initial transition liability is determined as of 7/1/2016
- As of transition date, the Net OPEB Obligation\* on net position is replaced by Net OPEB Liability
  - For above example, the NOO on 7/1/2017 is replaced by Net OPEB Liability measured as of 7/1/2016
  - The 7/1/2017 Net OPEB Liability will be reported on 6/30/2018, and so on
- The adjustment to replace the NOO with the Net OPEB Liability does not affect P&L, but is a net position adjustment (e.g., adjustment to retained earnings) and may be large
- There is an opportunity for employer to make assumption changes at transition that will impact net position adjustment, but will not have to be amortized in expense

\* Cumulative difference between GASB 45 expenses and contributions

## Administrative Expenses

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- Administrative expenses paid by plan are included as a separate expense component
- In past practice, claims processing costs have often been included in claim amounts and built into the OPEB benefit liability
- If such expenses are considered administrative, they should not be included in liability, but should be included as a separate component of expense
- Forthcoming GASB 75 Implementation Guide may provide further guidance on this

## Summary of GASB 75 Required Changes

|   | Current (GASB 45)   | New (GASB 75)  | Impact  |
|---|---|--|---|
| <b>Actuarial Cost Method</b>                          | May use one of several approved methods; Projected Unit Credit (mandated under FASB) is common                      | Must use Entry Age Normal (EAN) method   | EAN may result in a higher liability  |
| <b>Asset Method</b>                                   | Asset gains and losses may be smoothed; 5-year smoothing is common  | Market Value with no smoothing   | Increased volatility in both expense and net position if previously smoothing   |
| <b>Discount Rate</b>                                  | Based on expected long-term return on assets expected to be used to finance payment of benefits                     | 20- year municipal bond rate (AA/Aa or higher) required for discounting projected benefit payments not expected to be covered by projected plan assets | May increase liability for underfunded plans and plans where employer is not contributing full actuarially determined amounts; funding policy will impact |
| <b>Amortization Period for Liability Gains/Losses</b> | Up to 30 years permitted  | Amortization period based on average Expected Remaining Service Life for actives and inactive combined   | Accelerated recognition of gains and losses; increased volatility in expense  |
| <b>Amortization Period for Asset Gains/Losses</b>     | Up to 30 years permitted  | 5 years  | Accelerated recognition of gains and losses; increased volatility in expense  |
| <b>Amortization Method</b>                            | Open or Closed amortization period may be used (Open is common)   | Closed amortization period commencing in year following measurement date   | Increased volatility in expense   |
| <b>Impact of Plan Amendments</b>                      | Amortized over up to 30 years   | Recognition on measurement date immediately following amendment  | Full increase (decrease) in liability due to amendment must be expensed in fiscal year associated with next following measurement date                    |
| <b>Components of Annual Expense</b>                   | If open amortization period is used, 2 components, Normal Cost and fresh-start amortization amount                  | Several components (Service Cost, Interest Cost, Impact of Plan Amendments, Gain/Loss Amortizations, Expected Return on Assets)                        | Components similar to ASC 715-60  |
| <b>Net Position Liability</b>                         | Cumulative difference, if any, between actual contributions and Annual OPEB Cost shown as Net OPEB Obligation (NOO) | Actual funded status on market value basis   | Replacing NOO with actual funded status may result in large swing on net position upon adoption   |
| <b>Scope of Applicability</b>                         | Suggests a target funding amount (ARC) and defines accounting expense (Annual OPEB Cost)                            | Changes only affect financial accounting, not funding  | Funding policy may be based on different methods/assumptions; replacing NOO with funded status may promote separate funding policies                      |
| <b>Supplemental Schedules</b>                         | Relatively Few  | Add trend and discount rate sensitivities more extensive disclosures   | More extensive disclosures  |

## Major Reference Source of Municipal Bond Rates<sup>1</sup>

| Index/Curve/Data  | Tax Status | Credit Rating    | Issuer       | Maturity        | Liquidity   | Meeting GASB 75 Criteria? |
|---|------------|------------------|--------------|-----------------|---|---------------------------|
| Bond Buyer 20 Bond GO Index   | Tax exempt | AA or Aa2        | GO           | 20-years        | Estimated yield   | Yes                       |
| S&P Municipal Bond 20 Year High Grade Index                                   | Tax exempt | AA               | GO & Revenue | 19.5-20.5 years | Min \$2M par  | Partially Yes             |
| Barclays Capital Long Term GO (17+) Index                                     | Tax exempt | Investment Grade | GO           | 17+ years       | Min par \$7M, issuance \$75M, fixed rate, at least one year till maturity | Partially Yes             |
| Bloomberg Valuation Benchmark Muni Curve                                      | Tax exempt | Varies           | GO           | Varies          | Min trade per par \$500,00, issuance \$100M, fixed rate                   | No                        |
| Municipal Market Advisors Daily Data  | N/A        | AAA              | GO           | Varies          | Mid point of bid and ask of the market                                    | No                        |
| Thomson Municipal Market Data AAA Curve                                       | N/A        | AAA              | GO           | Varies          | Opinion of valuation based on block trades                                | No                        |
| Securities Industry and Financial Markets Association (SIFMA) Muni Swap Index | Tax exempt | A-1              | GO           | Varies          | Floating rate   | No                        |

1. Data provide by Aon Hewitt Investment Consulting.