



GASB 74/75 INTERIM ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2021

TOWN OF SOUTH KINGSTOWN

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Table of Contents

	Page
Certification	1
Executive Summary	3
GASB Disclosures	
Schedule of Changes in Net OPEB Liability and Related Ratios	4
Schedule of Employer Contributions	6
OPEB Expense	7
Deferred Outflows / (Inflows) of Resources	8
Sensitivity Results	11
Asset Information	12
Actuarially Determined Contributions	14
Discussion of Discount Rates	15
Summary of Key Actuarial Assumptions	16
Actuary's Notes	18

November 12, 2021

**Zachary Saul
Town of South Kingstown
180 High Street
Wakefield, RI 02789**

This report summarizes the interim GASB actuarial valuation for the Town of South Kingstown 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. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

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.

A handwritten signature in black ink that reads "Rosemary Howell".

Rosemary Howell, FSA, EA, MAAA
Actuary

Executive Summary

Town of South Kingstown Interim GASB 74/75 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 Town's Notes to Financial Statement.

	As of June 30, 2020	As of June 30, 2021
Total OPEB Liability	\$ 18,131,098	\$ 17,632,468
Actuarial Value of Assets	\$ (18,426,875)	\$ (23,479,437)
Net OPEB Liability	\$ (295,777)	\$ (5,846,969)
Funded Ratio	101.6%	133.2%

	FY 2019/20	FY 2020/21
OPEB Expense	\$ 527,189	\$ (693,565)
Annual Employer Contributions	\$ 1,909,528	\$ 2,100,581
Actuarially Determined Contribution	\$ 1,392,198	\$ 1,347,422

	As of June 30, 2020	As of June 30, 2021
Discount Rate	6.50%	6.25%
Expected Return on Assets	6.50%	6.25%

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 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	FY 2016/17
Total OPEB Liability					
Total OPEB Liability - beginning of year	\$ 18,131,098	\$ 20,194,661	\$ 20,772,231	\$ 18,888,873	\$ 18,326,804
Service cost	624,785	734,058	719,293	719,381	719,382
Interest	1,176,031	1,368,716	1,411,561	1,283,580	1,199,145
Change of benefit terms	0	0	0	25,908	0
Changes in assumptions	277,949	120,308	0	2,214,123	0
Differences between expected and actual experience	(1,229,973)	(2,962,117)	(1,530,172)	(1,155,474)	(214,423)
Benefit payments	(1,347,422)	(1,324,528)	(1,178,252)	(1,204,160)	(1,142,035)
Net change in total OPEB liability	\$ (498,630)	\$ (2,063,563)	\$ (577,570)	\$ 1,883,358	\$ 562,069
Total OPEB Liability - end of year	\$ 17,632,468	\$ 18,131,098	\$ 20,194,661	\$ 20,772,231	\$ 18,888,873
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	\$ 18,426,875	\$ 16,886,005	\$ 14,199,896	\$ 11,901,293	\$ 10,196,288
Contributions - employer	2,100,581	1,909,528	2,778,252	2,704,160	1,742,035
Contributions - active employees	0	0	0	0	0
Net investment income	4,352,851	994,076	1,120,738	828,458	1,143,920
Benefit payments	(1,347,422)	(1,324,528)	(1,178,252)	(1,204,160)	(1,142,035)
Trust administrative expenses	(53,448)	(38,206)	(34,629)	(29,855)	(38,915)
Net change in plan fiduciary net position	\$ 5,052,562	\$ 1,540,870	\$ 2,686,109	\$ 2,298,603	\$ 1,705,005
Plan fiduciary net position - end of year	\$ 23,479,437	\$ 18,426,875	\$ 16,886,005	\$ 14,199,896	\$ 11,901,293
Net OPEB Liability - end of year	\$ (5,846,969)	\$ (295,777)	\$ 3,308,656	\$ 6,572,335	\$ 6,987,580
Plan fiduciary net position as % of total OPEB liability	133.2%	101.6%	83.6%	68.4%	63.0%
Covered employee payroll	\$ 45,574,729	\$ 42,866,121	\$ 44,236,539	\$ 43,253,947	\$ 42,186,979
Net OPEB liability as % of covered payroll	-12.8%	-0.7%	7.5%	15.2%	16.6%

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2015/16
Total OPEB Liability	
Total OPEB Liability - beginning of year	\$ 19,435,296
Service cost	820,802
Interest	1,416,126
Change of benefit terms	0
Changes in assumptions	788,258
Differences between expected and actual experience	(3,006,059)
Benefit payments	(1,127,619)
Net change in total OPEB liability	\$ (1,108,492)
Total OPEB Liability - end of year	\$ 18,326,804
Plan Fiduciary Net Position	
Plan fiduciary net position - beginning of year	\$ 9,714,523
Contributions - employer	1,727,619
Contributions - retired members	0
Net investment income	(62,732)
Benefit payments	(1,127,619)
Trust administrative expenses	(55,503)
Net change in plan fiduciary net position	\$ 481,765
Plan fiduciary net position - end of year	\$ 10,196,288
Net OPEB Liability - end of year	\$ 8,130,516
Plan fiduciary net position as % of total OPEB liability	55.6%
Covered employee payroll	\$ 40,859,060
Net OPEB liability as % of covered payroll	19.9%

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the Town's financial statements.

	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
Actuarially Determined Contribution (ADC)	\$ 1,347,422	\$ 1,392,198	\$ 1,857,859	\$ 1,829,061	\$ 1,863,644
Contributions in relation to the ADC	2,100,581	1,909,528	2,778,252	2,704,160	1,742,035
Contribution deficiency/(excess)	\$ (753,159)	\$ (517,330)	\$ (920,393)	\$ (875,099)	\$ 121,609
Covered employee payroll	\$ 45,574,729	\$ 42,866,121	\$ 44,236,539	\$ 43,253,947	\$ 42,186,979
Contribution as a % of covered payroll	4.6%	4.5%	6.3%	6.3%	4.1%

	FY 2015/16	FY 2014/15	FY 2013/14	FY 2012/13	FY 2011/12
Actuarially Determined Contribution (ADC)	\$ 1,812,425	\$ 1,665,055	\$ 1,722,851	\$ 1,878,000	\$ 1,878,000
Contributions in relation to the ADC	1,727,619	4,859,217	2,948,054	2,896,704	1,986,031
Contribution deficiency/(excess)	\$ 84,806	\$ (3,194,162)	\$ (1,225,203)	\$ (1,018,704)	\$ (108,031)
Covered employee payroll	\$ 40,859,060	\$ 42,546,253	\$ 42,546,253	\$ 43,016,000	\$ 43,016,000
Contribution as a % of covered payroll	4.2%	11.4%	6.9%	6.7%	4.6%

*FY 2020/21 Actuarially Determined Contribution (ADC) has been updated for actual benefits payments, since the plan is funded above 100%.

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

OPEB Expense

OPEB Expense	FY 2020/21	FY 2019/20
Discount Rate		
Beginning of year	6.50%	6.75%
End of year	6.25%	6.50%
Service cost	\$ 624,785	\$ 734,058
Interest	1,176,031	1,368,716
Change of benefit terms	0	0
Projected earnings on OPEB plan investments	(1,220,129)	(1,157,958)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	53,448	38,206
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (897,657)	\$ (785,841)
Changes in assumptions	268,251	242,983
Net difference between projected and actual earnings on OPEB plan investments	(698,294)	87,025
Total current period recognition	\$ (1,327,700)	\$ (455,833)
Total OPEB expense	\$ (693,565)	\$ 527,189

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 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, 2015	\$ 0	N/A	\$ 0	\$ 0
June 30, 2016	\$ (3,006,059)	13	\$ (231,235)	\$ (1,618,649)
June 30, 2017	\$ (214,423)	13	\$ (16,494)	\$ (131,953)
June 30, 2018	\$ (1,155,474)	13	\$ (88,883)	\$ (799,942)
June 30, 2019	\$ (1,530,172)	10	\$ (153,017)	\$ (1,071,121)
June 30, 2020	\$ (2,962,117)	10	\$ (296,212)	\$ (2,369,693)
June 30, 2021	\$ (1,229,973)	11	\$ (111,816)	\$ (1,118,157)

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Deferred Outflows / (Inflows) of Resources (Continued)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2015	\$ 0	N/A	\$ 0	\$ 0
June 30, 2016	\$ 788,258	13	\$ 60,635	\$ 424,448
June 30, 2017	\$ 0	N/A	\$ 0	\$ 0
June 30, 2018	\$ 2,214,123	13	\$ 170,317	\$ 1,532,855
June 30, 2019	\$ 0	N/A	\$ 0	\$ 0
June 30, 2020	\$ 120,308	10	\$ 12,031	\$ 96,246
June 30, 2021	\$ 277,949	11	\$ 25,268	\$ 252,681

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, 2017	\$ (437,043)	5	\$ (87,407)	\$ 0
June 30, 2018	\$ 24,678	5	\$ 4,936	\$ 4,934
June 30, 2019	\$ (110,276)	5	\$ (22,055)	\$ (44,111)
June 30, 2020	\$ 163,882	5	\$ 32,776	\$ 98,330
June 30, 2021	\$ (3,132,722)	5	\$ (626,544)	\$ (2,506,178)

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Deferred Outflows / (Inflows) of Resources (Continued)

As of fiscal year ending June 30, 2021	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (7,109,515)
Changes in assumptions	2,306,230	0
Net difference between projected and actual earnings in OPEB plan investments	0	(2,447,025)
Total	\$ 2,306,230	\$ (9,556,540)

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	\$ (1,240,295)
2023	\$ (1,245,230)
2024	\$ (1,223,172)
2025	\$ (1,255,952)
2026	\$ (629,406)
Thereafter	\$ (1,656,255)

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 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 6.25%.
- The 1% decrease in discount rate would be 5.25%.
- The 1% increase in discount rate would be 7.25%.

As of June 30, 2021	Net OPEB Liability
1% Decrease	\$ (4,682,702)
Current Discount Rate	\$ (5,846,969)
1% Increase	\$ (6,927,765)

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	\$ (7,401,674)
Current Trend Rates	\$ (5,846,969)
1% Increase	\$ (4,062,582)

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Asset Information

Asset Breakdown	FY 2019/20	FY 2020/21
Assets		
Cash and deposits	\$ 57,986	\$ 188,611
Securities lending cash collateral	0	0
Total cash	\$ 57,986	\$ 188,611
Receivables		
Contributions	\$ 585,000	\$ 0
Accrued interest	0	0
Total receivables	\$ 585,000	\$ 0
Investments		
Fixed income	\$ 6,802,215	\$ 9,105,644
Equities	10,870,162	14,185,183
Mutual Funds	111,512	0
Total investments	\$ 17,783,889	\$ 23,290,827
Total Assets	\$ 18,426,875	\$ 23,479,437
Liabilities		
Payables		
Investment management fees	\$ 0	\$ 0
Securities lending expense	0	0
Total liabilities	\$ 0	\$ 0
Net Position Restricted to OPEB	\$ 18,426,875	\$ 23,479,437

GASB Disclosures

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Asset Information (Continued)

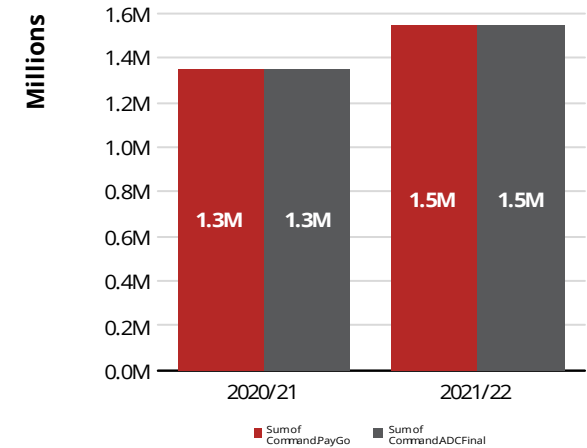
Asset Reconciliation	FY 2019/20	FY 2020/21
Additions		
Contributions Received		
Employer	\$ 1,909,528	\$ 2,100,581
Active employees	0	0
Total contributions	\$ 1,909,528	\$ 2,100,581
Investment Income		
Net increase in fair value of investments	\$ 571,620	\$ 3,925,595
Interest and dividends	422,456	427,256
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 994,076	\$ 4,352,851
Total additions	\$ 2,903,604	\$ 6,453,432
Deductions		
Benefit payments	\$ 1,324,528	\$ 1,347,422
Administrative expenses	38,206	53,448
Other	0	0
Total deductions	\$ 1,362,734	\$ 1,400,870
Net increase in net position	\$ 1,540,870	\$ 5,052,562
Net position restricted to OPEB		
Beginning of year	\$ 16,886,005	\$ 18,426,875
End of year	\$ 18,426,875	\$ 23,479,437

Actuarially Determined Contributions

Town of South Kingstown Interim GASB 74/75 Valuation For Fiscal Year Ending June 30, 2021

	FY 2020/21	FY 2021/22
Discount rate (Funding)	6.50%	6.25%
Payroll growth factor used for amortization	N/A	N/A
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level Dollar	Level Dollar
Amortization period (years)	6	5
Actuarial Accrued Liability (AAL) - beginning of year	\$ 18,131,098	\$ 17,632,468
Actuarial Value of Assets (AVA) - beginning of year	(18,426,875)	(23,479,437)
Unfunded AAL - beginning of year	\$ (295,777)	\$ (5,846,969)
Normal Cost	\$ 624,785	\$ 652,493
Amortization of Unfunded AAL	(295,777)	(1,315,297)
Total normal cost plus amortization	\$ 329,008	\$ (662,804)
Interest to end of year	21,386	(41,425)
Actuarially Determined Contribution - Preliminary	\$ 350,394	\$ (704,229)
Expected Benefit Payments	1,347,422	1,541,588
Actuarially Determined Contribution - Final	\$ 1,347,422	\$ 1,541,588

Cash Vs Accrual Accounting



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

Discussion of Discount Rates

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, 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) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is assumed to be 6.25%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table.
2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are 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.

Asset Class	Target Allocation	L/T Expected Real ROR
U.S. Equity	33.00%	5.30%
Non-U.S. Equity	21.00%	8.00%
U.S. Aggregate Bonds	15.00%	3.10%
Intermediate-Term Credit	10.00%	3.60%
Short-Term Credit	5.00%	3.50%
Intermediate-Term TIPS	10.00%	2.80%
REITs	5.00%	4.80%

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

3. The final equivalent single discount rate used for this year's valuation is 6.25%. This is based on the expectation that the Town/School will pay for the pay-go cost from the Trust and they will continue making contributions into the Trust in perpetuity until significant changes occur to the retiree health benefit provisions that will necessitate a different funding strategy.

Summary of Key Actuarial Assumptions

Town of South Kingstown Interim GASB 74/75 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

6.25% as of June 30, 2021 and 6.50% as of July 1, 2020 for accounting disclosure purposes
6.25% as of June 30, 2021 and 6.50% as of July 1, 2020. for funding disclosure purposes (in calculating the Actuarially Determined Contribution)
Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

Payroll Growth

Payroll growth is based on the assumptions used in the RI ERS and MERS actuarial valuations as of June 30, 2019. Sample payroll growths that include wage inflation and merit / productivity increases are as shown below:

YOS	IBPO / EMT	All Others Town	Teachers
0	14.00%	7.25%	13.00%
5	7.00%	5.50%	8.00%
10	4.00%	3.75%	7.00%
15	4.00%	3.50%	3.00%
20	4.00%	3.25%	3.00%

Inflation Rate

2.10% per year

Cost Method

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:

- 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

Town of South Kingstown Interim GASB 74/75 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%		

Annual dental trend is assumed to be 4.5% in the future.

Retiree Contributions

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

Actuary's Notes

Town of South Kingstown Interim GASB 74/75 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 a decrease in liabilities.

The discount rate for accounting and funding disclosure purposes changed from 6.50% as of July 1, 2020 to 6.25% as of June 30, 2021. This assumption is based on the long-term expected rate of return on the OPEB plan investments. Making this change resulted in an increase in liabilities.

Premium Rates

Same benefit options are available to retirees as active employees. Both Town of South Kingstown and South Kingstown School Department health plans are fully-insured through Rhode Island Interlocal Risk Management Trust. Depending on its size, the entity's experience is blended with the community pool (the community used is all of the municipal accounts in Rhode Island, not just the collaborative pool that they are a part of). There is no asset used to suppress premium rates increases. Premium rates are calculated to fund the expected costs (including claims and administrative costs). The monthly premiums are as below.

Employer	Division / Plan	Employee Groups	Eff. 7/1/2021		Eff. 7/1/2020	
			Single	Family	Single	Family
Town	1002575-0006 Classic ¹	Council 94	N/A	\$ 2,489.88	N/A	\$ 2,425.22
Town	1002575-0006 HM \$50 ER	Council 94	\$ 761.05	\$ 1,801.79	\$ 741.29	\$ 1,755.00
Town	1002575-0006 HM \$75 ER	Council 94	\$ 742.38	\$ 1,757.57	\$ 723.10	\$ 1,711.93
Town	1002575-0006 HM \$75 ER OV \$15	Council 94	\$ 752.90	\$ 1,782.51	\$ 733.35	\$ 1,736.22
Town	1002575-0005 Classic ¹	IBPO	\$ 1,049.32	\$ 2,497.70	\$ 1,022.07	\$ 2,432.83
Town	1002575-0005 HM \$25 ER	IBPO	\$ 772.50	\$ 1,829.65	\$ 752.44	\$ 1,782.13
Town	1002575-0005 HM \$50 ER	IBPO	\$ 767.09	\$ 1,816.83	\$ 747.17	\$ 1,769.65
Town	1002575-0005 HM \$100 ER	IBPO	\$ 760.90	\$ 1,802.19	\$ 741.14	\$ 1,755.39
Town	1002575-0003 HM ²	IBPO	\$ 756.93	\$ 1,783.54	\$ 737.27	\$ 1,737.22
Town	1002575-0002 HM	NEA	\$ 756.78	\$ 1,791.48	\$ 737.13	\$ 1,744.95
Town	1002575-0001 HM	Non-Union / C94	\$ 752.90	\$ 1,782.51	\$ 733.35	\$ 1,736.22
Town	1002575-0004/9 HDHP HSA ²	EMT	\$ 632.39	\$ 1,481.65	\$ 615.97	\$ 1,443.17
Town	1002575-0007/8 HM ²	EMT	\$ 770.37	\$ 1,804.92	\$ 750.36	\$ 1,758.05
School	161-0002 Classic	NEA / Admin	\$ 767.00	\$ 1,817.89	\$ 747.08	\$ 1,770.68
School	161-0002 HM	NEA / Admin	\$ 721.67	\$ 1,707.69	\$ 719.62	\$ 1,702.82
School	161-0003 Classic	Clerks and Aides	N/A	N/A	\$ 745.64	\$ 1,769.51

¹ Only available to a closed group of retirees currently enrolled in these plans.

² Excluding WRI.

Actuary's Notes

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Premium Rates

(Continued)

Employer	Division / Plan	Employee Groups	Eff. 7/1/2021		Eff. 7/1/2020	
			Single	Family	Single	Family
School	161-0003 HM	Clerks and Aides	\$ 721.67	\$ 1,707.69	\$ 719.62	\$ 1,702.82
School	161-0001 HM	Council 94	\$ 738.03	\$ 1,746.28	\$ 718.86	\$ 1,700.93
School	Medicare 65	NEA	\$ 188.56	N/A	\$ 196.79	N/A
Town	Dental	EMS	\$ 25.80	\$ 70.92	\$ 26.53	\$ 72.93
Town	Dental	IPBO	\$ 27.42	\$ 74.79	\$ 28.20	\$ 76.91
Town	Dental	Non-Union, C94	\$ 27.42	\$ 83.47	\$ 28.20	\$ 85.84
Town	Dental	NEA	\$ 29.02	\$ 87.07	NA	NA
School	Dental	Custodians	\$ 25.83	\$ 944.04	\$ 26.57	\$ 80.91
School	Dental	All Other Groups	\$ 25.83	\$ 999.60	\$ 26.57	\$ 85.66

Explicit Subsidy / Retiree Contributions

Town EMT

Employees are eligible for a fixed annual dollar subsidy based on the following table at retirement for 3 years (but not past Medicare eligibility). COBRA runs concurrently with the Town's three-year subsidy and at the end of the third year, retirees do not have the option to continue coverage in the Town's health plans.

<u>Service at Retirement</u>	<u>Annual Subsidy</u>
30	\$ 4,000
25	\$ 2,666
20	\$ 1,333

Actuary's Notes

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Explicit Subsidy / Retiree Contributions

(Continued)

Town IBPO

Employees retiring on/after July 1, 2013 are required to contribute the same co-share of the medical premium as active employees at retirement.

Existing retirees have varying contribution requirements based on the bargaining unit provisions effective at the time of retirement.

There is no coverage after Medicare eligibility. If the retiree has a younger spouse, there is no benefit for the spouse once the retiree attains Medicare eligibility. If the retiree has an older spouse, there is no benefit for the spouse when the spouse attains Medicare eligibility.

Town Council 94

Employees hired prior to July 1, 2005 contribute the same co-share of the medical premium as active employees at retirement until Medicare eligibility.

Employees hired on/after July 1, 2005 are eligible for a fixed annual dollar subsidy based on the following table at retirement for 3 years (but not past Medicare eligibility). COBRA runs concurrently with the Town's three-year subsidy and at the end of the third year, retirees do not have the option to continue coverage in the Town's health plans.

<u>Service at Retirement</u>	<u>Annual Subsidy</u>
30	\$ 4,000
25	\$ 2,666
20	\$ 1,333

Actuary's Notes

Town of South Kingstown Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Explicit Subsidy / Retiree Contributions (Continued)

Town NEA/Non-Union

Employees are eligible for a fixed annual dollar subsidy for a specified number of years (not past Medicare eligibility) based on the following table at retirement. COBRA runs concurrently with the Town's three-year subsidy and at the end of the third year, retirees do not have the option to continue coverage in the Town's health plans.

Service at Retirement	Annual Subsidy		Subsidy Duration	
	DOH < 7/1/2006	DOH ≥ 7/1/2006	DOH < 7/1/2006	DOH ≥ 7/1/2006
30	\$ 6,000	\$ 4,500	4 years	3 years
25	\$ 5,000	\$ 3,000	3 years	3 years
20	\$ 3,000	\$ 2,000	3 years	3 years

School NEA (Teachers)/Admin Management

Employees retiring on/after September 1, 2008 are eligible for paid medical and dental benefits for five years or until age 70, whichever is earlier, subject to the same co-share as active employees at retirement. This co-share will remain the same for the duration of this retiree health benefit. At the end of the subsidized period, retirees are eligible for COBRA coverage for 18 months.

Employees retiring on/after July 1, 2018 are eligible for the same benefits as above, however if the retiree becomes Medicare eligible within the benefit period, the retiree must come off the School plan. They will then be reimbursed for Part B payments and one supplemental "gap" insurance plan with prescription drug coverage provided by the School (Medicare 65 Plan). Covered spouses/dependents that are not Medicare eligible may stay on the School's plan for the covered benefit period.

School Clerks and Aides/Council 94/Admin Technical or Clerical

Retiree health benefits are eligible for the following specified duration:

- Clerks and Aides – 7 years
- Council 94 and Admin Technical or Clerical – 5 years

There is no explicit subsidy available to these retirees and they must pay the full cost of coverage.