



CONSULTING GROUP



A POSTRETIREMENT WELFARE BENEFIT GASB 75 ACTUARIAL VALUATION

For:

City of Woonsocket

As of:

July 1, 2019

(Updated as of June 30, 2021)

Prepared by:

USI Consulting Group

September 22, 2021



CONSULTING GROUP

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September 22, 2021

City of Woonsocket
169 Main Street
Woonsocket, RI 02895

RE: July 1, 2019 Actuarial Valuation of Postretirement Welfare Benefits

We enclose the report covering the actuarial valuation of the postretirement medical insurance plan for the employees of the City of Woonsocket as of July 1, 2019.

The financial results of the actuarial valuation are summarized in the report. The Executive Summary highlights the results of the valuation, including the calculation of the OPEB expense for the fiscal years ending June 30, 2020 and June 30, 2021.

Additional information summarizing census information, actuarial assumptions, and the methodology for developing them, as well as a glossary of selected terms used in this study, are also included in the report.

All calculations are made in accordance with our understanding of the provisions of the Statement of Governmental Accounting Standards Numbers 75 (GAS 75). This report provides information for the fiscal years ending June 30, 2020 and June 30, 2021. When completed, we would appreciate a copy of the footnote to your financial statement related to the postretirement benefits.

Respectfully submitted,

USI Consulting Group

Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary

John Sheaves
Senior Actuarial Consultant

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Section I

Executive Summary

This section presents the results of the July 1, 2019 valuation. The Executive Summary provides a brief discussion of key valuation results and includes the actuarial certification. The Executive Summary Detail provides detailed development of the expenses and liabilities.

EXECUTIVE SUMMARY

Introduction

Other postemployment benefits (“OPEB”) are benefits, other than pension or retirement income benefits, that are earned during employment but are payable upon cessation of employment. OPEB includes postemployment health care benefits (medical, dental, vision, hearing, and other health-related benefits), whether provided separately or through a defined benefit pension plan. OPEB also includes life insurance, disability, long-term care, etc., when provided separately from a pension plan.

Unlike pension plans, there is no requirement that OPEB benefits be funded prior to when the benefits are payable; however, Generally Accepted Accounting Principles (“GAAP”) view OPEB as a form of deferred compensation, and require that the costs related to these benefits be recognized during employment.

This July 1, 2019 Actuarial Valuation has been prepared to assist management in meeting the requirements of Government Accounting Standards. This is a biennial valuation that provides financial results for fiscal years ending June 30, 2020 and June 30, 2021.

This report provides the information needed to prepare the footnote in your financial statements related to your postretirement benefit plans. The results for fiscal years ending June 30, 2020 and June 30, 2021 are developed to comply with Statement of Governmental Accounting Standards Number 75 (GAS 75), which replaces GAS 45 for fiscal years beginning after June 15, 2017. The results have been updated as of June 30, 2020.

Additional information about GAS 75 is provided in Appendix E.

The liabilities developed in this report are only valid for purposes of meeting employer accounting requirements as required by Standards discussed above. Liabilities developed for other purposes could be significantly different than those shown in this report.

The valuation is based on the July 1, 2020 census data and plan information as provided by the employer. We have reviewed both the census and financial data for reasonableness but have not completed an independent audit of the information.

The detail charts included in this Executive Summary highlight the results of the valuation. Additional information summarizing the census, actuarial assumptions, plan provisions, and a glossary of selected terms used in this study are also included in this report.

EXECUTIVE SUMMARY (cont.)

Actuarial Certification

All costs, liabilities, and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The calculations are consistent and undertaken with our understanding of Statement of Governmental Accounting Standards Number 75. In our opinion, the actuarial assumptions are reasonable, taking into account the experience of the plan and reasonable expectations, and individually represent our best estimate of the anticipated experience under the plan.

I have no relationship with the employer or the plan that would objectively impair, or appear to impair, my ability to perform the work detailed in this report. I certify that I am a member of the American Academy of Actuaries and meet its Qualification Standards to provide an actuarial opinion in accordance with GASB 75.



Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary



Adeniyi Olaiya, ASA, MAAA
Associate Vice President and Actuary

EXECUTIVE SUMMARY (cont.)

Summary of Results

For fiscal years ending June 30, 2020 and June 30, 2021, the Total OPEB Liability, the Fiduciary Net Position, the Net OPEB Liability and Deferred Outflows / (Inflows) of resources are based on calculations as of the Valuation Date projected to the end of the applicable fiscal year. Additional detail is developed in the exhibits included in this actuarial valuation report.

Fiscal Year Ending June 30, 2020

<i>Total OPEB Liability</i>	\$156,813,421
<i>Fiduciary Net Position</i>	\$0
<i>Net OPEB Liability</i>	\$156,813,421
<i>OPEB Expense</i>	\$11,785,563
<i>Deferred (Outflows)/Inflows of Resources</i>	(\$17,246,996)
<i>Expected Benefit Payments</i>	\$3,900,235

Fiscal Year Ending June 30, 2021

<i>Total OPEB Liability</i>	\$161,246,024
<i>Fiduciary Net Position</i>	\$0
<i>Net OPEB Liability</i>	\$161,246,024
<i>OPEB Expense</i>	\$12,488,950
<i>Deferred (Outflows)/Inflows of Resources</i>	(\$13,489,271)
<i>Expected Benefit Payments</i>	\$4,298,622

Economic Assumptions

The following table details the selected and projected economic assumptions for the current fiscal year and the fiscal year ending June 30, 2021, respectively. More detailed information is provided in Section IV.

<u>Assumption Selection Date</u>	<u>July 1, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
<i>Discount rate</i>	3.50%	2.21%	2.16%
<i>2019 Medical Trend Rates</i>	8.00%	8.00%	8.00%
<i>2020 Medical Trend Rates</i>	7.50%	7.50%	7.50%
<i>Ultimate Medical Trend Rate</i>	5.00%	5.00%	5.00%
<i>Year Ultimate Trend Rates Reached</i>	2025	2025	2025
<i>Annual Payroll Increase</i>	2.50%	2.50%	2.50%

Experience Gains and Losses

The plan had an accumulated experience gain over the past two years primarily due to plan costs increasing less than assumed. The impact of the gain on the actuarial accrued liability is provided in Appendix B.

EXECUTIVE SUMMARY (cont.)

Assumption Changes included in current valuation

The mortality table has been changed to the RPH-2014 Total Dataset mortality table with projection scale MP-2019. The medical trend rates have been reset to 8.0% in 2019, decreasing by 0.5% per year down to 5.0% in 2025 and thereafter. The impact of this change on the actuarial accrued liability is provided in Appendix B.

Benefit Changes included in current valuation

There were no changes to the plan for this valuation.

Discount Rate

In accordance with GAS 75, the discount rate should be the single rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt, general obligation municipal bonds with an average rating of AA/Aa or higher. To the extent that the conditions in (a) are not met.

Since the City has not opened a Trust for the OPEB plan, the plan meets the requirements of (b) above. Thus, we have adopted a discount rate of 3.50% as of the June 30, 2019 measurement date, 2.21% as of June 30, 2020, and 2.16% as of June 30, 2021. This assumption will be reviewed as of the next measurement date and modified as appropriate.

EXECUTIVE SUMMARY DETAIL
GASB 75 LIABILITIES AND EXPENSE BY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2020

	<u>General</u>	<u>User</u>	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>
<i>I. Present Value of Future Benefits</i>					
A. Retirees/Disableds	\$108,522,818	\$113,175	\$247,779	\$2,428,293	\$111,312,065
B. Active Employees	<u>\$97,096,804</u>	<u>\$0</u>	<u>\$197,400</u>	<u>\$1,808,757</u>	\$99,102,961
C. Total	\$205,619,622	\$113,175	\$445,179	\$4,237,050	\$210,415,026
<i>II. Total OPEB Liability</i>					
A. Retirees/Disableds	\$108,522,818	\$113,175	\$247,779	\$2,428,293	\$111,312,065
B. Active Employees	<u>\$44,356,471</u>	<u>\$0</u>	<u>\$96,133</u>	<u>\$1,048,752</u>	<u>\$45,501,356</u>
C. Total	\$152,879,289	\$113,175	\$343,912	\$3,477,045	\$156,813,421
<i>III. Fiduciary Net Position</i>	\$0	\$0	\$0	\$0	\$0
<i>IV. Net OPEB Liability</i>	\$152,879,289	\$113,175	\$343,912	\$3,477,045	\$156,813,421
<i>V. Expected Benefit Payments</i>					
A. Retirees/Disableds	\$3,762,318	\$4,626	\$11,323	\$121,968	\$3,900,235
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$3,762,318	\$4,626	\$11,323	\$121,968	\$3,900,235
<i>VI. OPEB Expense</i>					
A. Service Cost	\$2,501,699	\$0	\$5,798	\$54,341	\$2,561,838
B. Interest	\$4,211,689	\$3,342	\$10,017	\$101,462	\$4,326,510
C. Projected Investment Earnings	\$0	\$0	\$0	\$0	\$0
D. Changes of Benefit Terms	\$0	\$0	\$0	\$0	\$0
E. Recognition of Deferred Outflows/ Inflows of Resources	<u>\$5,046,177</u>	<u>(\$13,986)</u>	<u>(\$6,587)</u>	<u>(\$128,389)</u>	<u>\$4,897,215</u>
F. OPEB Expense [A. + B. + C. + D. + E.]	\$11,759,565	(\$10,644)	\$9,228	\$27,414	\$11,785,563
<i>VII. Deferred (Outflows) of Resources</i>					
A. Experience Loss	(\$50,729)	\$0	\$0	\$0	(\$50,729)
B. Change In Assumptions	(\$28,908,994)	(\$15,827)	(\$49,391)	(\$532,786)	(\$29,506,998)
C. Investment Loss	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	(\$28,959,723)	(\$15,827)	(\$49,391)	(\$532,786)	(\$29,557,727)
<i>Deferred Inflows of Resources</i>					
A. Experience Gain	\$7,839,814	\$65,353	\$68,309	\$941,471	\$8,914,947
B. Change In Assumptions	\$3,300,449	\$2,702	\$7,085	\$85,548	\$3,395,784
C. Investment Gain	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	\$11,140,263	\$68,055	\$75,394	\$1,027,019	\$12,310,731
<i>Recognition in Expense</i>					
<i>Year ended June 30,</i>					
2021	\$5,046,177	(\$13,986)	(\$6,587)	(\$128,389)	\$4,897,215
2022	\$5,046,177	(\$13,986)	(\$6,587)	(\$128,389)	\$4,897,215
2023	\$5,046,177	(\$13,986)	(\$6,587)	(\$128,389)	\$4,897,215
2024	\$2,705,486	(\$10,252)	(\$6,193)	(\$108,434)	\$2,580,607
2025	(\$24,557)	(\$18)	(\$49)	(\$632)	(\$25,256)
Thereafter	\$0	\$0	\$0	\$0	\$0

EXECUTIVE SUMMARY DETAIL
GASB 75 LIABILITIES AND EXPENSE BY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2021

	<u>General</u>	<u>User</u>	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>
<i>I. Present Value of Future Benefits</i>					
A. Retirees/Disableds	\$111,737,360	\$111,320	\$266,006	\$2,491,587	\$114,606,273
B. Active Employees	<u>\$102,803,351</u>	<u>\$0</u>	<u>\$178,273</u>	<u>\$1,810,990</u>	<u>\$104,792,614</u>
C. Total	\$214,540,711	\$111,320	\$444,279	\$4,302,577	\$219,398,887
<i>II. Total OPEB Liability</i>					
A. Retirees/Disableds	\$111,737,360	\$111,320	\$266,006	\$2,491,587	\$114,606,273
B. Active Employees	<u>\$45,535,385</u>	<u>\$0</u>	<u>\$81,552</u>	<u>\$1,022,814</u>	<u>\$46,639,751</u>
C. Total	\$157,272,745	\$111,320	\$347,558	\$3,514,401	\$161,246,024
<i>III. Fiduciary Net Position</i>	\$0	\$0	\$0	\$0	\$0
<i>IV. Net OPEB Liability</i>	\$157,272,745	\$111,320	\$347,558	\$3,514,401	\$161,246,024
<i>V. Expected Benefit Payments</i>					
A. Retirees/Disableds	\$4,063,307	\$4,996	\$12,229	\$131,724	\$4,212,256
B. Active Employees	<u>\$75,307</u>	<u>\$0</u>	<u>\$2,611</u>	<u>\$8,448</u>	<u>\$86,366</u>
C. Total	\$4,138,614	\$4,996	\$14,840	\$140,172	\$4,298,622
<i>VI. OPEB Expense</i>					
A. Service Cost	\$3,703,035	\$0	\$8,489	\$76,699	\$3,788,223
B. Interest	\$3,414,988	\$2,446	\$7,625	\$76,997	\$3,502,056
C. Projected Investment Earnings	\$0	\$0	\$0	\$0	\$0
D. Changes of Benefit Terms	\$0	\$0	\$0	\$0	\$0
E. Recognition of Deferred Outflows/ (Inflows) of Resources	<u>\$5,342,004</u>	<u>(\$13,840)</u>	<u>(\$6,090)</u>	<u>(\$123,403)</u>	<u>\$5,198,671</u>
F. OPEB Expense	\$12,460,027	(\$11,394)	\$10,024	\$30,293	\$12,488,950
[A. + B. + C. + D. + E.]					
<i>VII. Deferred (Outflows) of Resources</i>					
A. Experience Loss	(\$36,981)	\$0	\$0	\$0	(\$36,981)
B. Change In Assumptions	(\$22,051,200)	(\$11,980)	(\$37,582)	(\$403,650)	(\$22,504,412)
C. Investment Loss	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	(\$22,088,181)	(\$11,980)	(\$37,582)	(\$403,650)	(\$22,541,393)
<i>Deferred Inflows of Resources</i>					
A. Experience Gain	\$5,715,202	\$47,642	\$49,797	\$686,329	\$6,498,970
B. Change In Assumptions	\$2,481,476	\$2,031	\$5,326	\$64,319	\$2,553,152
C. Investment Gain	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	\$8,196,678	\$49,673	\$55,123	\$750,648	\$9,052,122
<i>Recognition in Expense</i>					
<i>Year ended June 30,</i>					
2022	\$5,342,004	(\$13,840)	(\$6,090)	(\$123,403)	\$5,198,671
2023	\$5,342,004	(\$13,840)	(\$6,090)	(\$123,403)	\$5,198,671
2024	\$3,001,313	(\$10,106)	(\$5,696)	(\$103,448)	\$2,882,063
2025	\$206,182	\$93	\$335	\$3,256	\$209,866
2026	\$0	\$0	\$0	\$0	\$0
Thereafter	\$0	\$0	\$0	\$0	\$0

EXECUTIVE SUMMARY DETAIL
GASB 75 LIABILITIES AND EXPENSE BY EMPLOYEE GROUP
FOR FISCAL YEAR ENDING JUNE 30, 2020

	<u>Police</u>	<u>Fire</u>	<u>Pro-Tech</u>	<u>Municipal</u>	<u>Non-Union</u>	<u>Total</u>
I. Present Value of Future Benefits						
A. Retirees/Disableds	\$71,060,264	\$30,104,769	\$1,515,266	\$7,375,761	\$1,256,005	\$111,312,065
B. Active Employees	<u>\$41,794,731</u>	<u>\$44,498,980</u>	<u>\$2,368,122</u>	<u>\$8,367,043</u>	<u>\$2,074,085</u>	<u>\$99,102,961</u>
C. Total	\$112,854,995	\$74,603,749	\$3,883,388	\$15,742,804	\$3,330,090	\$210,415,026
II. Total OPEB Liability						
A. Retirees/Disableds	\$71,060,264	\$30,104,769	\$1,515,266	\$7,375,761	\$1,256,005	\$111,312,065
B. Active Employees	<u>\$17,110,078</u>	<u>\$21,741,827</u>	<u>\$1,494,780</u>	<u>\$3,983,757</u>	<u>\$1,170,914</u>	<u>\$45,501,356</u>
C. Total	\$88,170,342	\$51,846,596	\$3,010,046	\$11,359,518	\$2,426,919	\$156,813,421
III. Fiduciary Net Position	\$0	\$0	\$0	\$0	\$0	\$0
IV. Net OPEB Liability	\$88,170,342	\$51,846,596	\$3,010,046	\$11,359,518	\$2,426,919	\$156,813,421
V. Expected Benefit Payments						
A. Retirees/Disableds	\$1,922,283	\$1,443,520	\$72,422	\$396,331	\$65,679	\$3,900,235
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$1,922,283	\$1,443,520	\$72,422	\$396,331	\$65,679	\$3,900,235
VI. OPEB Expense						
A. Service Cost	\$1,084,319	\$1,099,269	\$57,840	\$252,202	\$68,208	\$2,561,838
B. Interest	\$2,381,253	\$1,461,674	\$85,813	\$328,151	\$69,619	\$4,326,510
C. Projected Investment Earnings	\$0	\$0	\$0	\$0	\$0	\$0
D. Changes of Benefit Terms	\$0	\$0	\$0	\$0	\$0	\$0
E. Recognition of Deferred Outflows/ Inflows of Resources	<u>\$2,850,194</u>	<u>\$2,271,646</u>	<u>(\$72,124)</u>	<u>(\$194,546)</u>	<u>\$42,045</u>	<u>\$4,897,215</u>
F. OPEB Expense	\$6,315,766	\$4,832,589	\$71,529	\$385,807	\$179,872	\$11,785,563
[A. + B. + C. + D. + E.]						
VII. Deferred (Outflows) of Resources						
A. Experience Loss	\$0	(\$50,729)	\$0	\$0	\$0	(\$50,729)
B. Change In Assumptions	(\$17,822,153)	(\$9,049,974)	(\$493,966)	(\$1,755,428)	(\$385,477)	(\$29,506,998)
C. Investment Loss	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	(\$17,822,153)	(\$9,100,703)	(\$493,966)	(\$1,755,428)	(\$385,477)	(\$29,557,727)
Deferred Inflows of Resources						
A. Experience Gain	\$5,734,432	\$0	\$704,022	\$2,283,477	\$193,016	\$8,914,947
B. Change In Assumptions	\$2,072,083	\$950,315	\$73,946	\$250,095	\$49,345	\$3,395,784
C. Investment Gain	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	\$7,806,515	\$950,315	\$777,968	\$2,533,572	\$242,361	\$12,310,731
Recognition in Expense						
Year ended June 30,						
2021	\$2,850,194	\$2,271,646	(\$72,124)	(\$194,546)	\$42,045	\$4,897,215
2022	\$2,850,194	\$2,271,646	(\$72,124)	(\$194,546)	\$42,045	\$4,897,215
2023	\$2,850,194	\$2,271,646	(\$72,124)	(\$194,546)	\$42,045	\$4,897,215
2024	\$1,480,475	\$1,342,521	(\$67,084)	(\$192,651)	\$17,346	\$2,580,607
2025	(\$15,419)	(\$7,071)	(\$546)	(\$1,855)	(\$365)	(\$25,256)
Thereafter	\$0	\$0	\$0	\$0	\$0	\$0

EXECUTIVE SUMMARY DETAIL
GASB 75 LIABILITIES AND EXPENSE BY EMPLOYEE GROUP
FOR FISCAL YEAR ENDING JUNE 30, 2021

	<u>Police</u>	<u>Fire</u>	<u>Pro-Tech</u>	<u>Municipal</u>	<u>Non-Union</u>	<u>Total</u>
I. Present Value of Future Benefits						
A. Retirees/Disableds	\$72,260,290	\$31,715,903	\$1,698,022	\$7,520,923	\$1,411,135	\$114,606,273
B. Active Employees	<u>\$43,162,342</u>	<u>\$48,748,318</u>	<u>\$2,212,451</u>	<u>\$8,638,591</u>	<u>\$2,030,912</u>	<u>\$104,792,614</u>
C. Total	\$115,422,632	\$80,464,221	\$3,910,473	\$16,159,514	\$3,442,047	\$219,398,887
II. Total OPEB Liability						
A. Retirees/Disableds	\$72,260,290	\$31,715,903	\$1,698,022	\$7,520,923	\$1,411,135	\$114,606,273
B. Active Employees	<u>\$18,227,083</u>	<u>\$21,824,980</u>	<u>\$1,389,984</u>	<u>\$4,092,970</u>	<u>\$1,104,734</u>	<u>\$46,639,751</u>
C. Total	\$90,487,373	\$53,540,883	\$3,088,006	\$11,613,893	\$2,515,869	\$161,246,024
III. Fiduciary Net Position	\$0	\$0	\$0	\$0	\$0	\$0
IV. Net OPEB Liability	\$90,487,373	\$53,540,883	\$3,088,006	\$11,613,893	\$2,515,869	\$161,246,024
V. Expected Benefit Payments						
A. Retirees/Disableds	\$2,076,066	\$1,559,002	\$78,216	\$428,037	\$70,935	\$4,212,256
B. Active Employees	<u>\$31,057</u>	<u>\$10,974</u>	<u>\$17,134</u>	<u>\$16,741</u>	<u>\$10,460</u>	<u>\$86,366</u>
C. Total	\$2,107,123	\$1,569,976	\$95,350	\$444,778	\$81,395	\$4,298,622
VI. OPEB Expense						
A. Service Cost	\$1,585,758	\$1,661,550	\$83,069	\$360,917	\$96,929	\$3,788,223
B. Interest	\$1,960,452	\$1,165,277	\$67,311	\$254,134	\$54,882	\$3,502,056
C. Projected Investment Earnings	\$0	\$0	\$0	\$0	\$0	\$0
D. Changes of Benefit Terms	\$0	\$0	\$0	\$0	\$0	\$0
E. Recognition of Deferred Outflows/ (Inflows) of Resources	<u>\$3,033,865</u>	<u>\$2,363,160</u>	<u>(\$67,326)</u>	<u>(\$176,951)</u>	<u>\$45,923</u>	<u>\$5,198,671</u>
F. OPEB Expense	\$6,580,075	\$5,189,987	\$83,054	\$438,100	\$197,734	\$12,488,950
[A. + B. + C. + D. + E.]						
VII. Deferred (Outflows) of Resources						
A. Experience Loss	\$0	(\$36,981)	\$0	\$0	\$0	(\$36,981)
B. Change In Assumptions	(\$13,598,019)	(\$6,902,187)	(\$375,080)	(\$1,335,592)	(\$293,534)	(\$22,504,412)
C. Investment Loss	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	(\$13,598,019)	(\$6,939,168)	(\$375,080)	(\$1,335,592)	(\$293,534)	(\$22,541,393)
Deferred Inflows of Resources						
A. Experience Gain	\$4,180,385	\$0	\$513,230	\$1,664,648	\$140,707	\$6,498,970
B. Change In Assumptions	\$1,557,917	\$714,504	\$55,596	\$188,035	\$37,100	\$2,553,152
C. Investment Gain	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. Total	\$5,738,302	\$714,504	\$568,826	\$1,852,683	\$177,807	\$9,052,122
Recognition in Expense						
Year ended June 30,						
2022	\$3,033,865	\$2,363,160	(\$67,326)	(\$176,951)	\$45,923	\$5,198,671
2023	\$3,033,865	\$2,363,160	(\$67,326)	(\$176,951)	\$45,923	\$5,198,671
2024	\$1,664,146	\$1,434,035	(\$62,286)	(\$175,056)	\$21,224	\$2,882,063
2025	\$127,841	\$64,309	\$3,192	\$11,867	\$2,657	\$209,866
2026	\$0	\$0	\$0	\$0	\$0	\$0
Thereafter	\$0	\$0	\$0	\$0	\$0	\$0

Section II

Census Information

This section details statistics related to the participants in the postretirement benefit plan.

CENSUS INFORMATION – A.

EMPLOYEE COUNTS

	<i>As of July 1, 2020</i>				<i>As of July 1, 2018</i>			
	<i>Actives</i>	<i>Inactives Not Receiving Benefits</i>	<i>Inactives Receiving Benefits</i>	<i>Total</i>	<i>Actives</i>	<i>Inactives Not Receiving Benefits</i>	<i>Inactives Receiving Benefits</i>	<i>Total</i>
Male	271	0	317	588	273	0	322	595
Female	68	0	162	230	69	0	173	242
Total	339	0	479	818	342	0	495	837

COUNTS BY AGE AND ELIGIBILITY STATUS

<i>Age</i>	ACTIVE EMPLOYEES			INACTIVE EMPLOYEES NOT YET RECEIVING BENEFITS		
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
29 and under	50	3	53	0	0	0
30 - 34	35	3	38	0	0	0
35 - 39	36	7	43	0	0	0
40 - 44	32	5	37	0	0	0
45 - 49	32	10	42	0	0	0
50 - 54	45	11	56	0	0	0
55 - 59	24	12	36	0	0	0
60 - 64	11	12	23	0	0	0
65 and over	6	5	11	0	0	0
Total	271	68	339	0	0	0

INACTIVES RECEIVING BENEFITS

<i>Age</i>	<i>Retirees</i>	<i>Spouse</i>	<i>Total</i>
54 and under	54	51	105
55 - 59	59	37	96
60 - 64	45	19	64
65 - 69	72	29	101
70 - 74	81	25	106
75 - 79	74	14	88
80 - 84	42	12	54
85 - 89	29	2	31
90 and over	23	3	26
Total	479	192	671

CENSUS INFORMATION – B.

AVERAGE AGE AND SERVICE

	<u>As of July 1, 2020</u>	<u>As of July 1, 2018</u>
ACTIVE EMPLOYEES:		
A. Average Age at Hire		
Males	30.1	30.2
Females	38.6	37.7
Total	31.9	31.7
B. Average Service		
Males	12.5	13.2
Females	12.6	13.2
Total	12.5	13.2
C. Average Current Age		
Males	42.6	43.4
Females	51.2	50.9
Total	44.4	44.9
INACTIVES NOT RECEIVING BENEFITS:		
D. Average Current Age		
Males	N/A	N/A
Females	N/A	N/A
Total	N/A	N/A
CURRENT RETIREES		
E. Average Current Age		
Males	67.1	67.3
Females	76.4	77.0
Total	70.2	70.7

Section III

Financial Statement Disclosure

This section provides the required information and notes to the Financial Statements for the fiscal years ending June 30, 2020 and June 30, 2021.

FINANCIAL STATEMENT DISCLOSURE

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements regarding the retiree benefit liability:

1.) Fiscal Year Ending June 30, 2020

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Non Trust Assets (c)	Net OPEB Liability (d)
Balances as of 06/30/2019	\$133,715,189	\$0	\$0	\$133,715,189
Changes for the year:				
Service Cost	\$2,561,838			\$2,561,838
Interest	\$4,326,510			\$4,326,510
Difference between expected and actual experience	(\$11,266,447)	\$0		(\$11,266,447)
Contributions - employer		\$0	\$3,900,235	(\$3,900,235)
Projected Investment Income		\$0		\$0
Changes in Benefit Terms	\$0			\$0
Changes in assumptions	\$31,376,566			\$31,376,566
Benefit Payments	(\$3,900,235)	\$0	(\$3,900,235)	\$0
Administration Expenses		\$0		\$0
Net Changes	<u>\$23,098,232</u>	<u>\$0</u>	<u>\$0</u>	<u>\$23,098,232</u>
Balances as of 06/30/2020	<u>\$156,813,421</u>	<u>\$0</u>	<u>\$0</u>	<u>\$156,813,421</u>

Notes:

Plan changes - None
 Plan provisions are summarized in Section V.

Assumption changes – Discount rate changed from 3.50% to 2.21%
 Assumptions summarized in Section IV.

Sensitivity of the Net OPEB Liability

1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
\$189,902,496	\$156,813,421	\$132,003,011
Healthcare Cost Trend		
1% Decrease (6.50% decreasing to 4.00%)	Rates (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
\$131,094,562	\$156,813,421	\$191,063,276

FINANCIAL STATEMENT DISCLOSURE (cont.)

2.) Fiscal Year Ending June 30, 2021

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Non Trust Assets (c)	Net OPEB Liability (c)
<i>Balances as of 06/30/2020</i>	\$156,813,421	\$0	\$0	\$156,813,421
Changes for the year:				
Service Cost	\$3,788,223			\$3,788,223
Interest	\$3,502,056			\$3,502,056
Difference between expected and actual experience	\$0	\$0		\$0
Contributions - employer	\$0	\$0	\$4,298,622	(\$4,298,622)
Projected Investment Income		\$0		\$0
Changes in Benefit Terms	\$0			\$0
Changes in assumptions	\$1,440,946			\$1,440,946
Benefit Payments	(\$4,298,622)	\$0	(\$4,298,622)	\$0
Administration Expenses		\$0		\$0
Net Changes	<u>\$4,432,603</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,432,603</u>
<i>Balances as of 06/30/2021</i>	<u>\$161,246,024</u>	<u>\$0</u>	<u>\$0</u>	<u>\$161,246,024</u>

Notes:

Plan changes - None

Plan provisions are summarized in Section V.

Assumption changes – Discount rate changed from 2.21% to 2.16%

Assumptions summarized in Section IV.

Sensitivity of the Net OPEB Liability

1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
\$194,987,998	\$161,246,024	\$135,907,102
	Healthcare Cost Trend Rates	
1% Decrease (6.00% decreasing to 4.00%)	(7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
\$133,669,904	\$161,246,024	\$198,108,026

Section IV

Actuarial Assumptions and Methodology

The following pages detail the assumptions used in the calculations.

ACTUARIAL ASSUMPTIONS AND METHODOLOGY

1. **Discount Rate:** A discount rate of 3.50% was for fiscal year ending June 30, 2019. A discount rate of 2.21% was used for fiscal year ending June 30, 2020. A discount rate of 2.16% was used for fiscal year ending June 30, 2021.

2. **Health Care Trend Rates:** It was assumed that health care costs would increase in accordance with the trend rates in the following table:

	<i>Pre-65</i>	<i>Post-65</i>
<u>Year</u>	<u>Rates</u>	<u>Rates</u>
2019	7.5%	5.0%
2020	7.0%	5.0%
2021	6.5%	5.0%
2022	6..%	5.0%
2023	5.5%	5.0%
2024+	5.0%	5.0%

For the following demographic (mortality, retirement, disability, and other termination of employment) assumptions we utilized rates used in the actuarial valuation of the Employees' Retirement System of Rhode Island.

3. **Mortality:** RPH-2014 Total Dataset mortality table projected using scale MP-2019.

4. **Disability Rates:** Sample rates are shown below:

	<u>City</u>		<u>Police/Fire</u>
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Rate</u>
25	.077%	.033%	.196%
30	.094%	.041%	.253%
35	.128%	.056%	.334%
40	.187%	.081%	.506%
45	.306%	.133%	.828%
50	.519%	.226%	1.392%
55	.859%	.374%	1.392%
60	.120%	.522%	1.392%
65+	1.964%	.855%	1.392%

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

5. **Termination Rates:**

Based on service:

<u>Service</u>	<u>City Rate</u>	<u>Police/Fire Rate</u>
0	17.50%	10.00%
1	17.50%	10.00%
5	7.29%	2.65%
10	3.14%	1.43%
15	1.83%	0.77%
20	1.57%	0.00%
25+	0.58%	0.00%

6. **Retirement Rates:**

City employees:

<u>Age</u>	<u>Rate</u>
55-66	25.0%
67+	100.0%

Police and Firefighters: Unisex rates based on service are used. Sample rates are shown below:

<u>Service</u>	<u>Rate</u>
20	12.0%
21	10.0%
22-23	10.0%
24	12.0%
25	14.0%
26	16.0%
27	18.0%
28	20.0%
29	20.0%
30+	35.0%

7. **Participation Rate:**

It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical and dental plans upon retirement; that 70% of the current active City employees and 60% of the current active Police would enroll in the retiree life insurance plan upon retirement; and that 95% of the current active City employees and 40% of the current active Police would enroll in the retiree life insurance plan upon disability.

8. **Percent Married:**

It was assumed that 75% of the active employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

9. **Actuarial Value of Assets:**

N/A

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

10. **Per Capita Claims Cost:** Per Capita Claim Costs were developed by applying morbidity aging factors to the average premium rates reflecting the demographic characteristics of the insured group. Below are the annual per capita claim costs used for the Medical plan:

<i>Age</i>	<i>Male</i>	<i>Female</i>
45	6,545	8,216
50	7,857	9,064
55	9,541	9,900
60	11,506	11,030
64	12,848	12,030
70	2,259	2,117
75	2,494	2,337
80	2,622	2,455
85	2,756	2,581
90	2,896	2,712
95	3,044	2,852

11. **Administrative expenses:** Included in premiums used.
12. **Participant Salary Increases:** 2.50% per annum.
13. **Payroll Growth Rate:** 2.50% annually

ACTUARIAL COST METHOD

An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefits payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Actuarial Cost Method is used in this valuation. Under this method, the Actuarial Present Value of Projected Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called 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 called the Actuarial Accrued Liability.

ADDITIONAL COMMENTS

-The values in this valuation represent a closed group and do not reflect new entrants after the census collection date.

Section V

Plan Provisions

PLAN PROVISIONS

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

A. PRO-TECH (C94 Local 3851) CBA 7/1/2012 - 6/30/2017

Retire after 7/1/2013

Eligibility: Retirement after 25 years of continuous service and eligible for normal retirement under ERSRI or eligible to receive Social Security Retirement income

Coverage: Pre-65: Individual to a maximum of 6 years of coverage or until age 65, whichever occurs sooner.

Post 65: Individual Medicare Supplemental Plan

Cost Sharing: Hired on or before 6/30/12: 20% of working rate
Hired on or after 7/1/12: 50% of working rate

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan
Post 65: Retiree and Spouse – Medicare Supplemental Plan

MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	\$998.95 / \$2,488.3	\$435.99 / \$1,102.68
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Non-MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	20%	10.0%
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Post 65: City pays 100% of Medicare Supplemental Plan.

The City pays Part B surcharges for retirees on SSDI as of April 1, 2013 who enrolled in Medicare Part B by 7/1/2013.

FINANCIAL STATEMENT DISCLOSURE (Cont.)

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

B. NON-UNION CITY EMPLOYEES

Retire after 7/1/2013

Eligibility: Retire on or after July 1, 2013 with at least 25 years of service to the City of Woonsocket

Coverage: Pre-65: Individual. If retiree has 25 years of continuous service to the City as of July 1, 2013, and is eligible for normal retirement under ERSRI, family coverage may be elected
Post 65: Individual Medicare Supplemental Plan

Cost Sharing: Hired before 7/1/13: 20% of working rate
Hired on or after 7/1/13: 50% of working rate

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan
Post 65: Retiree and Spouse – Medicare Supplemental Plan

MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	\$998.95 / \$2,488.3	\$435.99 / \$1,102.68
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Non-MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	20%	10.0%
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Post 65: City pays 100% of Medicare Supplemental Plan.

The City pays Part B surcharges for retirees on SSDI as of April 1, 2013 who enrolled in Medicare Part B by 7/1/2013.

FINANCIAL STATEMENT DISCLOSURE (Cont.)

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

C. MUNICIPAL EMPLOYEES (C94 Local 670) CBA 7/1/2012 - 6/30/2017

Retire after 7/1/2013

Eligibility: Retirement after 25 years of continuous service and eligible for normal retirement under RSRI or eligible to receive Social Security Retirement income

Coverage: Pre-65: Individual to a maximum of 6 years of coverage or until age 65, whichever occurs sooner.

Post 65: Individual Medicare Supplemental Plan

Cost Sharing: Hired on or before 6/30/12: 20% of working rate
Hired on or after 7/1/12: 50% of working rate

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan
Post 65: Retiree and Spouse – Medicare Supplemental Plan

MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	\$998.95 / \$2,488.3	\$435.99 / \$1,102.68
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Non-MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	20%	10.0%
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Post 65: City pays 100% of Medicare Supplemental Plan.

The City pays Part B surcharges for retirees on SSDI as of April 1, 2013 who enrolled in Medicare Part B by 7/1/2013.

FINANCIAL STATEMENT DISCLOSURE (Cont.)

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

D. POLICE (IBPO Local 404) CBA 7/1/2014 - 6/30/2019

Retire after 7/1/2013

Eligibility: Hired prior to 7/01/14: Normal retirement under the ERSRI with at least 25 years of continuous service to the City (unless “grandfathered” pursuant to State pension reform of 2012 so as to be eligible for normal retirement under the ERSRI after 20 years of continuous service to the City).

Hired on or after 7/01/14: Eligible for and takes normal retirement under the ERSRI at age 55 or later and with at least 25 years of continuous service to the City.

Coverage: Pre 65:

Hired before 7/1/14: may elect at retirement one or two Individual Plans, or Family plan. Retirees who do not opt for Family Plan at the time of retirement, and retirees who opt out of Family Plan during retirement, shall not be permitted to opt into Family Plan, thereafter.

Hired on or after 7/1/14: One individual Plan and may purchase an additional Individual Plan at 100%

Maximum of 10 years of non-Medicare coverage

Post 65:

Hired before 7/1/14: may elect Medicare Supplement Plan for retiree and spouse, with continued spouse/dependent coverage until Medicare eligibility/age 26.

Hired on or after 7/1/14: One individual Medicare Supplement Plan

Cost Sharing:

Pre 65: Hired before 7/1/14 :

- 20% for Individual Plans
- 25% for dependent coverage

Hired on or after 7/1/14: 50% co-share

Pre 65: Hired before 7/1/14 :

- 20% for Individual Plans
- 25% for dependent coverage

Hired on or after 7/1/14: 20% co-share

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan

Post 65: Retiree and Spouse – Medicare Supplemental Plan

MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	\$998.95 / \$2,488.3	\$435.99 / \$1,102.68
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
	7/1/17 +	0% 0%

FINANCIAL STATEMENT DISCLOSURE (Cont.)

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

E. POLICE (IBPO Local 404) CBA 7/1/2014 - 6/30/2019

Non-MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	20%	10.0%
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Post 65: City pays 100% of Medicare Supplemental Plan. The City pays 100% of Rx benefits and reimburses the Medicare Part B premium effective 7/1/2014 for MOA Medicare retirees and effective 7/1/2015 for Non MOA III retirees.

The City pays Part B surcharges for retirees who enrolled in Medicare Part B by 7/1/2013.

The City pays Part B surcharges for retirees on SSDI as of April 1, 2013 who enrolled in Medicare Part B by 7/1/2013.

Survivor: Members with at least one year of service receive individual or family coverage for their survivors, until spouse remarries or dependents reach age 19 (not attending college) or age 23 (attending college).

F. FIRE (IAFF Local 732) CBA 7/1/2014 - 6/30/2019

Retire after 7/1/2013

Eligibility: Hired prior to 7/01/14: Normal retirement under the ERSRI with at least 25 years of continuous service to the City (unless “grandfathered” pursuant to State pension reform of 2012 so as to be eligible for normal retirement under the ERSRI after 20 years of continuous service to the City).
Hired on or after 7/01/14: Eligible for and takes normal retirement under the ERSRI at age 55 or later and with at least 25 years of continuous service to the City.

Coverage: Pre 65:
Hired before 7/1/14: may elect at retirement one or two Individual Plans, or Family plan. Retirees who do not opt for Family Plan at the time of retirement, and retirees who opt out of Family Plan during retirement, shall not be permitted to opt into Family Plan, thereafter.

Hired on or after 7/1/14: One individual Plan and may purchase an additional Individual Plan at 100%

Maximum of 10 years of non-Medicare coverage

Post 65:

Hired before 7/1/14: may elect Medicare Supplement Plan for retiree and spouse, with continued spouse/dependent coverage until Medicare eligibility/age 26.

Hired on or after 7/1/14: One individual Medicare Supplement Plan

FINANCIAL STATEMENT DISCLOSURE (Cont.)

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

F. FIRE (IAFF Local 732) CBA 7/1/2014 - 6/30/2019

Cost Sharing:

- Pre 65: Hired before 7/1/14:
 - 20% for Individual Plans
 - 25% for dependent coverage
- Hired on or after 7/1/14: 50% co-share
- Pre 65: Hired before 7/1/14:
 - 20% for Individual Plans
 - 25% for dependent coverage
- Hired on or after 7/1/14: 20% co-share

Active contributions: Active firefighters contribute 1.5% of pay toward the cost of retirement benefits. The contribution is scheduled to decrease to 1.0% of pay in Fiscal Years after 6/30/2018.

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan
Post 65: Retiree and Spouse – Medicare Supplemental Plan

MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	\$998.95 / \$2,488.3	\$435.99 / \$1,102.68
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Non-MOA Early retirees:

	<u>Uniform Plan</u>	<u>High Deductible Plan</u>
<u>Cost sharing:</u>	<u>Individual/Family</u>	<u>Individual/Family</u>
7/1/14 – 6/30/15	20%	10.0%
7/1/15 – 6/30/16	\$665.96 / \$1,658.87	\$290.66 / \$735.12
7/1/16 – 6/30/17	\$332.98 / \$829.43	\$145.33 / \$367.56
7/1/17 +	0%	0%

Post 65: City pays 100% of Medicare Supplemental Plan.

The City pays Part B surcharges for retirees on SSDI as of April 1, 2013 who enrolled in Medicare Part B by 7/1/2013.

Survivor: Members who died in the line of duty (within 2 years of injury) receive individual or family coverage for their survivors, until spouse remarries or dies, and upon death of surviving spouse until dependents reach age 21

FINANCIAL STATEMENT DISCLOSURE (Cont.)

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLAN:

H. Dental: City employees to age 65; and Police for life

I. Life: Provided to a closed group of retirees.

J. Monthly Premiums:

Medical:

Pre-Medicare Plans (7/1/2020 – 6/30/2021)

Uniform Plan (Option 1): Individual \$722.27; Family \$1,806.71

High Deductible Plan (Option 2): Individual \$633.21; Family \$1,592.90

Post-Medicare Plans (7/1/2020 – 6/30/2021)

Plan 65: \$185.93 per person covered

Blue Chip Plus: \$180.00 per person covered

Blue Chip Preferred: \$270.00 per person covered

Dental Individual: Average \$34.77
Family Average \$108.67

Life Insurance: Effective 7/1/2017: \$.672 per thousand

Section VI
Appendices

APPENDIX - A.

ACTIVE EMPLOYEES BY AGE AND SERVICE

AS OF JULY 1, 2020

<u>Age</u>	<u>Service</u>									<u>Total</u>
	<u>0 - 4</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>35 - 39</u>	<u>40+</u>	
0 - 19	1	0	0	0	0	0	0	0	0	1
20 - 24	11	0	0	0	0	0	0	0	0	11
25 - 29	33	7	1	0	0	0	0	0	0	41
30 - 34	17	15	6	0	0	0	0	0	0	38
35 - 39	13	6	14	10	0	0	0	0	0	43
40 - 44	5	4	10	12	6	0	0	0	0	37
45 - 49	8	4	6	4	15	4	1	0	0	42
50 - 54	8	4	7	8	12	10	7	0	0	56
55 - 59	6	6	5	7	1	6	4	1	0	36
60 - 64	4	4	0	4	3	6	0	2	0	23
65 - 69	2	1	1	2	1	0	1	1	0	9
70 - 74	0	0	1	0	0	0	0	0	0	1
75 - 79	0	0	0	1	0	0	0	0	0	1
80 - 84	0	0	0	0	0	0	0	0	0	0
85 and Over	0	0	0	0	0	0	0	0	0	0
Total	108	51	51	48	38	26	13	4	0	339

APPENDIX – B.

PROJECTED BENEFIT PAYMENTS

<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>	<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>	<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>
2019	\$ 3,900,235	\$ 3,900,235	2049	\$ 8,069,414	\$ 205,236,815	2079	\$ 2,702,288	\$ 355,172,932
2020	\$ 4,298,622	\$ 8,198,857	2050	\$ 7,910,693	\$ 213,147,508	2080	\$ 2,573,025	\$ 357,745,957
2021	\$ 4,575,241	\$ 12,774,098	2051	\$ 7,859,675	\$ 221,007,183	2081	\$ 2,440,683	\$ 360,186,640
2022	\$ 4,868,349	\$ 17,642,447	2052	\$ 7,888,287	\$ 228,895,470	2082	\$ 2,305,280	\$ 362,491,920
2023	\$ 5,142,732	\$ 22,785,179	2053	\$ 7,716,988	\$ 236,612,458	2083	\$ 2,167,566	\$ 364,659,486
2024	\$ 5,437,791	\$ 28,222,970	2054	\$ 7,508,796	\$ 244,121,254	2084	\$ 2,028,691	\$ 366,688,177
2025	\$ 5,666,186	\$ 33,889,156	2055	\$ 7,226,671	\$ 251,347,925	2085	\$ 1,889,335	\$ 368,577,512
2026	\$ 5,937,144	\$ 39,826,300	2056	\$ 6,819,233	\$ 258,167,158	2086	\$ 1,750,596	\$ 370,328,108
2027	\$ 6,117,972	\$ 45,944,272	2057	\$ 6,471,317	\$ 264,638,475	2087	\$ 1,613,364	\$ 371,941,472
2028	\$ 6,050,432	\$ 51,994,704	2058	\$ 6,114,239	\$ 270,752,714	2088	\$ 1,478,372	\$ 373,419,844
2029	\$ 6,307,214	\$ 58,301,918	2059	\$ 5,727,426	\$ 276,480,140	2089	\$ 1,346,726	\$ 374,766,570
2030	\$ 6,356,723	\$ 64,658,641	2060	\$ 5,473,051	\$ 281,953,191	2090	\$ 1,219,213	\$ 375,985,783
2031	\$ 6,473,541	\$ 71,132,182	2061	\$ 5,241,471	\$ 287,194,662	2091	\$ 1,097,004	\$ 377,082,787
2032	\$ 6,558,233	\$ 77,690,415	2062	\$ 5,041,958	\$ 292,236,620	2092	\$ 980,911	\$ 378,063,698
2033	\$ 6,577,179	\$ 84,267,594	2063	\$ 4,760,989	\$ 296,997,609	2093	\$ 871,954	\$ 378,935,652
2034	\$ 6,590,993	\$ 90,858,587	2064	\$ 4,613,328	\$ 301,610,937	2094	\$ 770,640	\$ 379,706,292
2035	\$ 6,621,932	\$ 97,480,519	2065	\$ 4,482,368	\$ 306,093,305	2095	\$ 677,361	\$ 380,383,653
2036	\$ 6,767,045	\$ 104,247,564	2066	\$ 4,292,693	\$ 310,385,998	2096	\$ 592,415	\$ 380,976,068
2037	\$ 6,909,910	\$ 111,157,474	2067	\$ 4,180,486	\$ 314,566,484	2097	\$ 515,864	\$ 381,491,932
2038	\$ 7,089,092	\$ 118,246,566	2068	\$ 4,074,225	\$ 318,640,709	2098	\$ 447,573	\$ 381,939,505
2039	\$ 7,282,256	\$ 125,528,822	2069	\$ 3,965,638	\$ 322,606,347	2099	\$ 387,256	\$ 382,326,761
2040	\$ 7,515,035	\$ 133,043,857	2070	\$ 3,855,705	\$ 326,462,052	2100	\$ 334,297	\$ 382,661,058
2041	\$ 7,700,771	\$ 140,744,628	2071	\$ 3,669,693	\$ 330,131,745	2101	\$ 288,242	\$ 382,949,300
2042	\$ 7,903,021	\$ 148,647,649	2072	\$ 3,554,408	\$ 333,686,153	2102	\$ 248,263	\$ 383,197,563
2043	\$ 8,040,072	\$ 156,687,721	2073	\$ 3,427,009	\$ 337,113,162	2103	\$ 213,287	\$ 383,410,850
2044	\$ 8,083,580	\$ 164,771,301	2074	\$ 3,310,226	\$ 340,423,388	2104	\$ 182,592	\$ 383,593,442
2045	\$ 8,099,243	\$ 172,870,544	2075	\$ 3,192,650	\$ 343,616,038	2105	\$ 155,361	\$ 383,748,803
2046	\$ 8,105,593	\$ 180,976,137	2076	\$ 3,073,654	\$ 346,689,692	2106	\$ 131,237	\$ 383,880,040
2047	\$ 8,159,158	\$ 189,135,295	2077	\$ 2,952,242	\$ 349,641,934	2107	\$ 109,788	\$ 383,989,828
2048	\$ 8,032,106	\$ 197,167,401	2078	\$ 2,828,710	\$ 352,470,644			

APPENDIX – C.
SCHEDULE A.
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service Cost	\$3,788,223	\$2,561,838	\$2,385,135	\$2,528,263	
Interest	\$3,502,056	\$4,326,510	\$4,773,959	\$4,526,197	
Changes in Benefit Terms	\$0	\$0	\$0	\$0	
Differences between expected and actual experience	\$0	(\$11,266,447)	\$0	\$0	
Changes in assumptions and other inputs	\$1,440,946	\$31,376,566	\$7,724,481	(\$5,923,680)	
Benefit Payments	(\$4,298,622)	(\$3,900,235)	(\$4,242,378)	(\$3,883,070)	
Net Changes in Total OPEB Liability	<u>\$4,432,603</u>	<u>\$23,098,232</u>	<u>\$10,641,197</u>	<u>(\$2,752,290)</u>	
Total OPEB Liability - Beginning	<u>\$156,813,421</u>	<u>\$133,715,189</u>	<u>123,073,992</u>	<u>125,826,282</u>	
Total OPEB Liability - Ending	<u><u>\$161,246,024</u></u>	<u><u>\$156,813,421</u></u>	<u><u>\$133,715,189</u></u>	<u><u>\$123,073,992</u></u>	<u><u>\$125,826,282</u></u>
Plan Fiduciary Net Position					
Contributions Employer	\$4,298,622	\$3,900,235	\$4,242,378	\$3,883,070	
Differences between expected and actual experience	\$0	\$0	\$0	\$0	
Projected Investment Income	\$0	\$0	\$0	\$0	
Benefit Payments	(\$4,298,622)	(\$3,900,235)	(\$4,242,378)	(\$3,883,070)	
Administration Expenses	\$0	\$0	\$0	\$0	
Net Changes in plan Fiduciary Net Position	\$0	\$0	\$0	\$0	
Plan Fiduciary Net Position - Beginning	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Plan Fiduciary Net Position - Ending	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Net OPEB Liability - Ending	161,246,024	\$156,813,421	\$133,715,189	\$123,073,992	\$125,826,282
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	29,792,388	29,065,744	40,214,220	39,233,384	
Net OPEB Liability as a percentage of covered Employee Payroll	541.23%	539.51%	332.51%	313.70%	
Notes:					
Assumption changes:					
Discount Rate	2.16%	2.21%	3.50%	3.87%	3.58%
Plan changes:	None	None	None	None	

APPENDIX – D.

GOVERNMENT ACCOUNTING STANDARD NO. 75

The Government Accounting Standards Board (“GASB”) issued Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans” in April 2004 and Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions” in June 2004. The statements introduced accrual accounting for postretirement benefits other than pensions.

GASB issued Statements No. 74 and 75 in June 2015, which are updates to Statements 43 and 45, respectively. GAS 74 and 75 are effective for fiscal years beginning after June 15, 2016 and June 15, 2017, respectively, and will require numerous changes; including new terminology, accelerated recognition of plan cost, and extended disclosure items. In addition, the valuation discount rate assumption must reflect the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher to the extent that plan assets (plan’s fiduciary net position) are projected to be insufficient to make projected benefit payments.

GAS 74/75 Key changes:

- **Consistency:** New standards parallel the recent changes to pension plan accounting standards.
- **Standardization:** The Entry Age Normal (EAN) actuarial cost method will now be the only method allowed, discarding the acceptance of five other methods. The discount rate used for “pay as you go” plans will be based on a 20-year municipal bond index rate.
- **Philosophy:** More focus on plan liability than plan cost. Recognition of liability is accelerated by eliminating the provision that allowed for the 30-year amortization of the plan’s unfunded liability.
- **Reporting:** Net OPEB liability will now be on government-wide financial statement balance sheets. Information disclosed and included in Required Supplementary Information is expanded.
- **Measurement:** OPEB Actuarial Valuations must be performed at least every two years regardless of the size of the plan. GASB 45 allowed plans with less than 200 participants to have valuations performed at least every three years.
- **Timing:** GAS 74 is effective for fiscal years beginning after June 15, 2016 and GAS 75 is effective for fiscal years beginning after June 15, 2017.

The **OPEB Expense** (and Deferred Inflows and Outflows of Resources) results mostly from changes to the Net OPEB Liability. The change to the liability attributable to benefit changes is fully recognized in the Net OPEB expense the year the change is made. Changes to the Net OPEB liability due to plan experience, assumption changes, and investment experience will be amortized over the average service of plan participants, which is likely much shorter than the 30 years allowed under GAS 45. Deferred outflows and inflows of resources will be established for amounts not recognized in the current year’s expense.

APPENDIX – D.

GOVERNMENT ACCOUNTING STANDARD NO. 75 (CONT.)

The **Discount Rate** for plans with assets will be determined using a depletion date test. The test will determine a “cross-over” date when the assets are estimated to be depleted. For this purpose, the projection of future contributions to the Trust will be based on a written funding policy and/or experience over the most recent five years. A single equivalent discount rate will then be developed by discounting the benefits prior to the cross-over date using the trust’s long term expected rate of return and discounting the benefits after the cross-over date using the market rate for high-quality 20-year municipal bonds. For plans that are funded on a pay-as-you-go basis, the discount rate will equal the market rate for high-quality 20-year municipal bonds as of the measurement date.

The **Long-Term Expected Rate of Return** on OPEB plan assets will consider the assumed asset allocation of the plan’s portfolio, and the long-term expected real rate of return for each major asset class.

The use of unadjusted premiums as the basis of projected **Per Capita Claims Costs** by employers in “community rated” plans has been effectively eliminated. Projections of benefit payments are required to be based on claims costs, or age-adjusted premiums approximating claims costs, in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The current Actuarial Standards of Practice significantly limit the situations in which age adjustments may be disregarded in developing per capita claims costs.

Notes to financial statements

This Statement requires that notes to financial statements of single and agent employers include:

- For the current year, sources of changes in the net OPEB liability.
- Significant assumptions and other inputs used to calculate the total OPEB liability.
- The date of the actuarial valuation used to determine the total OPEB liability, information about changes of assumptions or other inputs and benefit terms.

Required supplementary information

This Statement requires single and agent employers to present in required supplementary information the following information, determined as of the measurement date, for each of the 10 most recent fiscal years:

- Sources of changes in the net OPEB liability.
- The components of the net OPEB liability and related ratios, including the OPEB plan’s fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.
- If an actuarially determined contribution is calculated for a single or agent employer, the employer is required to present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the OPEB plan, and related ratios.

Guidelines

GASB is scheduled to issue implementation guidelines for GAS No.74 and No.75 in March and November of 2017, respectively.

APPENDIX – E.

GLOSSARY
GAS 45 / (GAS 75)

Actuarial Accrued Liability / (Total OPEB Liability). The portion, as determined by a particular Actuarial Cost Method, of the present value of benefits which is not provided for by future Normal Costs.

Actuarial Cost Method. A procedure for determining the Actuarial Present Value of Total Projected Benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarially Equivalent. Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

Actuarial Present Value of Total Projected Benefits. The present value, as of the valuation date, of the cost of future benefits to be paid to employees, retirees, and covered dependents, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Annual OPEB Cost / (OPEB Expense). The accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB Plan.

Annual Required Contributions of the Employer (ARC) / (NA). The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters defined in GAS 45.

Investment Return Assumption / (Discount Rate). The rate used to adjust a series of future benefit payments to reflect the time value of money.

Healthcare Cost Trend Rate. The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services and technological developments.

Net OPEB Obligation / (OPEB Liability). **GAS 45:** The cumulative difference since the effective date of GAS 45 between the annual OPEB cost and the employer's contributions to the plan. **GAS 75:** The difference between the Total OPEB Liability and the OPEB Plan's fiduciary net position as of the measurement date

Normal Cost / (Service Cost). The portion of the Actuarial Present Value of plan benefits which is allocated to a valuation year by the Actuarial Cost Method.

OPEB. Postemployment benefits other than pension benefits.

Pay-As-You-Go. The amount of the benefits paid out to plan participants during the year.

Per Capita Claims Cost. The current average annual cost of providing postretirement health care benefits per individual.

Supplemental Cost / (NA). The amount of the Annual Required Contribution attributable to the amortization of the unfunded Actuarial Accrued Liability.