

# Maryland Transit Administration

GASB Statement No. 75, Accounting and Financial Reporting  
for Postemployment Benefits Other Than Pensions  
June 30, 2024





October 3, 2024

Ms. Laurie M. Brown  
Deputy Chief Financial Officer  
Maryland Transit Administration  
Office of Finance  
6 St. Paul Street, Suite 841  
Baltimore, Maryland 21202

Dear Ms. Brown:

This report provides information on behalf of the Maryland Transit Administration (MTA) in connection with the Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

The calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 75. The calculation of the plan's liability for this report is not applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 75 may produce significantly different results. This report may be provided to parties other than the Maryland Transit Administration only in its entirety and only with the permission of MTA. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by MTA, concerning Other Postemployment Benefits (OPEB), active members, retirees and beneficiaries, and financial data. This information was checked for internal consistency, but it was not audited.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Based on the available data, the information contained in this report is accurate and fairly represents the actuarial position of the Maryland Transit Administration as of the reporting date. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as the Actuarial Standards of Practice. If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

Ms. Laurie M. Brown  
Maryland Transit Administration  
October 3, 2024  
Page 2

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The signing actuaries are independent of the plan sponsor.

Brad Lee Armstrong and Derek Henning are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Brad Lee Armstrong, ASA, EA, FCA, MAAA



Derek Henning, ASA, EA, FCA, MAAA

BLA/DH:rmn



Auditor's Note – This information is intended to assist in preparation of the financial statements of the Maryland Transit Administration. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

# Table of Contents

Page

**Section A Executive Summary**

Executive Summary ..... 1  
Discussion ..... 2

**Section B Financial Schedules**

Statement of OPEB Expense under GASB Statement No. 75 ..... 6  
Statement of Outflows and Inflows Arising from Current Reporting Period ..... 7  
Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods..... 8  
Schedule of Changes in Total OPEB Liability and Related Ratios Current Reporting Period. 10  
Schedule of Changes in Total OPEB Liability and Related Ratios Multiyear..... 11  
Discount Rate..... 12  
Plan Assets ..... 12  
Summary of Membership Information..... 12  
Sensitivity of Total OPEB Liability ..... 13

**Section C Glossary of Terms..... 14**



## **SECTION A**

---

### **EXECUTIVE SUMMARY**

# Executive Summary

## as of Measurement Date June 30, 2023

### for Reporting Date June 30, 2024

	<u>2024</u>	<u>2023</u>	
Actuarial Valuation Date	June 30, 2022	June 30, 2022	
Measurement Date of the Total OPEB Liability	June 30, 2023	June 30, 2022	
Employer's Fiscal Year Ending Date (Reporting Date)	June 30, 2024	June 30, 2023	
<b>Membership as of Actuarial Valuation Date</b>			
Number of			
- Retirees and Beneficiaries	1,506	1,506	
- Inactive, Nonretired Members	0	0	
- Active Members*	2,401	2,401	
- Total	<u>3,907</u>	<u>3,907</u>	
Covered Employee Payroll	N/A	N/A	
<b>Total OPEB Liability</b>			
Total OPEB Liability	\$ 763,937,922	\$ 750,747,547	
Total OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	
<b>Development of the Single Discount Rate</b>			
Long-Term Municipal Bond Rate**	3.86 %	3.69 %	
<b>Total OPEB Expense</b>	\$ (938,310)	\$ 10,731,312	
<b>Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses</b>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
Difference between expected and actual experience	\$ 9,873,566	\$ 103,319,715	\$ (101,904,923)
Changes in assumptions	65,720,376	203,183,149	(161,031,459)
<b>Total</b>	<u>\$ 75,593,942</u>	<u>\$ 306,502,864</u>	<u>\$ (262,936,382)</u>

\* Includes 157 active members currently waiving medical coverage.

\*\*Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.



# Discussion

## Accounting Standard

GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployments Benefits Other Than Pensions, as amended, and GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

Reporting under GASB Statement No. 75 is effective for fiscal years commencing after June 15, 2017.

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

## Financial Statements

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

GASB Statement No. 75 states the employer contributions made to the OPEB plan subsequent to the measurement date and before the end of the employer's reporting period should be reported as a deferred outflow of resources. The information contained in this report does not incorporate any employer contributions made subsequent to the measurement date of June 30, 2023.

## Notes to Financial Statements

GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to OPEB.



## Discussion

In addition, GASB Statement No. 75 requires the notes of the financial statements for employers to include certain additional information. The requirements listed on the following pages apply to OPEB plans that do not have formal assets that meet the criteria in paragraph 4 of GASB Statement No. 75.

- **Plan Description:**
  - The name of the OPEB plan, the administrator of the OPEB plan and the identification of the OPEB plan as a single-employer or multiple-employer OPEB plan.
  - A brief description of the types of benefits provided by the plan, automatic or ad hoc postemployment benefit changes including COLAs, and terms or policies regarding the sharing of benefit-related costs with inactive plan members.
  - The authority under which benefit terms are established or may be changed.
  - The number of plan members by category and if the plan is closed.
  - A brief description of member and employer contribution requirements.
  - The fact that there are no assets accumulated in a trust.
- **The total OPEB liability**
- **Significant assumptions and other inputs used to measure the total OPEB liability:**
  - Significant assumptions include: Inflation, healthcare cost trend rates, salary changes, ad hoc postemployment benefit changes, and the sharing of benefit-related costs with inactive plan members.
  - If applicable, the patterns of practice relied upon for projecting the sharing of benefit-related costs with inactive plan members.
  - Source of the assumptions for mortality and dates of experience studies.
- **Measure of the total OPEB liability using +/- 1% on the health care trend rate.**
- **On the discount rate:**
  - The discount rate used and the change in the discount rate since the prior fiscal year-end.
  - The municipal bond rate used and the source of that rate.
  - Measure of the net OPEB liability using +/- 1% on the discount rate.
- **The measurement date, the date of the actuarial valuation, and if applicable the fact that update procedures were used to roll forward the total OPEB liability.**
- **A brief description of changes in benefit terms or assumptions that affected the measurement of the total OPEB liability since the prior measurement date.**
- **A brief description of changes made between the measurement date and reporting date.**
- **The employer's contributions made subsequent to the measurement date.**

### Required Supplementary Information for Plans that Do Not Have Formal Assets

GASB Statement No. 75 requires a 10-year fiscal history of:

- Sources of changes in the total OPEB liability; and
- Information about the total OPEB liability and related ratios, including the total OPEB liability as a percent of Covered Employee Payroll.

# Discussion

## Frequency and Timing of the Actuarial Valuation

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

The total OPEB liability shown in this report is based on an actuarial valuation performed as of June 30, 2022 and a measurement date of June 30, 2023.

## Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.86% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index").

## Actuarial Assumptions

The actuarial assumptions used to value the liabilities are the same as those used in the GASB Statement No. 75 Report for the Fiscal Year End June 30, 2023 and are outlined in the report dated October 7, 2023, except as noted below:

- The discount rate was increased from 3.69% to 3.86%.

The assumptions include details on the health care trend assumption, the aging factors as well as the cost method used to develop the OPEB expense. The demographic assumptions were based on the experience study covering the four-year period ending June 30, 2018 as conducted for the pension plan. Economic assumptions (price inflation and wage inflation) were first used in the July 1, 2022 actuarial valuation based on MSRPS economic assumptions.

## Future Uncertainty or Risk

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

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

## Discussion

### Benefits Valued

The benefit provisions that were valued are the same as those used in the GASB Statement No. 75 Report for the Fiscal Year End June 30, 2023 and are outlined in the report dated October 13, 2023. The valuation is required to be performed on the current benefit terms and existing legal agreements. Consideration is to be given to the written plan document as well as other communications between the employer and plan members and an established pattern of practice for cost sharing. The summary of major plan provisions is designed to outline principal plan benefits. If the plan summary is not in accordance with the actual provisions, please alert the actuary IMMEDIATELY so they can both be sure the proper provisions are valued.

### Effective Date and Transition

GASB Statement No. 75 is effective for an employer's fiscal years beginning after June 15, 2017.

## **SECTION B**

---

### **FINANCIAL SCHEDULES**

Auditor's Note – This information is intended to assist in preparation of the financial statements of the Maryland Transit Administration. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

# Statement of OPEB Expense under GASB Statement No. 75

## Fiscal Year Ended June 30, 2024

### A. Expense

1. Service Cost	\$ 29,159,456
2. Interest on the Total OPEB Liability	27,910,344
3. Current-Period Benefit Changes	0
4. OPEB Plan Administrative Expense	0
5. Recognition of Outflow (Inflow) of Resources due to Liabilities	<u>(58,008,110)</u>
<b>6. Total OPEB Expense</b>	<b>\$ (938,310)</b>

### Recognition of Deferred Outflows and Inflows of Resources

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

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 30,834 years. Additionally, the total plan membership (active employees and inactive employees) was 3,907. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 8 years.

# Statement of Outflows and Inflows Arising from Current Reporting Period Fiscal Year Ended June 30, 2024

## A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total OPEB Liability (gains) or losses	\$ (7,546,678)
2. Assumption Changes (gains) or losses	\$ (18,433,972)
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	8.0000
4. Outflow (Inflow) of Resources to be recognized in the current OPEB expense for the difference between expected and actual experience of the Total OPEB Liability	\$ (943,335)
5. Outflow (Inflow) of Resources to be recognized in the current OPEB expense for assumption changes	\$ (2,304,247)
6. Outflow (Inflow) of Resources to be recognized in the current OPEB expense due to Liabilities	\$ (3,247,581)
7. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses for the difference between expected and actual experience of the Total OPEB Liability	\$ (6,603,343)
8. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses for assumption changes	\$ (16,129,726)
9. Deferred Outflow (Inflow) of Resources to be recognized in future OPEB expenses due to Liabilities	\$ (22,733,069)

# Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Fiscal Year Ended June 30, 2024

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

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 2,468,391	\$ 18,473,843	\$ (16,005,452)
2. Assumption changes	16,354,920	58,357,578	(42,002,658)
<b>3. Total</b>	<b>\$ 18,823,311</b>	<b>\$ 76,831,421</b>	<b>\$ (58,008,110)</b>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	\$ 9,873,566	\$ 103,319,715	\$ (93,446,149)
2. Assumption changes	65,720,376	203,183,149	(137,462,773)
<b>3. Total</b>	<b>\$ 75,593,942</b>	<b>\$ 306,502,864</b>	<b>\$ (230,908,922)</b>

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

Year Ending June 30	Net Deferred Outflows of Resources
2025	\$ (58,008,112)
2026	(43,775,162)
2027	(23,846,580)
2028	(31,733,612)
2029	(31,489,997)
Thereafter	(42,055,459)
<b>Total</b>	<b>\$ (230,908,922)</b>

Employer contributions that were made subsequent to the measurement date of the total OPEB liability and prior to the end of the employer's reporting period should be reported by the employer as a deferred outflow of resources related to OPEB. The information contained in this report does not incorporate any contributions made subsequent to the measurement date.

# Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods (Concluded) Fiscal Year Ended June 30, 2024

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
<b>Deferred Outflow (Inflow) Due to Differences Between Expected and Actual Experience on Liabilities</b>					
2018	\$ -	8.0000	\$ -	\$ -	1.0000
2019	(14,073,053)	8.0000	(1,759,132)	(3,518,261)	2.0000
2020	(1,120,610)	8.0000	(140,076)	(420,230)	3.0000
2021	19,747,130	8.0000	2,468,391	9,873,566	4.0000
2022	(8,079,359)	8.0000	(1,009,920)	(5,049,599)	5.0000
2023	(116,971,042)	8.0000	(14,621,380)	(87,728,282)	6.0000
2024	(7,546,678)	8.0000	(943,335)	(6,603,343)	7.0000
<b>Total</b>			<b>\$ (16,005,452)</b>	<b>\$ (93,446,149)</b>	
<b>Deferred Outflow (Inflow) Due to Assumption Changes</b>					
2018	\$ (113,863,562)	8.0000	\$ (14,232,945)	\$ (14,232,947)	1.0000
2019	(145,355,632)	8.0000	(18,169,454)	(36,338,908)	2.0000
2020	64,216,889	8.0000	8,027,111	24,081,334	3.0000
2021	(21,696,080)	8.0000	(2,712,010)	(10,848,040)	4.0000
2022	66,622,469	8.0000	8,327,809	41,639,042	5.0000
2023	(167,511,373)	8.0000	(20,938,922)	(125,633,529)	6.0000
2024	(18,433,972)	8.0000	(2,304,247)	(16,129,725)	7.0000
<b>Total</b>			<b>\$ (42,002,658)</b>	<b>\$ (137,462,773)</b>	
<b>Total Deferred Outflow (Inflow)</b>					
2018	\$ (113,863,562)		\$ (14,232,945)	\$ (14,232,947)	
2019	(159,428,685)		(19,928,586)	(39,857,169)	
2020	63,096,279		7,887,035	23,661,104	
2021	(1,948,950)		(243,619)	(974,474)	
2022	58,543,110		7,317,889	36,589,443	
2023	(284,482,415)		(35,560,302)	(213,361,811)	
2024	(25,980,650)		(3,247,582)	(22,733,068)	
<b>Total</b>			<b>\$ (58,008,110)</b>	<b>\$ (230,908,922)</b>	



# Schedule of Changes in Total OPEB Liability and Related Ratios

## Current Reporting Period

### Fiscal Year Ended June 30, 2024

<b>A. Total OPEB liability</b>	
1. Service cost	\$ 29,159,456
2. Interest on the total OPEB liability	27,910,344
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the total OPEB liability	(7,546,678)
5. Changes of assumptions	(18,433,972)
6. Benefit payments	(17,898,775)
<b>7. Net change in total OPEB liability</b>	<u>\$ 13,190,375</u>
<b>8. Total OPEB liability – beginning</b>	<u>750,747,547</u>
<b>9. Total OPEB liability – ending</b>	<u><u>\$ 763,937,922</u></u>
<b>B. Covered Employee Payroll</b>	N/A
<b>C. Total OPEB liability as a percentage of Covered Employee Payroll</b>	N/A

## Schedules of Required Supplementary Information

### Schedule of Changes in Total OPEB Liability and Related Ratios Multiyear

#### Last 10 Fiscal Years (which may be built prospectively)

Fiscal year ending June 30,	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 29,159,456	\$ 46,235,311	\$ 41,932,110	\$ 46,156,425	\$ 31,898,596	\$ 41,137,567	\$ 47,907,217
Interest on the total OPEB liability	27,910,344	19,256,529	21,957,010	26,466,513	26,052,660	29,486,571	25,090,434
Changes of benefit terms	0	0	0	0	0	0	0
Difference between expected and actual experience	(7,546,678)	(116,971,042)	(8,079,359)	19,747,130	(1,120,610)	(14,073,053)	0
Changes of assumptions	(18,433,972)	(167,511,373)	66,622,469	(21,696,080)	64,216,889	(145,355,632)	(113,863,562)
Benefit payments, including refunds of employee contributions	(17,898,775)	(20,176,905)	(15,511,296)	(20,354,336)	(17,240,303)	(15,617,475)	(12,421,897)
<b>Net change in total OPEB liability</b>	13,190,375	(239,167,480)	106,920,934	50,319,652	103,807,232	(104,422,022)	(53,287,808)
<b>Total OPEB liability - beginning</b>	750,747,547	989,915,027	882,994,093	832,674,441	728,867,209	833,289,231	886,577,039
<b>Total OPEB liability - ending (a)</b>	<u>\$ 763,937,922</u>	<u>\$ 750,747,547</u>	<u>\$ 989,915,027</u>	<u>\$ 882,994,093</u>	<u>\$ 832,674,441</u>	<u>\$ 728,867,209</u>	<u>\$ 833,289,231</u>
<b>Covered Employee Payroll</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total OPEB liability as a percentage of Covered Employee Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Notes to Schedule:</b>							
N/A							

## Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.86% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.69% as of the prior measurement date.

## Plan Assets

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

## Summary of Membership Information

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,506
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	2,401
Total Plan Members	<u>3,907</u>

## Sensitivity of Total OPEB Liability

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.86%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

### Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b>2.86%</b>	<b>3.86%</b>	<b>4.86%</b>
\$ 883,083,458	\$ 763,937,922	\$ 666,935,879

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

### Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
\$ 649,437,949	\$ 763,937,922	\$ 910,583,799

## SECTION C

---

### GLOSSARY OF TERMS

## Glossary of Terms

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

## Glossary of Terms

<b>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</b>	A calculated contribution into an OPEB plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the Actuarially Determined Contribution has a normal cost payment and an amortization payment.
<b>Amortization Method</b>	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be “open” (meaning, reset each year) or “closed” (the number of years remaining will decline each year).
<b>Amortization Payment</b>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<b>Cost-of-Living Adjustments</b>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<b>Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan (cost-sharing OPEB plan)</b>	A multiple-employer defined benefit OPEB plan in which the OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides benefits through the OPEB plan.
<b>Covered Employee Payroll</b>	The payroll of employees that are provided with benefits through the OPEB plan.
<b>Deferred Inflows and Outflows</b>	The deferred inflows and outflows of OPEB resources are amounts used under GASB Statement No. 75 in developing the annual OPEB expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in the OPEB expense should be included in the deferred inflows or outflows of resources.
<b>Discount Rate</b>	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: <ol style="list-style-type: none"><li>1. The benefit payments to be made while the OPEB plans’ fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and</li><li>2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.</li></ol>

## Glossary of Terms

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



## Glossary of Terms

<b>Normal Cost</b>	The portion of the actuarial present value allocated to a valuation year is called the normal cost. For purposes of application to the requirements of this Statement, the term normal cost is the equivalent of service cost.
<b>Other Postemployment Benefits (OPEB)</b>	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
<b>Real Rate of Return</b>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<b>Service Cost</b>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<b>Total OPEB Expense</b>	The total OPEB expense is the sum of the following items that are recognized at the end of the employer's fiscal year: <ol style="list-style-type: none"><li>1. Service Cost</li><li>2. Interest on the Total OPEB Liability</li><li>3. Current-Period Benefit Changes</li><li>4. Employee Contributions (made negative for addition here)</li><li>5. Projected Earnings on Plan Investments (made negative for addition here)</li><li>6. OPEB Plan Administrative Expense</li><li>7. Other Changes in Plan Fiduciary Net Position</li><li>8. Recognition of Outflow (Inflow) of Resources due to Liabilities</li><li>9. Recognition of Outflow (Inflow) of Resources due to Assets</li></ol>
<b>Total OPEB Liability (TOL)</b>	The TOL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	The UAAL is the difference between actuarial accrued liability and valuation assets.
<b>Valuation Assets</b>	The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of GASB Statement Nos. 74 and 75, the valuation assets are equal to the market value of assets.



October 3, 2024

Ms. Laurie M. Brown  
Deputy Chief Financial Officer  
Maryland Transit Administration  
Office of Finance  
6 St. Paul Street, Suite 841  
Baltimore, MD 21202

Dear Ms. Brown:

Please find enclosed copies of the GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" report of the Maryland Transit Administration.

Sincerely,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink, appearing to read "Brad Lee Armstrong". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:rmn  
Enclosures

cc: Lisa Lamberth (MTA)  
Edward Wilson (MTA)  
Derek Henning (GRS)