



CONSULTING GROUP



# **A POSTRETIREMENT WELFARE BENEFIT GASB 75 ACTUARIAL VALUATION**

*For:*

**City of Woonsocket Department of Education**

*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 Department of Education  
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 Department of Education 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**

A handwritten signature in blue ink that reads "Robert W. Webb".

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

A handwritten signature in blue ink that reads "John Sheaves".

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.**

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**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>	\$32,127,644
<i>Fiduciary Net Position</i>	\$797,169
<i>Net OPEB Liability</i>	\$31,330,475
<i>OPEB Expense</i>	\$1,892,725
<i>Deferred (Outflows)/Inflows of Resources</i>	(\$2,273,070)
<i>Expected Benefit Payments</i>	\$607,997

**Fiscal Year Ending June 30, 2021**

<i>Total OPEB Liability</i>	\$33,407,593
<i>Fiduciary Net Position</i>	\$984,880
<i>Net OPEB Liability</i>	\$32,422,713
<i>OPEB Expense</i>	\$2,187,505
<i>Deferred (Outflows)/Inflows of Resources</i>	(\$1,905,901)
<i>Expected Benefit Payments</i>	\$728,098

**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.

<b><u>Assumption Selection Date</u></b>	<b><u>July 1, 2019</u></b>	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2021</u></b>
<i>Discount rate</i>	3.50%	2.21%	2.22%
<i>2019 Medical Trend Rates</i>	7.00%	7.00%	7.00%
<i>2020 Medical Trend Rates</i>	6.50%	6.50%	6.50%
<i>Ultimate Medical Trend Rate</i>	5.00%	5.00%	5.00%
<i>Year Ultimate Trend Rates Reached</i>	2023	2023	2023
<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.

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**EXECUTIVE SUMMARY (cont.)**

**Assumption Changes included in current valuation**

The mortality table has been updated to the RPH-2014 total dataset mortality table with projection scale MP-2019. Also, the medical trend rates were updated to 7.0% in 2019, grading down by 0.5% per annum to an ultimate rate of 5.0% in 2023 and thereafter.

**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.

We have applied our professional judgement to project cash flows for contributions from the employer in determining the discount rate. The employer has not adopted a formal written funding policy. Based on the current level of funding, our cashflow projections do not fully meet the requirements of (a) above. Thus, we have adopted a discount rate of 3.50% as of the June 30, 2019 measurement date, a discount rate of 2.21% as of June 30, 2020, and a blended discount rate of 2.22% as of June 30, 2021. This assumption will be reviewed as of the next measurement date and modified as appropriate.

**Actuarial Determined Contribution**

To our knowledge the plan sponsor is not subject to statutorily or contractually required contributions. For purposes of developing the discount rate we have developed an Actuarial Determined Contribution (ADC) such that if the plan is funded at the ADC level the funding will meet the requirements of (a) above under the Discount Rate discussion.



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

	<u>School</u> <u>Support</u>	<u>Teacher</u> <u>Assistants</u>	<u>Teachers</u>	<u>Total</u>
<b><i>I. Present Value of Future Benefits</i></b>				
A. Retirees/Disableds	\$796,481	\$584,477	\$9,299,497	\$10,680,455
B. Active Employees	<u>\$3,651,316</u>	<u>\$5,128,534</u>	<u>\$31,474,524</u>	<u>\$40,254,374</u>
C. Total	\$4,447,797	\$5,713,011	\$40,774,021	\$50,934,829
<b><i>II. Total OPEB Liability</i></b>				
A. Retirees/Disableds	\$796,481	\$584,477	\$9,299,497	\$10,680,455
B. Active Employees	<u>\$2,097,648</u>	<u>\$2,948,047</u>	<u>\$16,401,494</u>	<u>\$21,447,189</u>
C. Total	\$2,894,129	\$3,532,524	\$25,700,991	\$32,127,644
<b><i>III. Fiduciary Net Position</i></b>				
	\$71,811	\$87,651	\$637,707	\$797,169
<b><i>IV. Net OPEB Liability</i></b>				
	\$2,822,318	\$3,444,873	\$25,063,284	\$31,330,475
<b><i>V. Expected Benefit Payments</i></b>				
A. Retirees/Disableds	\$46,102	\$38,274	\$523,621	\$607,997
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$46,102	\$38,274	\$523,621	\$607,997
<b><i>VI. OPEB Expense</i></b>				
A. Service Cost	\$91,806	\$129,926	\$650,335	\$872,067
B. Interest	\$78,863	\$96,022	\$696,098	\$870,983
C. Projected Investment Earnings	(\$1,929)	(\$3,185)	(\$21,299)	(\$26,413)
D. Changes of Benefit Terms	\$0	\$0	\$0	\$0
E. Recognition of Deferred Outflows/ Inflows of Resources	<u>\$52,455</u>	<u>(\$19,591)</u>	<u>\$143,224</u>	<u>\$176,088</u>
F. OPEB Expense	\$221,195	\$203,172	\$1,468,358	\$1,892,725
	<i>[A. + B. + C. + D. + E.]</i>			
<b><i>VII. Deferred (Outflows) of Resources</i></b>				
A. Experience Loss	\$0	\$0	\$0	\$0
B. Change In Assumptions	(\$651,699)	(\$827,691)	(\$6,163,980)	(\$7,643,370)
C. Investment Loss	<u>(\$932)</u>	<u>(\$6,773)</u>	<u>(\$10,292)</u>	<u>(\$17,997)</u>
D. Total	(\$652,631)	(\$834,464)	(\$6,174,272)	(\$7,661,367)
<b><i>Deferred Inflows of Resources</i></b>				
A. Experience Gain	\$45,251	\$856,934	\$3,705,130	\$4,607,315
B. Change In Assumptions	\$56,666	\$86,760	\$619,442	\$762,868
C. Investment Gain	<u>\$11,814</u>	<u>\$0</u>	<u>\$6,300</u>	<u>\$18,114</u>
D. Total	\$113,731	\$943,694	\$4,330,872	\$5,388,297
<b><i>Recognition in Expense</i></b>				
<b><i>Year ended June 30,</i></b>				
2021	\$52,455	(\$19,591)	\$143,224	\$176,088
2022	\$52,455	(\$19,591)	\$143,224	\$176,088
2023	\$52,454	(\$19,591)	\$143,223	\$176,086
2024	\$52,146	(\$20,106)	\$139,793	\$171,833
2025	\$68,742	(\$523)	\$290,466	\$358,685
Thereafter	\$260,648	(\$29,828)	\$983,470	\$1,214,290

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

	<u>School</u> <u>Support</u>	<u>Teacher</u> <u>Assistants</u>	<u>Teachers</u>	<u>Total</u>
<b><i>I. Present Value of Future Benefits</i></b>				
A. Retirees/Disableds	\$927,332	\$853,831	\$9,578,072	\$11,359,235
B. Active Employees	<u>\$3,686,134</u>	<u>\$5,189,210</u>	<u>\$32,737,895</u>	<u>\$41,613,239</u>
C. Total	\$4,613,466	\$6,043,041	\$42,315,967	\$52,972,474
<b><i>II. Total OPEB Liability</i></b>				
A. Retirees/Disableds	\$927,332	\$853,831	\$9,578,072	\$11,359,235
B. Active Employees	<u>\$2,106,056</u>	<u>\$2,887,741</u>	<u>\$17,054,561</u>	<u>\$22,048,358</u>
C. Total	\$3,033,388	\$3,741,572	\$26,632,633	\$33,407,593
<b><i>III. Fiduciary Net Position</i></b>				
	\$89,426	\$110,304	\$785,150	\$984,880
<b><i>IV. Net OPEB Liability</i></b>				
	\$2,943,962	\$3,631,268	\$25,847,483	\$32,422,713
<b><i>V. Expected Benefit Payments</i></b>				
A. Retirees/Disableds	\$49,329	\$40,954	\$560,275	\$650,558
B. Active Employees	<u>\$7,885</u>	<u>\$19,563</u>	<u>\$50,092</u>	<u>\$77,540</u>
C. Total	\$57,214	\$60,517	\$610,367	\$728,098
<b><i>VI. OPEB Expense</i></b>				
A. Service Cost	\$135,635	\$194,655	\$1,008,920	\$1,339,210
B. Interest	\$66,329	\$81,706	\$583,581	\$731,616
C. Projected Investment Earnings	(\$1,587)	(\$1,937)	(\$14,093)	(\$17,617)
D. Changes of Benefit Terms	\$0	\$0	\$0	\$0
E. Recognition of Deferred Outflows/ (Inflows) of Resources	<u>\$48,569</u>	<u>(\$24,577)</u>	<u>\$110,304</u>	<u>\$134,296</u>
F. OPEB Expense [A. + B. + C. + D. + E.]	\$248,946	\$249,847	\$1,688,712	\$2,187,505
<b><i>VII. Deferred (Outflows) of Resources</i></b>				
A. Experience Loss	\$0	\$0	\$0	\$0
B. Change In Assumptions	(\$577,544)	(\$732,989)	(\$5,459,949)	(\$6,770,482)
C. Investment Loss	<u>(\$621)</u>	<u>(\$4,951)</u>	<u>(\$6,861)</u>	<u>(\$12,433)</u>
D. Total	(\$578,165)	(\$737,940)	(\$5,466,810)	(\$6,782,915)
<b><i>Deferred Inflows of Resources</i></b>				
A. Experience Gain	\$40,256	\$762,349	\$3,296,175	\$4,098,780
B. Change In Assumptions	\$47,415	\$71,184	\$509,976	\$628,575
C. Investment Gain	<u>\$21,682</u>	<u>\$16,572</u>	<u>\$111,405</u>	<u>\$149,659</u>
D. Total	\$109,353	\$850,105	\$3,917,556	\$4,877,014
<b><i>Recognition in Expense</i></b>				
<b><i>Year ended June 30,</i></b>				
2022	\$48,569	(\$24,577)	\$110,304	\$134,296
2023	\$48,568	(\$24,577)	\$110,303	\$134,294
2024	\$48,260	(\$25,092)	\$106,873	\$130,041
2025	\$64,858	(\$5,505)	\$257,546	\$316,899
2026	\$68,480	(\$725)	\$288,826	\$356,581
Thereafter	\$190,077	(\$31,689)	\$675,402	\$833,790

## 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	144	0	23	167	142	0	23	165
Female	486	0	57	543	483	0	70	553
<b>Total</b>	<b>630</b>	<b>0</b>	<b>80</b>	<b>710</b>	<b>625</b>	<b>0</b>	<b>93</b>	<b>718</b>

**COUNTS BY AGE AND ELIGIBILITY STATUS**

<i>Age</i>	<b>ACTIVE EMPLOYEES</b>			<b>INACTIVE EMPLOYEES NOT YET RECEIVING BENEFITS</b>		
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
29 and under	13	33	46	0	0	0
30 - 34	16	42	58	0	0	0
35 - 39	12	51	63	0	0	0
40 - 44	20	67	87	0	0	0
45 - 49	23	78	101	0	0	0
50 - 54	21	60	81	0	0	0
55 - 59	14	77	91	0	0	0
60 - 64	13	58	71	0	0	0
65 and over	12	20	32	0	0	0
<b>Total</b>	<b>83</b>	<b>486</b>	<b>630</b>	<b>0</b>	<b>0</b>	<b>0</b>

**INACTIVES RECEIVING BENEFITS**

<i>Age</i>	<i>Retirees</i>	<i>Spouse</i>	<i>Total</i>
54 and under	0	0	0
55 - 59	5	1	6
60 - 64	26	5	31
65 - 69	8	0	8
70 - 74	26	2	28
75 - 79	9	0	9
80 - 84	2	0	2
85 - 89	1	0	1
90 and over	0	0	0
<b>Total</b>	<b>77</b>	<b>8</b>	<b>85</b>

**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	34.5	34.9
Females	33.8	33.8
Total	34.0	34.1
B. Average Service		
Males	13.0	14.0
Females	14.1	14.1
Total	13.8	14.0
C. Average Current Age		
Males	47.5	48.9
Females	47.9	47.9
Total	47.8	48.1
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	69.6	68.8
Females	68.2	66.1
Total	68.6	66.8

### 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**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Non Trust Assets (c)</b>	<b>Net OPEB Liability (d)</b>
<i>Balances as of 06/30/2019</i>	\$29,178,253	\$754,656	\$0	\$28,423,597
<b>Changes for the year:</b>				
Service Cost	\$872,067			\$872,067
Interest	\$870,983			\$870,983
Difference between expected and actual experience	(\$5,115,850)	\$16,100		(\$5,131,950)
Contributions - employer			\$607,997	(\$607,997)
Projected Investment Income		\$26,413		(\$26,413)
Changes in Benefit Terms	\$0			\$0
Changes in assumptions	\$6,930,188			\$6,930,188
Benefit Payments	(\$607,997)	\$0	(\$607,997)	\$0
Administration Expenses		\$0		\$0
Net Changes	<u>\$2,949,391</u>	<u>\$42,513</u>	<u>\$0</u>	<u>\$2,906,878</u>
<i>Balances as of 06/30/2020</i>	<u>\$32,127,644</u>	<u>\$797,169</u>	<u>\$0</u>	<u>\$31,330,475</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**

<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
\$38,214,988	\$31,330,475	\$25,975,742
	<b>Healthcare Cost Trend</b>	
<b>1% Decrease (5.50% decreasing to 4.00%)</b>	<b>Rates (6.50% decreasing to 5.00%)</b>	<b>1% Increase (7.50% decreasing to 6.00%)</b>
\$25,713,627	\$31,330,475	\$38,895,129

**FINANCIAL STATEMENT DISCLOSURE (cont.)**

**2.) Fiscal Year Ending June 30, 2021**

**Changes in Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Non Trust Assets (c)</b>	<b>Net OPEB Liability (c)</b>
<b><i>Balances as of 06/30/2020</i></b>	<u>\$32,127,644</u>	<u>\$797,169</u>	<u>\$0</u>	<u>\$31,330,475</u>
<b>Changes for the year:</b>				
Service Cost	\$1,339,210			\$1,339,210
Interest	\$731,616			\$731,616
Difference between expected and actual experience	\$0	\$170,094		(\$170,094)
Contributions - employer	\$0	\$0	\$728,098	(\$728,098)
Projected Investment Income		\$17,617		(\$17,617)
Changes in Benefit Terms	\$0			\$0
Changes in assumptions	(\$62,779)			(\$62,779)
Benefit Payments	(\$728,098)	\$0	(\$728,098)	\$0
Administration Expenses		\$0		\$0
Net Changes	<u>\$1,279,949</u>	<u>\$187,711</u>	<u>\$0</u>	<u>\$1,092,238</u>
<b><i>Balances as of 06/30/2021</i></b>	<u>\$33,407,593</u>	<u>\$984,880</u>	<u>\$0</u>	<u>\$32,422,713</u>

Notes:

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

Assumption changes – Discount rate changed from 2.21% to 2.22%  
 Assumptions summarized in Section IV.

**Sensitivity of the Net OPEB Liability**

<b>1% Decrease (1.22%)</b>	<b>Discount Rate (2.22%)</b>	<b>1% Increase (3.22%)</b>
<u>\$39,557,274</u>	<u>\$32,422,713</u>	<u>\$26,867,776</u>
	<b>Healthcare Cost Trend Rates</b>	
<b>1% Decrease (5.00% decreasing to 4.00%)</b>	<b>(6.00% decreasing to 5.00%)</b>	<b>1% Increase (7.00% decreasing to 6.00%)</b>
<u>\$26,355,048</u>	<u>\$32,422,713</u>	<u>\$40,632,040</u>



## 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 2.21% was used for the fiscal year ending June 30, 2020.  
 A discount rate of 2.22% was used for the 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:

<u>Year</u>	<u>Medical Rates</u>
2019	7.0%
2020	6.5%
2021	6.0%
2022	5.5%
2023+	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 with Scale MP-2019.
  
4. **Disability Rates:** None assumed
  
5. **Termination Rates:** Based on service:

<u>Service</u>	<u>Rate</u>
0	17.50%
1	17.50%
5	7.29%
10	3.14%
15	1.83%
20	1.57%
25+	0.58%

**ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)**

6. **Retirement Rates:**

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

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 life insurance plan upon retirement; and that 70% of the current active employees would enroll in the medical and dental insurance plans upon retirement.

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:**

Market value of assets.

10. **Per Capita Claims Cost:**

Per Capita Claim Costs pre-Medicare eligible benefits 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:

<u>Age</u>	<u>Male</u>	<u>Female</u>
45	7,291	9,153
50	8,753	10,097
55	10,628	11,028
60	12,818	12,287
64	14,313	13,402

The applicable premium rates without adjustment for aging were used to develop the applicable per capita claim costs for Medicare eligible benefits.

11. **Administrative expenses:**

Included in premiums used.

12. **Participant Salary Increases:**

2.50% per annum.

13. **Payroll Growth Rate:**

2.50% annually

**ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)**

**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 AND DRUG INSURANCE PLAN  
 (reflects plan provisions in effect on 12/31/2014):**

**A. SCHOOL SUPPORT EMPLOYEES (C94 Local 1137) CBA 7/1/2018 - 6/30/2021**

Retire after 7/1/2013

Eligibility: Retirement with 25 years of service in WED Local 1137; in addition, 35 years of service in ERSRL required for Medicare Supplemental Plan coverage.

Coverage: Pre-65: Individual with option to “buy up” to Family for a maximum of 6 years of coverage or until age 65, whichever occurs sooner.

Post 65: Individual Medicare Supplemental Plan (no Rx rider)

Cost Sharing: Pre 65:

Hired before 7/1/13: 20% of working rate

Hired on or after 7/1/13: 50% of working rate

Post 65: 10% of working rate

Retired as of 7/1/2013

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

Post 65: Individual – Medicare Supplemental Plan plus Plan 65 Rx rider

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: 15% of working rates (see Section F. below)

The City will pay 100% of the cost of Medicare Supplement plus Rx for a spouse who is Medicare Eligible until the retiree reaches age 65; and will pay Part B surcharges for retiree spouse as of April 1, 2013 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.

**FINANCIAL STATEMENT DISCLOSURE (Cont.)**

**A BRIEF DESCRIPTION OF THE RETIREE MEDICAL AND DRUG INSURANCE PLAN  
(reflects plan provisions in effect on 12/31/2014) (Cont.):**

**B. TEACHER ASSISTANTS (AFT Local 951, Paraprofessionals Chapter) CBA 7/1/2018 – 6/30/2021**

Retire after 7/1/2013

Eligibility and Coverage:

Pre 65: On a pension with 25 years of continuous service to WED as of 7/1/13, and

- 28 years of service with ERSRL – Two Individual Plans
- 32 years of service with ERSRL – Family Plan

Retire before 7/1/18 with 20 years as paraprofessional with WED, and

- 28 years of full time employment with WED, and 27.5 years of service with ERSRL – Two Individual Plans
- 32 years of service with ERSRL – Two Individual Plans

Retire on or after 7/1/18 with 20 years as paraprofessional with WED, and

- 28 years of full time employment with WED, and 27.5 years of service with ERSRL – One Individual Plan, or
- 32 years of service with ERSRL – One Individual Plan

Coverage is for a maximum of 6 years or until Medicare eligible

- \* Hired before 11/1/94: free coverage if no alternative source (years of service not required); if other source WED pays co-pay of other plan. Hired on or after 11/1/94: coverage if no alternative source (years of service not required); retiree pays applicable co-pay through WED or other plan. All coverage terminates when retiree reaches age 65.

Post 65: 35 years of service with ERSRL, 25 years service with WED – Individual Medicare Supplement (No Rx Rider)

Cost Sharing:

Pre 65: Hired before 7/1/2013: 20% of working rate  
Hired on or after 7/1/2013: 50% of working rate

Post 65: 5% of working rate (see Section F. below)

Survivor Coverage continues for survivor(s) of retiree until the earlier of:  
1) date on which retiree would have reached age 65, or  
2) benefits become available from another source

**FINANCIAL STATEMENT DISCLOSURE (Cont.)**

**A BRIEF DESCRIPTION OF THE RETIREE MEDICAL AND DRUG INSURANCE PLAN  
 (reflects plan provisions in effect on 12/31/2014) (Cont.):**

**B. TEACHER ASSISTANTS (AFT Local 951, Paraprofessionals Chapter) CBA 7/1/2018 – 6/30/2021 (cont.)**

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan  
Post 65: Individual – Medicare Supplemental Plan and Part D 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: 5% of working rate (see Section F. below)

The City will pay 100% of the cost of Medicare Supplement plus Rx for a spouse who is Medicare Eligible until the retiree reaches age 65; and will pay Part B surcharges for retiree spouse as of April 1, 2013 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.

**C. TEACHER (AFT Local 951) CBA 7/1/2018 – 6/30/2021**

Retire after 7/1/2013

Eligibility and Coverage:

- Pre 65:
- On a pension with 25 yrs of continuous service to WED as of 7/1/13, and 20 years with WED, and
  - 32 years of service with ERSRL – 2 Individual Plans with option to “buy up” to Family Plan
  - 35 years of service with ERSRL – Family Plan

- Retire before 7/1/18 with 20 years with WED, and
- 32 years of service with ERSRL – Individual Plus or a spouse or child
- Retire on or after 7/1/18 with 20 years with WED, and
- 32 years of service with ERSRL – One Individual Plan

Coverage is for a maximum of 6 years or until Medicare eligible



**FINANCIAL STATEMENT DISCLOSURE (Cont.)**

**A BRIEF DESCRIPTION OF THE RETIREE MEDICAL AND DRUG INSURANCE PLAN  
 (reflects plan provisions in effect on 12/31/2014) (Cont.):**

**C. TEACHER (AFT Local 951) CBA 7/1/2018 – 6/30/2021 (cont.)**

Eligibility and Coverage (cont.):

Post 65: 35 years of service with ERSRL, 25 years service with WED – Individual Medicare Supplement (No Rx Rider)

Cost Sharing:

Pre 65: Hired before 7/1/2013: 20% of working rate  
Hired on or after 7/1/2013: 50% of working rate

Post 65: 15% of working rate (see Section F. below)

Retired as of 7/1/2013

Coverage: Pre 65: Individual or Family - Uniform Plan or High Deductible Plan  
Post 65: Individual – Medicare Supplemental Plan and Part D 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 15% of Medicare Supplemental Plan (see Section F. below)

The City will pay 100% of the cost of Medicare Supplement plus Rx for a spouse who is Medicare Eligible until the retiree reaches age 65; and will pay Part B surcharges for retiree spouse as of April 1, 2013 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.

**FINANCIAL STATEMENT DISCLOSURE (Cont.)**

**A BRIEF DESCRIPTION OF THE RETIREE MEDICAL AND DRUG INSURANCE PLAN  
 (reflects plan provisions in effect on 12/31/2014) (Cont.):**

**D. Dental:** Teacher’s Assistants pays 10%. Local 1137 pays 15%. Teachers pay 20%.

**E. Life:** Superintendents: \$25,000; Non-superintendents: \$20,000

**F. Monthly Premiums (7/1/2019 - 6/30/2020):**

<b>Medical</b>	<b>Individual</b>	<b>Family</b>
Uniform Plan	\$ 769.35	\$ 1,894.01
Medicare Supplement	\$ 183.38	
Medicare Part D	\$ 231.00	
<b>Dental</b>	<b>\$ 32.91</b>	<b>98.10</b>

**G. Plan Provisions:**

	<b><u>Uniform Plan</u></b>	<b><u>High Deductible Plan</u></b>
<b><u>Co-Pays</u></b>		
Office Visit	\$20	\$15
Specialist	\$30	\$25
Urgent Care	\$30	\$25
Emergency Room	\$150	\$100
<b><u>Coinsurance</u></b>	\$100 In-Network/ \$80 Out-of-Network	\$100 In-Network/ \$80 Out-of-Network
<b><u>Deductible</u></b>	\$500 per person/ \$1,000 per family	\$2,000 per person/ \$4,000 per family
<b><u>Rx Copay</u></b>	\$10/\$20/\$30/\$50	\$7/\$30/\$50/\$75

**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	0	0	0	0	0	0	0	0	0	0
20 - 24	5	0	0	0	0	0	0	0	0	5
25 - 29	34	7	0	0	0	0	0	0	0	41
30 - 34	30	22	6	0	0	0	0	0	0	58
35 - 39	19	14	21	9	0	0	0	0	0	63
40 - 44	25	11	12	32	7	0	0	0	0	87
45 - 49	21	11	8	27	33	1	0	0	0	101
50 - 54	7	6	15	16	24	13	0	0	0	81
55 - 59	12	2	9	23	23	10	10	2	0	91
60 - 64	8	4	4	20	21	10	3	1	0	71
65 - 69	0	2	2	9	7	4	2	0	0	26
70 - 74	0	0	0	2	1	0	0	0	0	3
75 - 79	0	0	0	0	2	1	0	0	0	3
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	161	79	77	138	118	39	15	3	0	630

**APPENDIX – B.**

**PROJECTED BENEFIT PAYMENTS**

<b>Year</b>	<b>Amount</b>	<b>Accumulated</b>	<b>Year</b>	<b>Amount</b>	<b>Accumulated</b>	<b>Year</b>	<b>Amount</b>	<b>Accumulated</b>
2019	\$ 607,997	\$ 607,997	2049	\$ 2,077,717	\$ 41,199,417	2079	\$ 1,022,163	\$ 94,835,041
2020	\$ 728,099	\$ 1,336,096	2050	\$ 2,147,219	\$ 43,346,636	2080	\$ 949,619	\$ 95,784,660
2021	\$ 711,562	\$ 2,047,658	2051	\$ 2,096,364	\$ 45,443,000	2081	\$ 877,506	\$ 96,662,166
2022	\$ 735,434	\$ 2,783,092	2052	\$ 2,109,916	\$ 47,552,916	2082	\$ 806,321	\$ 97,468,487
2023	\$ 792,704	\$ 3,575,796	2053	\$ 2,164,283	\$ 49,717,199	2083	\$ 736,391	\$ 98,204,878
2024	\$ 823,468	\$ 4,399,264	2054	\$ 2,173,744	\$ 51,890,943	2084	\$ 668,190	\$ 98,873,068
2025	\$ 817,865	\$ 5,217,129	2055	\$ 2,187,276	\$ 54,078,219	2085	\$ 602,125	\$ 99,475,193
2026	\$ 837,928	\$ 6,055,057	2056	\$ 2,195,318	\$ 56,273,537	2086	\$ 538,578	\$ 100,013,771
2027	\$ 871,086	\$ 6,926,143	2057	\$ 2,147,301	\$ 58,420,838	2087	\$ 477,942	\$ 100,491,713
2028	\$ 912,842	\$ 7,838,985	2058	\$ 2,126,352	\$ 60,547,190	2088	\$ 420,500	\$ 100,912,213
2029	\$ 977,740	\$ 8,816,725	2059	\$ 2,080,612	\$ 62,627,802	2089	\$ 366,441	\$ 101,278,654
2030	\$ 1,095,953	\$ 9,912,678	2060	\$ 2,053,820	\$ 64,681,622	2090	\$ 316,030	\$ 101,594,684
2031	\$ 1,129,021	\$ 11,041,699	2061	\$ 2,024,702	\$ 66,706,324	2091	\$ 269,457	\$ 101,864,141
2032	\$ 1,169,444	\$ 12,211,143	2062	\$ 1,993,192	\$ 68,699,516	2092	\$ 226,916	\$ 102,091,057
2033	\$ 1,220,471	\$ 13,431,614	2063	\$ 1,953,219	\$ 70,652,735	2093	\$ 188,508	\$ 102,279,565
2034	\$ 1,277,992	\$ 14,709,606	2064	\$ 1,916,356	\$ 72,569,091	2094	\$ 154,334	\$ 102,433,899
2035	\$ 1,355,321	\$ 16,064,927	2065	\$ 1,876,314	\$ 74,445,405	2095	\$ 124,377	\$ 102,558,276
2036	\$ 1,400,977	\$ 17,465,904	2066	\$ 1,832,594	\$ 76,277,999	2096	\$ 98,564	\$ 102,656,840
2037	\$ 1,467,666	\$ 18,933,570	2067	\$ 1,785,922	\$ 78,063,921	2097	\$ 76,709	\$ 102,733,549
2038	\$ 1,532,220	\$ 20,465,790	2068	\$ 1,736,195	\$ 79,800,116	2098	\$ 58,574	\$ 102,792,123
2039	\$ 1,584,337	\$ 22,050,127	2069	\$ 1,683,385	\$ 81,483,501	2099	\$ 43,828	\$ 102,835,951
2040	\$ 1,675,057	\$ 23,725,184	2070	\$ 1,627,469	\$ 83,110,970	2100	\$ 32,106	\$ 102,868,057
2041	\$ 1,765,182	\$ 25,490,366	2071	\$ 1,568,567	\$ 84,679,537	2101	\$ 22,991	\$ 102,891,048
2042	\$ 1,872,720	\$ 27,363,086	2072	\$ 1,506,883	\$ 86,186,420	2102	\$ 16,080	\$ 102,907,128
2043	\$ 1,911,580	\$ 29,274,666	2073	\$ 1,442,681	\$ 87,629,101	2103	\$ 10,969	\$ 102,918,097
2044	\$ 1,894,463	\$ 31,169,129	2074	\$ 1,376,255	\$ 89,005,356	2104	\$ 7,293	\$ 102,925,390
2045	\$ 1,924,384	\$ 33,093,513	2075	\$ 1,307,961	\$ 90,313,317	2105	\$ 4,719	\$ 102,930,109
2046	\$ 1,990,615	\$ 35,084,128	2076	\$ 1,238,032	\$ 91,551,349	2106	\$ 2,972	\$ 102,933,081
2047	\$ 2,004,720	\$ 37,088,848	2077	\$ 1,166,819	\$ 92,718,168	2107	\$ 1,817	\$ 102,934,898
2048	\$ 2,032,852	\$ 39,121,700	2078	\$ 1,094,710	\$ 93,812,878	2108	\$ 1,079	\$ 102,935,977

**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>
<b>Total OPEB Liability</b>					
Service Cost	\$1,339,210	\$872,067	\$761,840	\$812,458	
Interest	\$731,616	\$870,983	\$1,037,585	\$974,424	
Changes in Benefit Terms	\$0	\$0	\$0	\$0	
Differences between expected and actual experience	\$0	(\$5,115,850)	\$0	\$0	
Changes in assumptions and other inputs	(\$62,779)	\$6,930,188	\$1,770,071	(\$1,330,768)	
Benefit Payments	(\$728,098)	(\$607,997)	(\$872,474)	(\$755,270)	
<b>Net Changes in Total OPEB Liability</b>	<u>\$1,279,949</u>	<u>\$2,949,391</u>	<u>\$2,697,022</u>	<u>(\$299,156)</u>	
<b>Total OPEB Liability - Beginning</b>	<u>\$32,127,644</u>	<u>\$29,178,253</u>	<u>\$26,481,231</u>	<u>\$26,780,387</u>	
<b>Total OPEB Liability - Ending</b>	<u><u>\$33,407,593</u></u>	<u><u>\$32,127,644</u></u>	<u><u>\$29,178,253</u></u>	<u><u>\$26,481,231</u></u>	<u><u>\$26,780,387</u></u>
<b>Plan Fiduciary Net Position</b>					
Contributions Employer	\$728,098	\$607,997	\$872,474	\$1,461,328	
Differences between expected and actual experience	\$170,094	\$16,100	\$21,273	\$0	
Projected Investment Income	\$17,617	\$26,413	\$27,325	\$0	
Benefit Payments	(\$728,098)	(\$607,997)	(\$872,474)	(\$755,270)	
Administration Expenses	\$0	\$0	\$0	\$0	
<b>Net Changes in plan Fiduciary Net Position</b>	<u>\$187,711</u>	<u>\$42,513</u>	<u>\$48,598</u>	<u>\$706,058</u>	
<b>Plan Fiduciary Net Position - Beginning</b>	<u>\$797,169</u>	<u>\$754,656</u>	<u>\$706,058</u>	<u>\$0</u>	
<b>Plan Fiduciary Net Position - Ending</b>	<u><u>\$984,880</u></u>	<u><u>\$797,169</u></u>	<u><u>\$754,656</u></u>	<u><u>\$706,058</u></u>	<u><u>\$0</u></u>
<b>Net OPEB Liability - Ending</b>	32,422,713	\$31,330,475	28,423,597	\$25,775,173	\$26,780,387
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	2.95%	2.48%	2.59%	2.67%	
Covered Employee Payroll	38,442,256	37,504,640	36,531,984	35,640,960	
Net OPEB Liability as a percentage of covered Employee Payroll	84.34%	83.54%	77.80%	72.32%	
Notes:					
Assumption changes:					
Discount Rate	2.22%	2.21%	3.50%	3.87%	3.58%
Plan changes:	None	None	None	None	

**APPENDIX – C. (cont.)**  
**SCHEDULE B.**  
**SCHEDULE OF ACTUARIAL DETERMINED CONTRIBUTIONS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial Determined Contribution	\$1,471,743	\$2,017,286	\$1,871,363	\$1,932,229
Contributions in relation to the Actuarially Determined Contribution	<u>\$728,098</u>	<u>\$607,997</u>	<u>\$872,474</u>	<u>\$1,461,328</u>
Contribution Deficiency / (Excess)	\$743,645	\$1,409,289	\$998,889	\$470,901
Covered Employee Payroll	\$38,442,256	\$37,504,640	\$36,531,984	\$35,640,960
Contribution as a percentage of Covered Employee Payroll	1.9%	1.6%	2.4%	4.1%
Investment Rate of Return	5.50%	3.50%	3.50%	3.50%

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of Payroll	Level percentage of Payroll	Level percentage of Payroll	Level percentage of Payroll
Remaining amortization period	30 years	30 years	30 years	30 years
Asset Valuation	Market Value	Market Value	Market Value	Market Value
Inflation	2.00%	2.00%	2.00%	2.00%
Healthcare Trend rates	Non-Medicare: 7.0% initially, decreasing to an ultimate rate of 5.0% in 2023	Non-Medicare: 7.0% initially, decreasing to an ultimate rate of 5.0% in 2023	Non-Medicare: 7.0% initially, decreasing to an ultimate rate of 5.0% in 2021	Non-Medicare: 7.0% initially, decreasing to an ultimate rate of 5.0% in 2021
Salary Increases	2.50%	2.50%	2.50%	2.50%
Payroll Growth	2.50%	2.50%	2.50%	2.50%
Investment Rate of Return	2.22%	2.21%	3.50%	3.50%
Average Assumed Retirement Age	62	62	62	62
Mortality	RPH-2014 Total Dataset with Scale MP-2019	RPH-2014 Total Dataset with Scale MP-2019	RPH-2014 Total Dataset with Scale MP-2017	RPH-2014 Total Dataset with Scale MP-2017

**APPENDIX – D.**

**LONG-TERM EXPECTED RATE OF RETURN ON OPEB PLAN INVESTMENTS**

<b>Asset Class</b>	<b>Real Rate of Return</b>
Balanced/Asset Allocation	3.50%

The long-term expected rate of return on OPEB plan investments is based on the above real rates of return, the asset allocation percentages, and a 2.0% inflation rate.

The following was the Plan’s asset allocation as provided by the Plan’s investment advisor:

<b>Asset Class</b>	<b>Target Allocation</b>
Balanced/Asset Allocation	100.00%

**Money-Weighted Rate of Return**

	<b>Plan Investments (a)</b>	<b>Months Invested (b)</b>	<b>Period Weight (c)</b>
<i>Balance as of 07/01/2019</i>	\$754,656	12	1.00
<i>Balance as of 06/30/2020</i>	\$797,168		
<b>Money-Weighted Rate of Return</b>	<b>5.63%</b>		

	<b>Plan Investments (a)</b>	<b>Months Invested (b)</b>	<b>Period Weight (c)</b>
<i>Balance as of 07/01/2020</i>	\$797,168	12	1.00
<i>Balance as of 06/30/2021</i>	\$984,880		
<b>Money-Weighted Rate of Return</b>	<b>23.55%</b>		



**APPENDIX – E.**

**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 – E.**

**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 – F.**

**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.