

**Barrington School Department
(Town of Barrington, Rhode Island)
Postretirement Health Insurance Program**

**Financial Disclosure Information
in accordance with Statement of
Governmental Accounting Standards
Board No. 75**

**for the period beginning July 1, 2016 and
ending June 30, 2017**

Revised 10/24/2017

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I. INTRODUCTION

The purpose of this report is to present certain financial information relative to the Barrington School Department Postretirement Health Insurance Program in accordance with the Statement of Governmental Accounting Standards Board No. 75 (GASB 75).

The report presents the actuarial valuation for the Barrington School Department Postretirement Health Insurance Program as of July 1, 2016. This report is based on the adoption of GASB 75 for the Plan effective July 1, 2016. This report includes the determination of the Plan's current discount rate, Net OPEB Liability, OPEB expense, and balances of deferred inflows and outflows.

This report was based on information submitted to our firm by the Barrington School Department in the form of census data, substantive plan provisions, medical premium rates, asset/benefit payment information, and other ancillary material pertaining to the plan.

Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with my understanding of GASB 75 and are in conformity with applicable actuarial standards of practice. To the best of my knowledge, the information contained in this report was determined in accordance with GASB 75. In addition, no relationship exists with the plan or plan sponsor that impairs the objectivity of our work.

I meet the GASB 75 Qualification Standards of the American Academy of Actuaries to render the actuarial opinions included in this report, based upon my education, experience and continuing education.

This report was revised to update asset information and add additional exhibits.



Simon R. Encarnacion, F.S.A., E.A.
Consulting Actuary

10/24/2017

Date

II. DESCRIPTIVE INFORMATION

Plan Description: Single-employer, defined benefit postretirement health insurance program

Groups Covered & Eligibility: The Barrington School Department can be separated under three groups of employees. Each group is covered under a separate contract with the School. The groups are:

Certified Teachers
Custodians (Steelworkers Union)
Non-Union School Employees

Each member of the groups above is eligible to retire with health insurance coverage after 10 years of service with the Barrington School Department.

Effective July 1, 2012, retirement age under Municipal Employee Retirement System (MERS) changed to Social Security Normal Retirement Age and 5 years of service (early retirement as early as age 59) for members that were not retirement eligible as of June 30, 2012.

Members of the Employee Retirement System of Rhode Island ("ERSRI") that were vested (10 years of service under ERSRI) by July 1, 2005 are eligible for retirement at any age with 28 years of service or at age 60 with 10 years of service. ERSRI members that were not vested by July 1, 2005 are eligible for retirement at age 59 with 29 years of service or age 65 with 10 years of service with full pension benefits or age 55 with 20 years of service with reduced pension benefits.

II. DESCRIPTIVE INFORMATION (cont'd)

Benefit Formula: **Certified Teachers:** Upon retirement, certified teachers receive medical coverage (single or family) for the amount of years following retirement based on years of service at retirement:

<u>Service</u>	<u>Individual</u>	<u>Family</u>
10-24	7	3
25-29	7	4
30+	7	5

Retirees hired before 7/1/1994 will contribute 0% of the premium. Retirees hired after 7/1/1994 will contribute 20% the of the premiums.

Effective to new retirees after July 1, 2013, medical coverage is:

Service	Individual	Family
10-24	5	n/a
25+	7	n/a

Retirees hired before 7/1/1994 will contribute 0% of the premium. Retirees hired after 7/1/1994 will contribute 20% the of the premiums. Coverage will end at such time as the retiree is eligible for Medicare or other Federally subsidized programs, whichever occurs first.

Effective May 1, 2013, all new hired certified teachers are no longer eligible for postemployment health insurance benefits.

II. DESCRIPTIVE INFORMATION (cont'd)

*Benefit Formula
(cont'd):*

Custodians: Upon retirement, custodians receive medical coverage (single or family) for the amount of years following retirement based on years of service at retirement:

<u>Service</u>	<u>Individual</u>	<u>Family</u>
10-19	7	3
20+	7	5

Retirees hired before 7/1/2007 will contribute 15% of the premium. Retirees hired after 7/1/2007 will contribute 20% of the premium.

Effective July 1, 2010, all new custodian employees are no longer eligible for postemployment health insurance benefits.

Effective for new retirees after July 1, 2013, coverage will end at such time as the retiree is eligible for Medicare or other Federally subsidized programs, whichever occurs first.

Non-Union: Upon retirement, non-union employees receive medical coverage (single or family) for the amount of years following retirement based on years of service at retirement. All non-union retirees will contribute 15% of the premium.

For employees hired before 12/31/1997:

<u>Service</u>	<u>Individual</u>	<u>Family</u>
10-19	7	4
20+	7	5

For employees hired after 12/31/1997:

Service	Individual	Family
10-14	5	3
15-19	6	4
20+	7	5

II. DESCRIPTIVE INFORMATION (cont'd)

Benefit Formula
(cont'd):

Effective to new non-union retirees after June 30, 2013,
medical coverage is:

Service	Individual	Family
10+	4	n/a

Effective August 31, 2011, all new hired non-union employees
are no longer eligible for postemployment health insurance
benefits.

Each member may elect to deny coverage and receive a "buy-back"
amount of \$1,500 per year.

Dental coverage is not provided to retirees.

Life Insurance coverage is not provided to retirees.

Significant Events: None.

III. ACTUARIAL METHODS

Measurement Date: July 1, 2016 for all purposes.

Actuarial Cost Method: Costs have been computed in accordance with the Entry Age Actuarial Cost Method.

The service cost is the sum of the service costs for all participants. For a current participant, the individual service cost is (a) the present value of future benefits as of the participant's entry age divided by (b) the present value of future service as of the participant's entry age. For other than a current active participant, the service cost equals \$0.

The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to the present value of future benefits less the service cost accrual rate multiplied by the present value of future service.

III. ACTUARIAL METHODS (cont'd)

Asset Valuation Method: The Barrington School Department has established a fund, separate and apart from the general revenues of the Town, known as the OPEB Trust Fund. Pursuant to Section 33-47 of the Town's legislation, the OPEB Trust Fund shall consist of:

- (a) All funds appropriated or otherwise made available by the Town for the purposes of meeting the current and future OPEB costs payable by the Town;
- (b) Amounts contributed or otherwise made available by employees of the Town for the purpose of meeting future OPEB costs payable by the Town;
- (c) All interest, dividends and other income derived from the above; and
- (d) Any surplus derived from the Town's medical internal service fund, as measured by the Finance Director.

The Town does not have a certain contribution schedule maintained, however it is the Town's intention to gradually fund the Plan.

The Fiduciary Net Position is based on the fair market value of assets as of the measurement date.

Census Information: Census data and premium information as of July 1, 2016 were used to calculate the Total OPEB Liability and Net OPEB Liability.

Net OPEB Liability at Fiscal Year End: Based on actual benefit payments, contributions to the Plan trust, and implicit rate subsidy, if any, for the fiscal year ending June 30, 2017.

IV. ACTUARIAL ASSUMPTIONS

Actuarial assumptions are estimates as to the occurrence of future events impacting the costs of the plan such as mortality rates, withdrawal rates, medical trend rates, retirement ages, rates of investment earnings, etc. The assumptions have been chosen to anticipate the long-term experience of the plan.

Assumptions for the Current Valuation

Discount Rate: 5.58%

The School's OPEB Trust Fund is currently partially prefunded. As a result, the discount rate selected reflects the estimated proportionate amounts of the School and Trust's assets expected to be used to fund benefits under this Plan. It is assumed, based on the conservative investments of the School's OPEB Trust, that the long term discount rate is 4.79%. If the Trust was not partially prefunded the long-term rate of return assumption would also be 3.87%.

*Long Term Rate of Return
on Assets:* 7.00%

Healthy Mortality: RP-2014 Employee and Healthy Annuitant with Scale MP-2016 generational improvements from 2006 (Male/Female)

Turnover: Sarason Crocker Straight Table T-1. Sample rates below:

Age	Rate
25	4.9%
35	2.3%
45	0.3%
50	0.0%

*Health Care Monthly
Premium Rates:*

See Per Capita Medical Costs in Section XII.

*Health Care Cost Trend Rates -
Medical Costs:* 5.90% per year graded down by the getzen model to an ultimate rate of 3.94% per year.

Participation: 100% of eligible future retirees are assumed to elect medical coverage under the Plan. 100% of current retirees are assumed to participate.

IV. ACTUARIAL ASSUMPTIONS (cont'd)

Plan Election: All current retirees are assumed to elect medical coverage under the Healthmate Coast to Coast plan. 90% of future retirees are assumed to elect medical coverage under the Healthmate Coast to Coast plan. The remaining 10% are assumed to elect the buy-back option.

Marital Status: 70% of future retirees are assumed to be married and elect family medical coverage. Female spouses are assumed to be 3 years younger than males.

Actual spousal information is used for current retirees if available.

Retirement Rates:

	Grandfathered Retirement Rates	Non-Grandfathered Retirement Rates
Age		
50-54	2%	0%
55-58	15%	0%
59	15%	25%
60	25%	25%
61	15%	25%
62	25%	25%
63 -64	15%	15%
65 -69	50%	50%
70	100%	100%

Aging Assumption: Claims costs under Healthmate Coast to Coast are assumed to increase by the following rates per year of age to reflect higher healthcare costs for older individuals:

Age	Rate
45-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90+	0%

V. CHANGES IN ACTUARIAL ASSUMPTIONS

The table below indicates which assumptions, other than the Health Care Working Rates, have changed from the prior valuation. In the opinion of the actuary, these changes were made to better reflect current expectations of future experience.

	July 1, 2014	July 1, 2016
<i>Discount Rate:</i>	4.00%	5.58%
<i>Mortality</i>	RP-2000 with no mortality improvement	RP-2014 Employee and Healthy Annuitant with Scale MP-2016 generational improvements
<i>HCCTR</i>	6.0% down by 0.5% per year to an ultimate rate of 4.5%	5.90% per year graded down by the getzen model to an ultimate rate of 3.94% per year.

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of June 30, 2017 - Analysis of Crossover Point (School)

Plan Year Valuation	Prior Year's Actuarially Determined Contribution	Prior Year's Employee Contributions	Total Prior Year Contributions	Projected Normal Cost	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments		
							"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion	Present Value of "Unfunded" Portion	Present Value of All Benefit Payments - Single Rate
							7.00%	3.87%	5.58%		
6/30	992,745	0	992,745	316,418	7,116,145	992,745	992,745	0	927,799	0	940,274
2017	992,745	0	992,745	316,418	7,116,145	992,745	992,745	0	927,799	0	940,274
2018	761,883	0	761,883	307,117	6,621,530	761,883	761,883	0	665,458	0	683,474
2019	607,018	0	607,018	296,267	6,323,154	607,018	607,018	0	495,508	0	515,766
2020	528,326	0	528,326	284,022	6,158,757	528,326	528,326	0	403,057	0	425,177
2021	440,410	0	440,410	272,183	6,061,544	440,410	440,410	0	314,006	0	335,693
2022	497,872	0	497,872	259,218	6,045,442	497,872	497,872	0	331,753	0	359,434
2023	527,262	0	527,262	246,519	5,970,751	527,262	527,262	0	328,352	0	360,533
2024	550,901	0	550,901	232,430	5,861,442	550,901	550,901	0	320,629	0	356,787
2025	558,606	0	558,606	218,560	5,720,841	558,606	558,606	0	303,845	0	342,656
2026	593,991	0	593,991	205,912	5,562,694	593,991	593,991	0	301,955	0	345,103
2027	583,446	0	583,446	194,876	5,358,092	583,446	583,446	0	277,191	0	321,060
2028	558,922	0	558,922	183,723	5,149,712	558,922	558,922	0	248,168	0	291,309
2029	608,686	0	608,686	171,113	4,951,270	608,686	608,686	0	252,583	0	300,478
2030	647,332	0	647,332	158,744	4,689,173	647,332	647,332	0	251,047	0	302,666
2031	699,459	0	699,459	147,511	4,370,083	699,459	699,459	0	253,516	0	309,753
2032	730,309	0	730,309	137,121	3,976,530	730,309	730,309	0	247,381	0	306,321
2033	756,248	0	756,248	127,105	3,524,578	756,248	756,248	0	239,409	0	300,436
2034	727,316	0	727,316	116,601	3,015,051	727,316	727,316	0	215,187	0	273,670
2035	755,652	0	755,652	106,339	2,498,788	755,652	755,652	0	208,944	0	269,304
2036	767,102	0	767,102	97,634	1,918,051	767,102	767,102	0	198,234	0	258,935
2037	770,724	0	770,724	89,245	1,285,213	770,724	770,724	0	186,140	0	246,408
2038	745,338	0	745,338	79,769	604,454	745,338	604,454	140,884	136,433	61,105	225,697
2039	764,412	0	764,412	69,765	0	764,412	0	764,412	0	319,194	219,238
2040	860,880	0	860,880	59,883	0	860,880	0	860,880	0	346,082	233,856
2041	911,007	0	911,007	51,107	0	911,007	0	911,007	0	352,589	234,393
2042	830,741	0	830,741	43,392	0	830,741	0	830,741	0	309,544	202,444
2043	670,647	0	670,647	37,041	0	670,647	0	670,647	0	240,581	154,793
2044	565,736	0	565,736	31,031	0	565,736	0	565,736	0	195,385	123,677
2045	504,858	0	504,858	25,220	0	504,858	0	504,858	0	167,863	104,535
2046	393,543	0	393,543	19,812	0	393,543	0	393,543	0	125,976	77,179
2047	333,169	0	333,169	15,442	0	333,169	0	333,169	0	102,676	61,886
2048	356,042	0	356,042	11,928	0	356,042	0	356,042	0	105,637	62,639
2049	316,145	0	316,145	8,627	0	316,145	0	316,145	0	90,305	52,680
2050	225,801	0	225,801	6,268	0	225,801	0	225,801	0	62,096	35,637
2051	165,682	0	165,682	4,318	0	165,682	0	165,682	0	43,865	24,767
2052	155,615	0	155,615	2,781	0	155,615	0	155,615	0	39,665	22,032
2053	103,630	0	103,630	1,951	0	103,630	0	103,630	0	25,430	13,897
2054	0	0	0	1,358	0	0	0	0	0	0	0
2055	0	0	0	640	0	0	0	0	0	0	0
2056	0	0	0	288	0	0	0	0	0	0	0
2057	0	0	0	135	0	0	0	0	0	0	0
2058	0	0	0	60	0	0	0	0	0	0	0
2059	0	0	0	0	0	0	0	0	0	0	0

2060	0	0	0	0	0	0	0	0	0	0	0	0
2061	0	0	0	0	0	0	0	0	0	0	0	0
2062	0	0	0	0	0	0	0	0	0	0	0	0
2063	0	0	0	0	0	0	0	0	0	0	0	0
2064	0	0	0	0	0	0	0	0	0	0	0	0
										<u>7,106,595</u>	<u>+ 2,587,993</u>	<u>= 9,694,588</u>

* The 3.87% discount rate is the 6/30/2017 Citigroup Liability Index.

VI. DETERMINATION OF DISCOUNT RATE

C. Funding Policy

Currently, the funding policy is to fund 100% of the actuarially determined contribution. The actuarially determined contribution are set equal to the expected employer-only benefit payments.

D. Long Term Expected Rate of Return and Asset Allocation

The long term expected rate of return on Plan investments was determined by the investment manager.

<u>Asset Class</u>	<u>June 30, 2017 Asset Allocation*</u>	<u>Target Asset Allocation*</u>	<u>Long Term Expected Real Rate of Return*</u>
Large Cap US Equity	48.30%	48.30%	8.00%
Small / Mid Cap US Equity	8.00%	8.00%	6.80%
International Equity	20.70%	20.70%	8.60%
Intermed. To Long Bonds	19.40%	19.40%	3.54%
Short-Term Bonds and Cash	3.60%	3.60%	3.90%
	<u>100.00%</u>	<u>100.00%</u>	

Projected Rate of Return*: 7.00%

* The Projected Rate of Return was estimated based on returns for similarly situated plans.

Money-Weighted Rate of Return for Fiscal Year Ending 06/30/2017**: 10.15%

** This rate is determined assuming contributions and expenses are paid in the middle of the plan year.

VII. NET OPEB LIABILITY

A. Net OPEB Liability as of July 1, 2016

The Net OPEB Liability for the Plan was measured as of July 1, 2016, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2014 and adjusted through July 1, 2016.

The components of the Net OPEB Liability of the Plan as of July 1, 2016, were as follows:

Total OPEB Liability	\$8,737,705
Plan Fiduciary Net Position	<u>(\$4,502,702)</u>
Net OPEB Liability	<u>\$ 4,235,003</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	51.53%
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The discount rate used to calculate the Total OPEB Liability was 4.07% for School.

B. Net OPEB Liability as of June 30, 2017

The Net OPEB Liability for the Plan was measured as of June 30, 2017, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2016 and adjusted through June 30, 2017.

The components of the Net OPEB Liability of the Plan as of June 30, 2017, were as follows:

Total OPEB Liability	\$7,653,742
Plan Fiduciary Net Position	<u>(\$7,116,145)</u>
Net OPEB Liability	<u>\$ 537,597</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	92.98%
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The discount rate used to calculate the Total OPEB Liability was 5.58% for School.

C. Changes in Net OPEB Liability for the Fiscal Year ending June 30, 2017

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balance as of 7/1/2016	\$8,737,705	\$4,502,702	\$4,235,003
Changes for the year:			
Service Cost	324,541		324,541
Interest on Total OPEB Liability	331,154		331,154
Differences Between Expected and Actual Experience	(732,934)		(732,934)
Changes of Assumptions	0		0
HCCTR	774,962		774,962
Mortality	107,252		107,252
Discount Rate	(865,283)		(865,283)
Changes in Benefit Terms	0		0
Contributions - Employer		3,054,732	(3,054,732)
Contributions - Employee		21,285	(21,285)
Net Investment Income		561,081	(561,081)
Benefit Payments	(1,023,655)	(1,023,655)	0
Administrative Expense			0
Other Changes	0	0	0
Net Changes	<u>(\$1,083,963)</u>	<u>\$2,613,443</u>	<u>(\$3,697,406)</u>
Balance as of 6/30/2017	<u>\$7,653,742</u>	<u>\$7,116,145</u>	<u>\$537,597</u>

Note: The Other Changes was an interfund transfer.

D. Sensitivity of the Net OPEB Liability to Changes in Discount Rate as of June 30, 2017

The following presents the Net OPEB Liability as of June 30, 2017 calculated using the discount rate of 5.58%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.58%) or 1-percentage-point higher (6.58%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	4.58%	5.58%	6.58%
Plan's Net OPEB Liability as of June 30, 2017:	1,100,038	537,597	21,434

E. Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rate as of June 30, 2017

The following presents the Net OPEB Liability as of June 30, 2017 calculated using the trend rate of 5.9% down by the getzen model to 3.94%, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower (4.9% down by the getzen model to 2.94%) or 1-percentage-point higher (6.9% down by the getzen model to 4.94%) than the current rate:

	<u>1% Decrease</u>	<u>Current HCCTR</u>	<u>1% Increase</u>
	4.9% down by the getzen model to 2.94%	5.9% down by the getzen model to 3.94%	6.9% down by the getzen model to 4.94%
Plan's Net OPEB Liability as of June 30, 2017:	(212,469)	537,597	1,411,264

VII. NET OPEB LIABILITY

E. Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Fiscal Years

Fiscal Year Ending	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Total OPEB Liability (TOL)										
Service Cost	\$ 324,541	\$ 337,172								
Interest on TOL	331,154	346,391								
Differences between exp. and actual experienc	(732,934)	(17,806)								
Changes of assumptions	16,931	(39,356)								
Changes in benefit terms	0	0								
Benefit payments	(1,023,655)	(1,191,974)								
Net Change in TOL	(1,083,963)	(565,573)								
Total OPEB Liability - beginning	8,737,705	9,303,278								
Total OPEB Liability - end (a)	<u>\$ 7,653,742</u>	<u>\$ 8,737,705</u>								
Plan Fiduciary Net Position (FNP)										
Contributions - Employer	\$ 3,054,732	\$ 1,351,278								
Contributions - Employee	21,285	25,696								
Net investment income	561,081	271,330								
Benefit payments	(1,023,655)	(1,191,974)								
Administrative expense	0	0								
Other changes	<u>0</u>	<u>0</u>								
Net Changes in FNP	2,613,443	456,330								
Fiduciary Net Position - beginning	4,502,702	4,046,372								
Fiduciary Net Position - end (b)	<u>\$ 7,116,145</u>	<u>\$ 4,502,702</u>								
Net OPEB Liability - ending (a) - (b)	<u>\$ 537,597</u>	<u>\$ 4,235,003</u>								
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	92.98%	51.53%								
Covered Employee Payroll	\$ 24,611,883	\$ 23,732,197								
Net OPEB Liability as a percentage of covered employee payroll	2.18%	17.84%								

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VIII. SCHEDULE OF PLAN CONTRIBUTIONS

A. Schedule of Plan Contributions - Last 10 Fiscal Years

Fiscal Year Ending	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Valuation Date	7/1/2016	7/1/2014	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008	7/1/2007
Actuarially Determined Contribution	\$ 992,745	\$ 1,109,991								
Contribution Without Subsidy	\$ 594,675	\$ 643,777								
Implicit Subsidy	\$ 398,070	\$ 466,214								
Contributions in relation to the actuarially determined contribution	<u>\$ 3,054,732</u>	<u>\$ 1,351,278</u>								
Contribution deficiency / (excess)	<u>\$ (2,061,987)</u>	<u>\$ (241,287)</u>								
Covered Employee Payroll	\$ 24,611,883	\$ 23,732,197								
Contributions as a percentage of covered employee payroll	12.41%	5.69%								

IX. SCHEDULE OF INVESTMENT RETURNS

A. Schedule of Investment Returns - Last 10 Fiscal Years

Fiscal Year Ending	6/30/2017	6/30/2016	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008	6/30/2007
Annual money-weighted rate of return, net of investment expense	10.15%	5.60%								

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

X. OPEB EXPENSE

A. OPEB Expense for the Fiscal Year Ending June 30, 2017

1.	Service Cost as of July 1, 2016	\$	311,849
2.	Interest on the Total OPEB Liability		
	a. Total OPEB Liability as of July 1, 2016		\$8,737,705
	b. Service Cost		311,849
	c. Expected benefit payments (time-weighted)		(601,245)
	d. Average expected Total OPEB Liability	\$	8,448,309
	e. Discount Rate		4.07%
	f. Interest on the Total OPEB Liability [(d) x (e)]	\$	343,846
3.	Projected earning on OPEB plan investments		
	a. Fiduciary Net Position as of July 1, 2016		\$4,502,702
	b. Plan Contributions (time-weighted)		1,654,647
	c. Expected benefit payments (time-weighted)		(601,245)
	d. Average expected Fiduciary Net Position	\$	5,556,103
	e. Long Term Rate of Return on Investments		7.00%
	f. Earnings on Fiduciary Net Position [(d) x (e)]	\$	388,927
4.	Recognition of Deferred Outflows and (Inflows) of Resources ¹		
	a. Difference between expected and actual experience	\$	(63,670)
	b. Changes of assumptions	\$	(1,960)
	c. Difference between projected and actual earnings on Plan investments	\$	(30,753)
	d. Total recognized deferred outflow and (inflows) of resources [(a) + (b) + (c)]	\$	(96,383)
5.	Employee Contributions	\$	0
6.	Administrative Expenses	\$	0
7.	Other changes	\$	0
8.	Total OPEB Expense for the Fiscal Year Ending June 30, 2017	\$	170,385
	[(1) + (2.f) - (3.f) + (4.d) + (5) + (6) + (7)]		

¹ Please refer to Section XI for details of the recognition of deferred outflows and inflows of resource.

X. OPEB EXPENSE

B. OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to the Plan

The Plan's deferred outflows of resources and deferred (inflows) of resources as of June 30, 2017 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
1. Difference between expected and actual experience	\$ 0	\$ (685,534)
2. Changes of assumptions	\$ 0	\$ (17,070)
3. Difference between projected and actual earnings on Plan investments	<u>\$ 0</u>	<u>\$ (126,688)</u>
4. Total Deferred Outflows / (Inflows)	<u><u>\$ 0</u></u>	<u><u>\$ (829,293)</u></u>

Amounts reported as deferred outflows of resources and deferred (inflows) of resources will be recognized in OPEB expense as follows:

5. Fiscal Year Ending:	June 30, 2018	\$ (96,383)
	June 30, 2019	\$ (96,383)
	June 30, 2020	\$ (96,382)
	June 30, 2021	\$ (100,060)
	June 30, 2022	\$ (65,630)
	Thereafter	<u>\$ (374,455)</u>
	Total	<u><u>\$ (829,293)</u></u>

XI. DEFERRED OUTFLOWS AND INFLOWS

A. Schedule of Differences Between Expected and Actual Plan Experience

Year	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 7/1/2016	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience													
				6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	
6/30/2016	(17,806)	11.593	(16,270)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(910)	0	0	
6/30/2017	(732,934)	11.796	(732,934)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(62,134)	(49,460)	0	
				<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,670)</u>	<u>\$ (63,044)</u>	<u>\$ (49,460)</u>	<u>\$ -</u>

B. Schedule of Changes in Plan Assumptions

Year	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 7/1/2016	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Plan Assumptions													
				6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	
6/30/2016	(39,356)	11.593	(35,961)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(3,395)	(2,011)	0	0
6/30/2017	16,931	11.796	16,931	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,146	0
				<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (1,960)</u>	<u>\$ (576)</u>	<u>\$ 1,146</u>	<u>\$ -</u>

C. Schedule of Difference Between Projected and Actual Earnings on Plan Investments

Year	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 7/1/2016	Increase/(Decrease) in OPEB Expense Arising from the Recognition of Difference Between Projected and Actual Earnings on Plan Investments					
				6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
6/30/2016	18,391	5.000	14,713	3,678	3,678	3,678	3,679	0	0
6/30/2017	(172,154)	5.000	(172,154)	(34,431)	(34,431)	(34,431)	(34,431)	(34,430)	0
				<u>\$ (30,753)</u>	<u>\$ (30,753)</u>	<u>\$ (30,753)</u>	<u>\$ (30,752)</u>	<u>\$ (34,430)</u>	<u>\$ -</u>

XI. DEFERRED OUTFLOWS AND INFLOWS

D. Plan Demographics Projected to June 30, 2017

Status	<u>Count</u>	<u>Avg. Future Service</u>
Active	325	13.723
Retirees and Beneficiaries	<u>58</u>	<u>1.000</u>
Total	383	11.796

XII. BREAKOUT OF LIABILITY BY GROUP

A. Headcounts	Certified	Custodian	Non Union	Total
1. Actives	236	15	74	325
2. Retirees	45	5	8	58
3. Total	281	20	82	383
4. Payroll for Actives	\$ 20,613,349	\$ 831,384	\$ 3,167,148	\$ 24,611,881
 B. Total OPEB Liability (TOL)				
1. Actives' TOL	\$ 3,510,285	\$ 534,305	\$ 2,277,836	\$ 6,322,426
2. Retirees' TOL	\$ 1,217,548	\$ 133,307	\$ 325,342	\$ 1,676,197
3. Total TOL	\$ 4,727,833	\$ 667,612	\$ 2,603,178	\$ 7,998,623
4. Normal Cost	\$ 135,053	\$ 22,466	\$ 85,838	\$ 243,357
 C. Net Fiduciary Position (NFP)				
1. Estimated NFP	\$ 2,661,461	\$ 375,822	\$ 1,465,419	\$ 4,502,702
 D. Exp. Benefit Payments				
	\$ 681,502	\$ 89,763	\$ 221,480	\$ 992,745
 E. TOL as a Percent of Payroll				
	22.9%	80.3%	82.2%	32.5%

Note: Valuation results as of July 1, 2016 using 5.58% discount rate.

XIII. PER CAPITA MEDICAL COSTS

A. Under Age 65 Per Capita Medical Costs, July 1, 2016

1.	Average annual premium for individual coverage	7,656.00
2.	Average annual premium for family coverage	19,284.00
3.	Average age of covered participants under 65:	49.57
4.	Factor to adjust to age 65 per assumptions [1.03 ^ (65.00 - (3))]	157.79%
5.	Estimate fiscal 2016 individual claims costs adjusted to age 65 basis:	12,080.37
6.	Estimate fiscal 2016 family claims costs adjusted to age 65 basis:	30,428.15
7.	Sample projected claims costs per age:	

<u>Age</u>	<u>Aging Assumption</u>	<u>Individual Cost</u>	<u>Family Cost</u>
40	3.00%	5,769.65	14,532.65
45	3.00%	6,688.61	16,847.33
50	3.00%	7,753.93	19,530.67
55	3.00%	8,988.93	22,641.40
60	3.00%	10,420.63	26,247.59
65	3.00%	12,080.37	30,428.15
70	2.50%	14,004.46	35,274.56
75	2.00%	15,844.76	39,909.93
80	1.00%	17,493.90	44,063.79
85	0.50%	18,386.26	46,311.48
90+	0.00%	18,850.54	47,480.90

B. Historical Medical Premiums - Monthly

		<u>7/1/2014</u>	<u>7/1/2015</u>	<u>7/1/2016</u>
1.	Healthmate Coast to Coast - Certified (4C48)			
	a. Single Coverage	619.87	638.47	638.47
	b. Family Coverage	1,559.96	1,606.76	1,606.76
2.	Healthmate Coast to Coast - Non Union (8684)			
	a. Single Coverage	619.87	638.47	638.47
	b. Family Coverage	1,559.96	1,606.76	1,606.76
3.	Healthmate Coast to Coast - Custodian (1C03)			
	a. Single Coverage	619.87	638.47	638.47
	b. Family Coverage	1,559.96	1,606.76	1,606.76

XIV. PARTICIPANT DATA

A. Reconciliation of Participant Data

	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
Total as of July 1, 2014	357	69	426
New Entrants	-	n/a	0
Terminations	(24)	n/a	(24)
Active deaths	-	n/a	0
New retirees	(8)	8	0
New beneficiaries	-	-	0
Retiree/beneficiary deaths	n/a	-	0
Dropped coverage	n/a	(22)	(22)
Data adjustments	-	3	3
Total as of July 1, 2016	325	58	383

B. Age and Service Distribution of Members

1. Eligible Active Members:

Complete Years of Service as of July 1, 2016

<i>Attained</i>								
<u>Age</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+</u>	<u>Total</u>
Under 25	-	-	-	-	-	-	-	0
25-29	5	1	-	-	-	-	-	6
30-34	7	7	3	-	-	-	-	17
35-39	5	12	26	8	-	-	-	51
40-44	-	5	17	18	2	-	-	42
45-49	2	9	16	13	9	2	-	51
50-54	1	11	8	13	8	11	-	52
55-59	-	10	8	18	6	1	3	46
60-64	2	4	14	14	11	7	3	55
65+	-	-	-	2	-	1	2	5
Total	22	59	92	86	36	22	8	325

XIV. PARTICIPANT DATA (cont'd)

2. Retired Members:

<u>Attained Age</u>	<u>Total</u>	<u>Average Years of Coverage Remaining</u>
Under 50	-	-
50-54	-	-
55-59	-	-
60-64	21	1.8
65-69	26	2.2
70-74	10	2.6
75+	1	1.5
Total	58	2.1

XIV. PARTICIPANT DATA (cont'd)

C. Participant Statistics

1. Eligible Active Members:

	<i>Certified</i>	<i>Custodian</i>	<i>Non Union</i>	Total
Count:	236	15	74	325
Average age:	46.8	53.5	56.3	49.3
Average past service:	15.2	15.7	15.7	15.3
Average future service until retirement:	15.9	7.7	8.0	13.7
Average age of retirement:	62.7	61.2	64.3	63.0

2. Retired Members and Spouses:

	<i>Certified</i>	<i>Custodian</i>	<i>Non Union</i>	Total
Count:	45	5	8	58
Average age under 65:	63.1	0.0	63.1	63.1
Average age over 65:	68.8	67.7	70.3	70.9
Average age all retirees:	66.3	67.7	69.4	66.8
Expected future lifetime:	21.3	18.5	19.1	20.8

3. All Covered Members on Health Insurance (Active and Retiree)

Average age: 49.57

XV. GLOSSARY FOR OPEB AND GASB 75

Actuarial Accrued Liability (AAL) – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value (APV) of plan benefits and expenses allocated to all periods prior to the valuation date. This is the amount of the APV not provided by future Normal Costs.

- a) 100% of the actuarial present value of benefits expected to be paid (APV) to:
 - i) Retirees and their dependents
 - ii) Active employees who have attained their expected retirement date and their dependents
- b) Proportionate amount, based on employee service recognized up to the valuation date, of the actuarial present value of benefits expected to be paid (AAL) for active employees who have not yet attained their expected retirement date.

The AAL is the benefit obligation disclosed in the financial statements representing current plan liability.

Active Plan Participant – Any active employee who has rendered service during the credited service period and is expected to receive benefits, including benefits to or for any beneficiaries and covered dependents, under the Postemployment benefit plan.

Actuarial Cost Method or Funding Method – A procedure for determining the Actuarial Present Value of OPEB plan benefits and expenses and for developing an actuarial equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial determined contribution (ADC) – A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Present Value of Total Projected Benefits (APV) – The actuarial present value of the cost to finance, as of a specified date, all future benefit costs or a series of benefit costs, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (for example, by means of decrements for events such as death, disability, withdrawal or retirement) between the specified date and the expected date of payment. This includes benefits to current active members, terminated employees entitled to benefits but not yet receiving them, if any, retirees, their beneficiaries and any covered dependents pursuant to the terms of the OPEB plan. Expressed another way, 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.

Amortization Payment – That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability (UAAL).

Attribution Period – The period of an employee's service to which the actuarial present value of total projected benefits for that employee is assigned. The beginning of that period is generally the employee's date of hire and the end of the attribution period is the full eligibility date.

XV. GLOSSARY FOR OPEB AND GASB 75

Discount Rate – The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

- a. The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected (under the requirements of this Statement) to be greater than the benefit payments that are projected to be made in that 35 period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on **OPEB** plan investments
- b. The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Entry Age Actuarial Cost Method – A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service 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 (AAL).

Full Eligibility Date – The date at which an employee has rendered all service necessary to receive full benefits under the plan.

Gains and Losses – Changes in the Unfunded Actuarial Accrued Liability (UAAL) that is the result of actual experience of the plan being different than what was expected.

Health Care Cost Trend Rate (HCCTR) – An assumption about the annual rate(s) of change in the cost of health care benefits which are currently provided by the Postemployment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants.

Differing types of service, such as hospital care and dental care, may have different trend rates as may service for different portions of the plan population, such as Medicare eligible and non-Medicare eligible members.

XV. GLOSSARY FOR OPEB AND GASB 75

Implicit Rate Subsidy – It is a common practice to permit retired employees to continue in the plan sponsor’s group health insurance plan at their own cost once eligibility for plan sponsor paid benefits is exhausted. This practice creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees. Therefore, unless the premium rate for retirees is set to fully recover their health costs, the premium for active employees is implicitly overstated to subsidize utilization by retirees. This is called implicit rate subsidy. This rate subsidy is considered a benefit subject to OPEB valuation, included in GASB75.

The OPEB liability normally includes the cost of the implicit rate subsidy for the years in which the retiree is paying the insurance costs for continued coverage. When the retiree is eligible for Medicare, the cost of coverage is generally much closer to the premium cost. Therefore, there is no OPEB liability assumed for Medicare-eligible retirees paying 100% of the premium.

Interest on Total OPEB Liability – The accrual of interest on the TOL for the year of the valuation. It is calculated by applying the beginning of year Discount Rate to the sum of the Expected Benefit Payments and ToL as of the beginning of year.

Market Value (or Fair Value) of Plan Assets – The amount that a plan could reasonable expect to receive for an investment in a current sale between a willing buyer and a willing seller.

Market-Related Value of Plan Assets – A balance used to calculate the Expected Return of Plan Assets. Market-related value can be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years.

Normal Cost – The portion of the Actuarial Present Value of Total Projected Benefits (APV) attributed to employee service during a valuation year by the Actuarial Cost Method.

Net OPEB Liability – The liability of employers and nonemployer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of GASB 74.

OPEB Assets – The amount recognized by an employer for contributions to an OPEB plan greater than the OPEB expense.

OPEB Expenditures – The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

OPEB Expense – The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

OPEB Liabilities – The amount recognized by an employer in each accounting period for contributions to an OPEB plan less than OPEB expense/expenditures.

XV. GLOSSARY FOR OPEB AND GASB 75

Open Group/Closed Group – Terms used to distinguish between two classes of Actuarial Cost Methods. Under an Open Group Actuarial Cost Method, Actuarial Present Values associated with expected future entrants are considered; under a Closed Group Actuarial Cost Method, Actuarial Present Values associated with expected future entrants are not considered.

Pay-As-You-Go (PAYGO) – A method of expensing retiree medical benefits recognizing as an expense the cash currently paid as benefits to retirees, spouses and covered dependents. The minimum method of financing a plan, having no pre-funding until benefits actually become payable.

Per Capita Benefit Cost by Age – The current cost of providing OPEB health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

Plan Fiduciary Net Position – Assets which have been irrevocably dedicated to the payment of benefits under the

Postemployment – The period between termination of employment and retirement as well as the period after retirement.

Postemployment Benefits – All forms of benefits, other than retirement income (pensions), provided by the employer to the retiree, including, but not limited to, health care, life insurance and legal assistance.

Substantive Plan – The terms of a postemployment benefit plan as understood by an employer and plan members that provides postemployment benefits to the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for this transaction. In some situations an employer's cost-sharing policy, as evidenced by past practice or by communication of intended changes to a plan's cost-sharing provisions, or a past practice of regular increases in certain monetary benefits may indicate that the substantive plan differs from the existing written plan.

Total OPEB Liability – The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB 74. The total OPEB liability is the liability of employers and nonemployer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 3 of GASB 74.

Unfunded Actuarial Accrued Liability (UAAL) -- The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Valuation Date – The date as of which the plan assets and OPEB obligations are measured.