Portsmouth School District

GASB 75 Disclosures for Fiscal Year Ending June 30, 2022
Based on OPEB Valuation as of June 30, 2022

CONTACT
Evi Laksana, ASA, MAAA
evi@govinvest.com
(424) 877-2393

Version 1.0

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Actuarial Certification

Mr. Christopher Diluro
Portsmouth School District
29 Middle Road
Portsmouth, RI 02871

GovInvest has been engaged by Portsmouth School District to complete an actuarial valuation of the Portsmouth School District OPEB Plan as of June 30, 2022 which will be used as the basis of the financial accounting disclosure for fiscal year ending June 30, 2022 in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions).

The purpose of this report is to provide the District with the required information needed for financial statement disclosure purposes. The use of this report for any other purpose may not be appropriate. The content of this report may not be modified, reproduced, or provided to third parties, either in whole or in part, without our permission. GovInvest is not responsible for usage, inference, or misinterpretation of this report by third parties.

Results presented in this report are based on the census data, substantive plan provisions, and healthcare cost information provided by the District and/or their benefit consultants. All information provided has been reviewed for reasonableness and clarifications or corrections have been requested where appropriate. We have not audited the information at the source, and therefore, do not accept responsibility for the accuracy or completeness of the data on which the information is based. Assumptions made related to missing data have been identified in this report. We are satisfied that the information provided is suitable and sufficient for the purpose of the measurement.

The valuation results were prepared using leased actuarial modeling software that produces results consistent with the purpose of this valuation and meet applicable regulatory requirements. The vendor is responsible for the development, maintenance, and improvement of these models. The models include comprehensive technical documentations that outline how the calculations are performed along with sample life outputs that allow the users to confirm with high degree of accuracy how the programmed benefit is applied to an individual with the proposed decrements and other assumptions. The actuarial team loads the participant data, programs the benefit provisions and proposed assumptions into the model and review sample life outputs and results under the supervision of credentialed actuaries who are proficient users of the software. We are not aware of any material limitations in the model nor any material inconsistencies in the assumptions used within the model.

The discount rate, other economic, and demographic assumptions have been selected by the District with our recommendations and concurrence. We believe each assumption is reasonable based on its own merits and in combination represent reasonable expected experience of the Plan. All calculations have been completed in accordance with generally accepted actuarial principles and practices.

Future actuarial measurements may differ significantly from current measurements due to factors such as actual plan experience that differs from that anticipated by the economic and demographic assumptions as well as changes in future assumptions, substantive plan provisions, and/or applicable law. We have not analyzed the potential range of such differences due to the limited scope of our engagement. To our knowledge, there are no significant events prior to the current year's Measurement Date or as of the date of this report that may materially affect the results presented herein.

The undersigned meets the General Qualification Standards of the American Academy of Actuaries for the purpose of issuing Statement of Actuarial Opinion in the United States. Neither GovInvest nor any of its employees have any relationship with the Plan Sponsor that could impair or appear to impair the objectivity of this report.

Evi Laksana, ASA, MAAA
November 17, 2022

Section 1: Executive Summary

This is our first valuation of these benefits. Liability, expense, deferred inflows and outflows, and recommended contribution calculations prior to June 30, 2022 were determined by Nyhart. We have relied on these results without audit.

Portsmouth School District (the "District") sponsors a single-employer defined benefit OPEB plan that provides medical/prescription drug and vision coverage at retirement. Employees may continue health coverage with the District at retirement for themselves for limited duration as described in Section 4 once they meet certain eligibility requirements and as long as required contributions are made.

The results presented in this report are based on the June 30, 2022 valuation with liabilities and assets measured as of June 30, 2022, for use in the District's accrual-based financial statement for the fiscal year ending June 30, 2022. The June 30, 2022 valuation uses census data of (a) active employees who will be eligible to receive benefits in the future and (b) existing retirees who are currently receiving these benefits as of June 30, 2022, as well as healthcare cost information effective on July 1, 2022 provided by the Plan Sponsor and/or their healthcare consultant.

The actuarial valuation is based on substantive plan provisions outlined in Section 4. The valuation requires assumptions which are listed in Section 5. Results from the June 30, 2022 valuation may be rolled-forward for use in the Plan Sponsor's accrual-based financial statement disclosure for the fiscal year ending June 30, 2023 assuming that there are no material changes to the substantive plan provisions and/or the covered population.

The Plan Sponsor's next full valuation is as of June 30, 2024 with liabilities and assets measured as of June 30, 2024 for reporting in the Plan Sponsor's accrual-based financial statements for the fiscal year ending June 30, 2024.

Changes Since Prior Valuation

The District's Net OPEB Liability has decreased from $3,570,560 as of June 30, 2021 to $2,989,482 as of June 30, 2022, which is attributable to a combination of the following factors:

1. Favorable actual demographic experience that is offset by slightly higher healthcare cost increase than expected for a net liability decrease.
2. Differences in actuarial methodology due to a change in actuary and assumption changes as outlined in Section 5 that produce a net liability decrease.

Summary of Results

Presented below is the summary of results for the current fiscal year compared to the prior fiscal year.

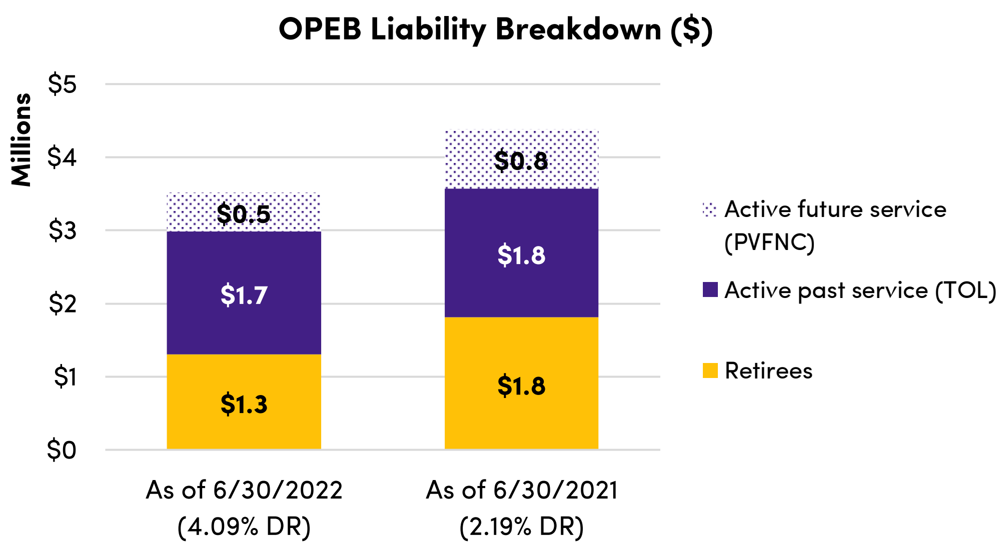
Fiscal Years	2021/22	2020/21
Valuation Date (VD)	June 30, 2022	June 30, 2021
Measurement Date (MD)	June 30, 2022	June 30, 2021
Membership Data as of Valuation Date		
Inactive employees or beneficiaries currently receiving benefits	16	21
Inactive employees entitled to but not yet receiving benefits	1	0
Active employees	283	295
Total membership	300	316
Discount Rate at Measurement Date		
Municipal Bond Index Rate	4.09%	2.19%
Long-term Expected Asset Return	N/A	N/A
Year in which Fiduciary Net Position is projected to be depleted	N/A	N/A
Single Equivalent Discount Rate (SEDR)	4.09%	2.19%
Net OPEB Liability as of Measurement Date		
Total OPEB Liability (TOL)	$ 2,989,482	$ 3,570,560
Fiduciary Net Position (FNP)	(0)	(0)
Net OPEB Liability (NOL = TOL – FNP)	$ 2,989,482	$ 3,570,560
Funded Status (FNP / TOL)	0.0%	0.0%
OPEB Expense / (Income) by Fiscal Year	$ 66,842	$ 135,345
Balance of unamortized Deferred Inflows at MD	$ (1,167,871)	$ (760,052)
Balance of unamortized Deferred Outflows at MD	$ 751,035	$ 886,878

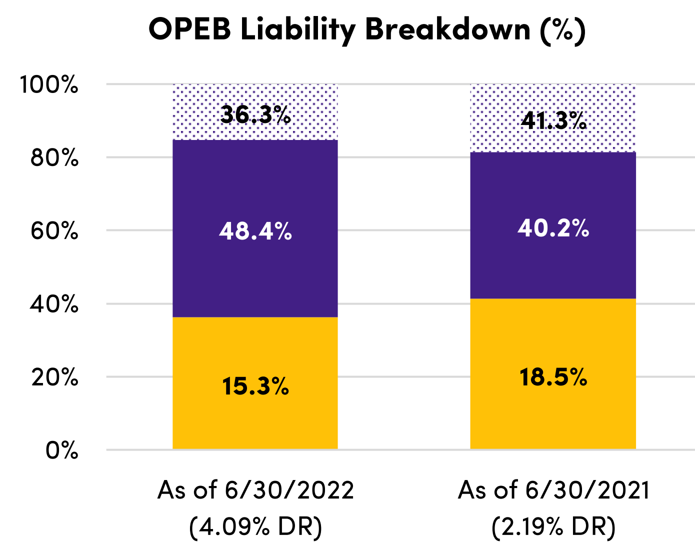
Below is a breakdown of the OPEB liability allocated to past and current service as of the Measurement Date compared to the prior Measurement Date. The liability below includes explicit subsidy (if any) and implicit subsidy. Refer to the Substantive Plan Provisions section for complete information on the District benefit provisions.

Present Value of Future Benefits (PVFB)	As of June 30, 2022	As of June 30, 2021
Active employees	$ 2,249,251	$ 2,575,464
Retired employees	1,280,544	1,809,322
Total PVFB	**$ 3,529,795**	**$ 4,384,786**

Total OPEB Liability (TOL)	As of June 30, 2022	As of June 30, 2021
Active employees	$ 1,708,938	$ 1,761,238
Retired employees	1,280,544	1,809,322
Total TOL	**$ 2,989,482**	**$ 3,570,560**

	As of June 30, 2022	As of June 30, 2021
Discount Rate	4.09%	2.19%





Section 2: Financial Disclosures

This section provides the necessary accounting disclosures for the District's financial reports as shown in the following tables:

Table 1: Plan Demographics
Table 2: Brief Summary of Assumptions
Table 3: OPEB Expense
Table 4: Net OPEB Liability Sensitivity (Discount Rate)
Table 5: Net OPEB Liability Sensitivity (Healthcare Trend Rates)
Table 6: Historical Deferred Inflows and Outflows
Table 7: Unamortized Balance of Deferred Inflows and Outflows
Table 8: Schedule of Future Amortization of Deferred Inflows and Outflows

Summary of Membership and Assumptions

The table below shows the number of employees covered by the benefit terms as of June 30, 2022.

Table 1 - Plan Demographics

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	1
Active employees	283
Total membership	300

The Total OPEB Liability (TOL) as of June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. For a complete list of assumptions, refer to Section 5.

Table 2 - Brief Summary of Assumptions

Inflation	2.50%
Payroll growth	3.00% wage inflation plus merit/productivity increases based on the RI ERS actuarial valuation as of June 30, 2020 for Certified employees only
Investment rate of return	N/A; OPEB Plan is unfunded
Discount rate	4.09%
Medical/Rx trend rates	Based on 2022 Getzen with initial rate of 7.00% that decreases gradually to an ultimate rate of 3.94% in 2075

OPEB Expense

The table below shows a comparison of the OPEB Expense recognized by the District for the current and prior fiscal years.

Table 3 - OPEB Expense

Fiscal Years	2021/22	2020/21
SEDR as of beginning of year	2.19%	2.66%
SEDR as of end of year	4.09%	2.19%
Service Cost	$ 72,696	$ 70,573
Interest on TOL and Service Cost	78,652	79,481
Changes of benefit terms	0	0
Projected earnings on OPEB Plan investments	0	0
Reduction for contributions from active employees	0	0
OPEB Plan administrative expenses net of all revenues	0	0
Current period recognition of Deferred Inflows / Outflows of Resources		
Difference between expected and actual experience in the TOL	$ (75,894)	$ (52,042)
Changes of assumptions or other inputs	(8,612)	37,333
Net difference between the projected and actual earnings on OPEB Plan investments	0	0
Other	0	0
Total current period recognition	$ (84,506)	$ (14,709)
OPEB Expense	$ 66,842	$ 135,345

Schedule of Changes in Net OPEB Liability

Fiscal Year Ending June 30	2022	2021	2020	2019	2018
Measurement Period Ending June 30	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB Liability (TOL)					
Service Cost	$ 72,696	$ 70,573	$ 61,389	$ 83,679	$ 86,311
Interest on TOL and Service Cost	78,652	79,481	104,155	130,322	137,405
Changes of benefit terms	0	0	0	0	22,101
Difference between expected & actual experience	(214,664)	383,759	(161,761)	(545,866)	(350,776)
Changes of assumptions or other inputs	(413,504)	217,162	194,887	176,668	(85,586)
Benefit payments	(104,258)[1]	(194,426)	(179,755)	(264,530)	(333,087)
Net change in TOL	**$ (581,078)**	**$ 556,549**	**$ 18,915**	**$ (419,727)**	**$ (523,632)**
TOL – beginning	**$ 3,570,560**	**$ 3,014,011**	**$ 2,995,096**	**$ 3,414,823**	**$ 3,938,455**
TOL – ending	**$ 2,989,482**	**$ 3,570,560**	**$ 3,014,011**	**$ 2,995,096**	**$ 3,414,823**
Plan Fiduciary Net Position (FNP)					
Contributions – employer	$ 104,258	$ 194,426	$ 179,755	$ 264,530	$ 333,087
Contributions – employees	0	0	0	0	0
Benefit payments	(104,258)	(194,426)	(179,755)	(264,530)	(333,087)
Net investment income	0	0	0	0	0
Trust administrative expenses	0	0	0	0	0
Net change in Plan FNP	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
FNP – beginning	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
FNP – ending	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Net OPEB Liability – ending	**$ 2,989,482**	**$ 3,570,560**	**$ 3,014,011**	**$ 2,995,096**	**$ 3,414,823**
FNP as % of TOL	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll – measurement period	$ 19,439,209	$ 19,698,136	$ 18,850,532	$ 18,518,146	$ 19,626,791
NOL as % of covered payroll	15.4%	18.1%	16.0%	16.2%	17.4%

[1] Based on explicit benefit payment of $68,466 and estimated implicit subsidy payment of $35,792.

Fiscal Year Ending June 30	2017
Measurement Period Ending June 30	**2017**
Total OPEB Liability (TOL)	
Service Cost	$ 98,924
Interest on TOL and Service Cost	111,824
Changes of benefit terms	0
Difference between expected & actual experience	222,319
Changes of assumptions or other inputs	(139,055)
Benefit payments	(367,665)
Net change in TOL	**$ (73,653)**
TOL – beginning	**$ 4,012,108**
TOL – ending	**$ 3,938,455**
Plan Fiduciary Net Position (FNP)	
Contributions – employer	$ 367,665
Contributions – employees	0
Benefit payments	(367,665)
Net investment income	0
Trust administrative expenses	0
Net change in Plan FNP	**$ 0**
FNP – beginning	**$ 0**
FNP – ending	**$ 0**
Net OPEB Liability – ending	**$ 3,938,455**
FNP as % of TOL	0.0%
Covered payroll – measurement period	$ 18,963,083
NOL as % of covered payroll	20.8%

Net OPEB Liability Sensitivity

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30, 2022.

Table 4 – Net OPEB Liability Sensitivity (Discount Rate)

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Net OPEB Liability / (Asset)	$ 3,210,805	$ 2,989,482	$ 2,789,304

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2022.

Table 5 – Net OPEB Liability Sensitivity (Healthcare Trend Rates)

	1% Decrease (6.00% decreasing to 2.94%)	Healthcare Trend Rates (7.00% decreasing to 3.94%)	1% Increase (8.00% decreasing to 4.94%)
Net OPEB Liability / (Asset)	$ 2,783,744	$ 2,989,482	$ 3,220,569

Deferred Inflows and Deferred Outflows of Resources Related to OPEB

The tables below show changes in the Net OPEB Liability that have not been included in the OPEB expense for the following items:

1. Differences between expected and actual experience of the OPEB plan
2. Changes in assumptions
3. Differences between projected and actual earnings on the OPEB plan investments

The initial amortization base for the first two items above are amortized linearly over the average expected remaining service lives of active and inactive employees. The difference between projected and actual earnings on the OPEB plan investments is amortized linearly over five years.

Table 6 - Historical Deferred Inflows and Outflows

Differences between expected and actual experience

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2017	6/30/2017	$ 222,319	8.00	$ 27,790	$ 166,740	$ 55,579
6/30/2018	6/30/2018	$ (350,776)	8.00	$ (43,847)	$ (219,235)	$ (131,541)
6/30/2019	6/30/2019	$ (545,866)	9.00	$ (60,652)	$ (242,608)	$ (303,258)
6/30/2020	6/30/2020	$ (161,761)	9.00	$ (17,973)	$ (53,919)	$ (107,842)
6/30/2021	6/30/2021	$ 383,759	9.00	$ 42,640	$ 85,280	$ 298,479
6/30/2022	6/30/2022	$ (214,664)	9.00	$ (23,852)	$ (23,852)	$ (190,812)

Changes in assumptions or other inputs

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2017	6/30/2017	$ (139,055)	8.00	$ (17,382)	$ (104,292)	$ (34,763)
6/30/2018	6/30/2018	$ (85,586)	8.00	$ (10,698)	$ (53,490)	$ (32,096)
6/30/2019	6/30/2019	$ 176,668	9.00	$ 19,630	$ 78,520	$ 98,148
6/30/2020	6/30/2020	$ 194,887	9.00	$ 21,654	$ 64,962	$ 129,925
6/30/2021	6/30/2021	$ 217,162	9.00	$ 24,129	$ 48,258	$ 168,904
6/30/2022	6/30/2022	$ (413,504)	9.00	$ (45,945)	$ (45,945)	$ (367,559)

Differences between projected and actual earnings on OPEB plan investments

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2017	6/30/2017	$ 0	5.00	$ 0	$ 0	$ 0
6/30/2018	6/30/2018	$ 0	5.00	$ 0	$ 0	$ 0
6/30/2019	6/30/2019	$ 0	5.00	$ 0	$ 0	$ 0
6/30/2020	6/30/2020	$ 0	5.00	$ 0	$ 0	$ 0
6/30/2021	6/30/2021	$ 0	5.00	$ 0	$ 0	$ 0
6/30/2022	6/30/2022	$ 0	5.00	$ 0	$ 0	$ 0

The table below shows the unamortized balance of Deferred Inflows and Outflows of Resources as of June 30, 2022 for financial statement disclosure for the fiscal year ending June 30, 2022.

Table 7 – Unamortized Balance of Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 354,058	$ (733,453)
Changes in assumptions or other inputs	396,977	(434,418)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Employer contribution subsequent to the Measurement Date	0	0
Total	**$ 751,035**	**$ (1,167,871)**

Schedule of future annual amortizations of Deferred Inflows and Outflows that will be recognized in future OPEB expense is as shown below.

Table 8 – Schedule of Future Deferred Inflows and Outflows Amortization

Measurement Period Ending	Amounts
2023	$ (84,506)
2024	$ (84,506)
2025	$ (94,916)
2026	$ (40,369)
2027	$ (40,369)
Thereafter	$ (72,170)

Section 3: Projected Benefit Payments

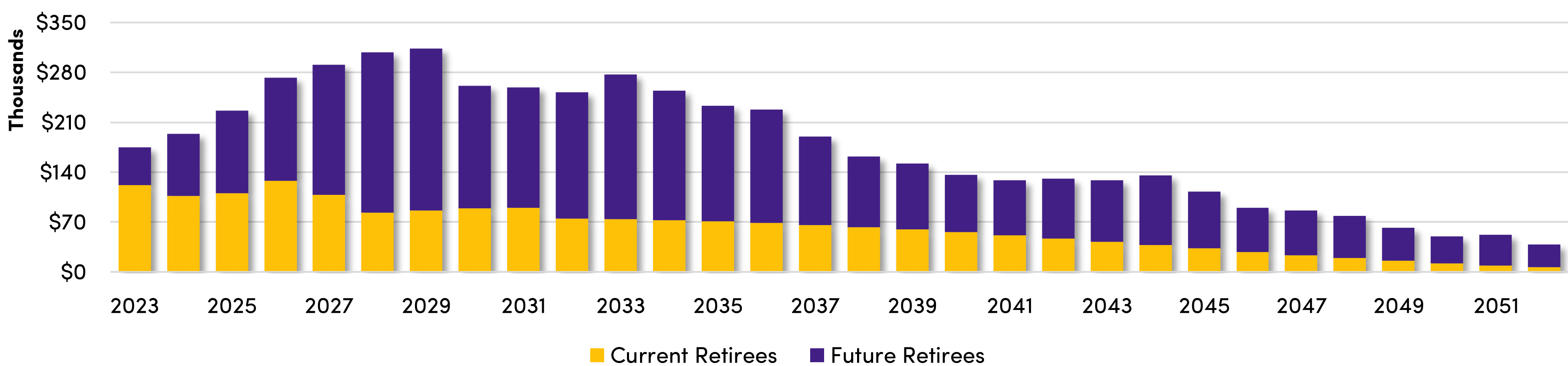
The below table shows the projected benefit payments for the next 30 years for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2022. This exhibit is provided for informational purposes only and is not a required disclosure under GASB 75. Projected benefit payments below include both explicit (if any) and implicit subsidies (as applicable).

FYE	Future Retirees	Current Retirees	Total
2023	$ 53,100	$ 121,704	$ 174,804
2024	$ 86,862	$ 106,760	$ 193,622
2025	$ 115,612	$ 110,436	$ 226,048
2026	$ 144,053	$ 128,172	$ 272,225
2027	$ 182,767	$ 108,182	$ 290,949
2028	$ 224,930	$ 82,895	$ 307,825
2029	$ 227,403	$ 86,003	$ 313,406
2030	$ 172,047	$ 88,878	$ 260,925
2031	$ 168,836	$ 89,903	$ 258,739
2032	$ 176,996	$ 75,145	$ 252,141

FYE	Future Retirees	Current Retirees	Total
2033	$ 203,055	$ 74,155	$ 277,210
2034	$ 181,845	$ 72,740	$ 254,585
2035	$ 162,062	$ 70,891	$ 232,953
2036	$ 159,363	$ 68,616	$ 227,979
2037	$ 124,357	$ 65,931	$ 190,288
2038	$ 98,918	$ 62,857	$ 161,775
2039	$ 92,721	$ 59,415	$ 152,136
2040	$ 80,533	$ 55,586	$ 136,119
2041	$ 77,386	$ 51,441	$ 128,827
2042	$ 84,034	$ 47,029	$ 131,063

FYE	Future Retirees	Current Retirees	Total
2043	$ 85,816	$ 42,404	$ 128,220
2044	$ 98,134	$ 37,636	$ 135,770
2045	$ 79,789	$ 32,828	$ 112,617
2046	$ 62,001	$ 28,088	$ 90,089
2047	$ 62,997	$ 23,534	$ 86,531
2048	$ 59,069	$ 19,282	$ 78,351
2049	$ 46,214	$ 15,428	$ 61,642
2050	$ 37,470	$ 12,044	$ 49,514
2051	$ 43,119	$ 9,163	$ 52,282
2052	$ 31,779	$ 6,787	$ 38,566

Projected Benefit Payments



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Section 4: Substantive Plan Provisions

Changes Since Prior Valuation

There are no plan provision changes since the last full valuation.

Eligibility

AFSCME	AFSCME employees are eligible for retiree health benefits upon attainment of 15 years of service with the School District and after meeting the Town pension plan's eligibility requirements for general employees as shown below. 1. Age 60 with 10 years of service (normal retirement) 2. Age 55 with 25 years of service and within 5 years of normal retirement For employees hired prior to 7/1/2012, duration of retiree health benefit is up to five years or until Medicare eligibility, whichever comes first. For employees hired on/after 7/1/2012, duration of retiree health benefit is one year for every five years of service (to a maximum of five years) or until Medicare eligibility, whichever comes first.
NEA (Teachers)	Teachers are eligible for nine or six years of retiree health benefits, but not past Medicare eligibility[2] upon attainment of 15 years of service with the School District and meeting the State of Rhode Island (RI) pension eligibility requirements.
Individual Contract	Individual contract employees (including Administrators) are not eligible for retiree health benefits. An exception has been made for two Administrators who have worked as Teachers in the District and who would have qualified for retiree health benefits under the NEA eligibility rules.

[2] Some existing retirees over the age of 65 who are not eligible for Medicare are allowed to remain in the School District's group health plans by paying the full cost of coverage, unless they are eligible for a subsidy provided by the School District.

RI Pension Eligibility

Rhode Island Employees Retirement System (RI ERS) eligibility requirement is the earlier of each employee's (a) Article 7 or (b) RIRSA eligibility dates which vary by Schedules summarized below.

Schedules	Vested with 10 years of contributing service credit as of 7/1/2005	Eligible to retire as of 9/30/2009
A	Y	Y[3]
B	N	Y[4]
AB	Y	N
B1	N	N
B2	Employee that became a RI ERS member after 9/30/2009	

Article 7 Eligibility Date

There are no changes to Schedule A and Schedule B members retirement eligibility dates. These employees may retire at any time once they met the prior RI ERS eligibility rules. The prior RI ERS eligibility rules are:

- Schedule A – earlier of (i) 28 years of service or (ii) age 60 with 10 years of contributing service.
- Schedule B – earlier of (i) age 65 with 10 years of contributing service or (ii) age 59 with 29 years of contributing service.

Minimum retirement age under Article 7 for Schedule AB and B1 members is age 62 with "proportional downward adjustment" toward an earlier retirement age based on years of service as of 9/30/2009 (referred to as "frozen service credit").

Schedule B2 members minimum retirement age under Article 7 I age 62 without "proportional downward adjustment" toward an earlier retirement age.

[3] Schedule A members were eligible to retire as of 9/30/2009 if they had (i) 28 years of service as of 9/30/2009 or (ii) had 10 years of contributing service and were age 60 as of 9/30/2009.
[4] Schedule B members were eligible to retire as of 9/30/2009 if they had 10 years of contributing service and were age 65 as of 9/30/2009.

RI Pension Eligibility (Cont'd)

RIRSA Eligibility Date

Employees with less than five years of contributing service credit on 6/30/2012 may retire at the Social Security normal retirement age (not higher than 67).

For employees with at least five years of contributing service credit on 6/30/2012, minimum retirement age is 62 with "proportional downward adjustment" toward an earlier retirement date based on years of service prior to 7/1/2012, but not earlier than 59.

Employees with at least 10 years of contributing service credit on 6/30/2012 may retire at their Article 7 eligibility date if they continue to work and contribute until that date. If they are within five years of reaching RIRSA retirement eligibility date and have at least 20 years of service, they may retire at any time.

Public school teachers may retire with a reduced pension if they have 20 years of service credit and are within five years of their RIRSA retirement date.

Effective on July 1, 2015, employees are also eligible to retire upon attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service. These are additional eligibility requirements, which means that if employees are eligible to retire under the current eligibility requirements, they may do so.

Spouse Benefits

No spousal coverage is offered at retirement.

Ancillary Benefits

There is no School District-subsidized dental, vision, life insurance, or Medicare Part B reimbursement benefit at retirement.

Employer Subsidy

AFSCME

Duration of benefit:

- Employees hired prior to 7/1/2012 who have at least 15 years of District service at retirement will receive retiree health benefit for five years or until the employee becomes eligible for Medicare, whichever comes first.
- Employees hired on or 7/1/2012, who have at least 15 years of District service at retirement will receive retiree health benefit of one year for every five years of service (to a maximum of five years) or until the retiree becomes eligible for Medicare, whichever comes first.

Employer Subsidy (Cont'd)

AFSCME (Cont'd)

The School District will pay for a one-year Medicare Plan 65 supplement if it occurs during the post-employment benefit period. The School District subsidy for all retiree health benefits will be locked in at the premium rate less the employee co-pay in effect at the time of retirement, which is 14% as of June 30, 2022. The retiree will be responsible for any future premium increases.

For employees who retired prior to 7/1/2015, after five years, retirees who are not yet eligible for Medicare can stay on the plan until Medicare eligibility by contributing the full cost of coverage. Once they are eligible of Medicare, they will exit the School District's plan. If the retirees become eligible for Medicare within five-year period, the School District will pay for a one-year Medicare Plan 65 Supplement coverage.

Employees retiring on/after 7/1/2015 may not continue coverage with the School District after their post-employment health benefit ends regardless of whether or not they are eligible for Medicare.

NEA (Teachers)

Duration of School District single coverage subsidy for all Teachers is for the first nine years (or six years if they elected the cash incentive under the early retirement notification incentive) of retirement or until the retiree becomes eligible for Medicare. All District subsidy discontinues upon Medicare eligibility.

The School District's subsidy varies by retirement dates as described below:

- For Teachers who retired before 10/1/2011, the District subsidy is locked at the premium rate in effect in the first year of retirement and any increase in the premium from the first year will be paid by the retiree.
- For Teachers who retired between 10/1/2011 and 9/30/2013, the subsidy is equal to the District's co-share in effect for active employees on the date of retirement and locked at the premium rate in effect in the first year of retirement.
- For Teachers who retire on/after 10/1/2013, the subsidy is equal to the District's co-share in effect for active employees on the date of retirement multiplied by the premium during each year in retirement for those who retire on/after 10/1/2013. Co-shares in effect were 82% in FY 2014, 81% in FY 2015, and 80% in FY 2016-21. Current co-share is 80% through FY 2025. For each year, the School District's subsidy will be calculated as that year's premium multiplied by the District co-share in effect at the time of retirement.

Employer Subsidy (Cont'd)

NEA (Cont'd)

Teachers who retired prior to 9/1/2013 and whose post-employment health care benefit has ended can continue to purchase coverage under the School District's group health plan by contributing the full cost of coverage until Medicare eligibility. No coverage is available after the retiree reaches Medicare eligibility. There are several grandfathered current retirees who do not qualify for Medicare. These retirees can stay in the School District's group health plan past Medicare eligibility by paying the full cost of coverage.

For Teachers retiring on/after 9/1/2013, no health coverage is available for purchase once the post-employment health benefit ends regardless of whether or not the employee is eligible for Medicare.

Effective 9/1/2013 employees are no longer permitted to purchase family coverage at retirement by paying the incremental cost of spousal coverage. Only individual coverage is offered to retirees.

Employees who decline health coverage at retirement will receive one-time payout of $3,500.

Employees meeting the Early Notification Incentive and meeting all other retiree health benefits eligibility requirements have the option of taking $4,500 lump sum cash incentive at retirement or an additional three years of subsidized individual coverage. If Teachers elect this cash incentive option, they will have subsidized individual coverage for six years only (instead of nine). For GASB valuation purposes, we have assumed that 20% of employees elect the additional three years of coverage.

Individual Contracts

Effective 7/1/2015, Individual Contract and At Will employees are not eligible for retiree health benefits. All employees who are non-NEA and non-AFSCME are included in this group. The School District has made an exception for two Administrators who have worked in the District as Teachers long enough to qualify for retiree health benefits under the NEA collective bargaining agreement. Post-employment health benefits and eligibility requirements for these two Administrators mirror those provided to Teachers.

Medical Benefits

Same benefit options are available to pre-Medicare retirees as active employees. The Town and School are in a collaborative pool with more than 30 entities in Rhode Island. All health plans are fully-insured and experience-rated. Each entity in the collaborative pool is viewed individually. Depending on its size, the entity's experience is blended with the community pool (the community used is Trust Pool members). In the case of Portsmouth School District, their final rates are based on 100% of their own experience. There is no asset used to suppress premium rate increases. Premium rates are calculated to fund the expected costs (including claims and administrative costs).

The monthly premium rates effective on July 1, 2022 used in the valuation are as shown below.

Non-Medicare Health Plans	Single	Family
Healthmate Certified	$ 635.42	$ 1,641.29
Healthmate Non-Certified	$ 706.56	$ 1,824.93

Medicare Health Plans	Per Person
Plan 65[5]	$ 189.06
Blue Chip[6]	$ 315.00

Changes Subsequent to the Measurement Date

New labor contract effective on September 1, 2022 for NEA (Teachers) bargaining unit includes the following benefit changes that will be reflected in the fiscal year ending June 30, 2023 GASB 75 report.

- The lump sum cash incentive at retirement for employees meeting the Early Notification Incentive and all other retiree health benefits eligibility requirements has increased from $4,500 to $5,000.
- In the pre-2022 labor contract, Teachers have the option of declining the lump sum cash incentive and receive an additional three years of subsidized individual coverage. This option to decline the lump sum cash incentive has been eliminated. All Teachers are now eligible for six years of subsidized individual coverage only.

The above benefit changes are expected to increase the District's liability as of June 30, 2023 by approximately 1.14% under the same Single Equivalent Discount Rate and assuming all the assumptions are realized.

[5] Plan 65 is a community-rated plan for medical coverage only (no prescription drug coverage is included in this plan). This plan is available for a closed group of ASFCME retirees only.
[6] This plan is available to a closed group of AFSCME and NEA retirees only.

Section 5: Actuarial Methods and Assumptions

Changes Since Prior Valuation

The following assumptions have been updated since the prior valuation:

1. The Single Equivalent Discount Rate has been increased from 2.19% to 4.09% based on the updated municipal bond index as of June 30, 2022, which caused a liability decrease.
2. Health care trend rates have been updated from an initial rate of 8.00% that decreases by 0.50% annually to an ultimate rate of 4.50% to Getzen 2022 version with an initial rate of 7.00% that decreases gradually to an ultimate rate of 3.94% in 2075, which caused a slight increase in the liability.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Reporting Period	Fiscal year ending June 30, 2022
Discount Rate	For accounting disclosure: 4.09% as of June 30, 2022 and 2.19% as of June 30, 2021 Refer to the Discussion of Discount Rate section for additional information on the discount rate setting.
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay; a method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings of the individual between entry age and assumed exit age(s). • The portion allocated to a valuation year is called the Normal Cost. • The portion allocated to past periods is called the Actuarial Accrued Liability (AAL) or Total OPEB Liability (TOL).
Census Data	Census information was provided by the District as of June 30, 2022. We have reviewed it for reasonableness and no material modifications were made to the census data.

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Payroll Growth	3.00% wage inflation plus merit and productivity increases based on the Rhode Island Employees Retirement System (RI ERS) pension actuarial valuation as of June 30, 2020.
Mortality	Certified Teachers Employees and Retirees: Pub-2010 Teachers Employees/Retirees Headcount-Weighted Mortality Table projected fully generationally using Scale MP-2021 Non-Certified Employees and Retirees: Pub-2010 General Employees/Retirees Headcount-Weighted Mortality Table projected fully generationally using Scale MP-2021 Refer to the Appendix for sample rates.
Termination	Based on the Saranson T-5 table adjusted for the District's historical termination experience in 2011 through 2016. Refer to the Appendix for sample rates.
Disability	None assumed
Retirement	Annual rates of retirement by group are based on the District's historical retirement experience in 2010 through 2016. Refer to the Appendix for sample rates. Refer to the Appendix for the full rates.
Participation Rate	For active employees who currently have health coverage, 70% of Certified and 100% of Non-Certified employees are assumed to elect coverage with the District at retirement. For active Certified employees who currently have no health coverage, 100% of them are assumed to receive the one-time payout at retirement. For active Non-Certified employees who currently have no health coverage, all of them are assumed to decline coverage with the District at retirement. Existing retirees who currently have coverage with the District are assumed to continue coverage until the end of their District subsidy duration.
Health Plan Election	Active employees are assumed to remain in the same health plan they are currently enrolled in at retirement. For AFSCME who are eligible for one year of Medicare Plan 65 subsidy at retirement, they are assumed to enroll in Plan 65 upon Medicare eligibility. Existing retirees are assumed to remain in the same health plan option they are currently enrolled in until the end of their District subsidy duration, at which time they will dis-enroll from the District's health plans.
Spousal Election	Not applicable; no spousal coverage is offered at retirement.

Dependent Election None.

Medicare Eligibility All future and existing retirees under the age of 65 as of the Valuation Date (including disabled retirees) are assumed to be eligible for Medicare at age 65. There are five existing retirees who are over the age of 65 as of the Valuation Date who are assumed to be ineligible for Medicare.

Per Capita Costs The valuation projects health care costs for employees who remain enrolled in the District's benefit plans after retirement. In accordance with Actuarial Standards of Practice No. 6 (ASOP 6), the actuarial development of health care costs should preferably use the health plan experience that is considered the best predictor of future claims experience assuming it is sufficiently credible. In the absence of credible health plan experience data, the actuary may use other methods such as premiums and normative databases to develop the per capita costs.

As medical/prescription drug costs generally vary by age, age-specific costs should be used in the development of initial per capita costs and projection of future benefit costs, except in very limited circumstances defined in ASOP 6 Section 3.7.7(c). The development of the age-specific costs should be based on the demographics of the group being valued and the group's total expected claims or premiums.

Retiree healthcare costs are, on average, significantly higher than active employees and if the District charges blended premium rates (determined using active employees and retiree claims experience) to the retirees, the District is providing an implicit subsidy for these retirees. Under GASB 75, the implicit subsidy must be included in the post-employment medical benefit obligation. Separate costs should be developed for Medicare-eligible participants due to Medicare being the primary payer for these retirees, which leads to a reduction to the Plan Sponsor's health plan costs.

In developing the per capita costs, we have used the premium rates effective on July 1, 2022, aging factors based on "Health Care Costs – From Birth to Death" research report authored by Dale H. Yamamoto, and the District's enrollments for active employees and retirees.

Per Capita Costs (Cont'd) The following table shows the sample initial per capita costs at select ages for 2022/23 period used in the valuation. These costs are assumed to increase with health care trend rates.

	HM Certified		HM Non-Certified	
Age	Male	Female	Male	Female
45	$4,986	$7,000	$5,544	$7,784
50	$6,458	$8,010	$7,181	$8,907
55	$8,440	$9,326	$9,385	$10,371
60	$10,886	$10,972	$12,104	$12,201
64	$13,141	$12,648	$14,612	$14,065

	HM Certified[7]	
Age	Male	Female
65	$13,735	$13,115
70	$16,726	$15,567
75	$19,557	$18,075
80	$21,951	$20,278

We have assumed that Plan 65 and Blue Chip premiums for Medicare eligible retirees are based on the Medicare eligible retiree claims and experience and represent the expected true cost of retiree coverage. As such, we have assumed there is no implicit subsidy for Medicare retirees. The annual initial per capita costs used on/after age 65 are based on the annualized premiums effective on July 1, 2022, which are $2,269 for Plan 65 and $3,780 for Blue Chip. These costs are assumed to increase with health care trend rates.

Trend Rates Historically, health care costs have increased more rapidly than the rate of inflation. In estimating the value of retiree health benefits, assumptions must be made on future increases in healthcare costs. The health care trend rates assumption used in this valuation is based on the Getzen Model of Long-Run Medical Cost Trends, which was first designed by T.E. Getzen for the Society of Actuaries (SOA) in 2007. The model is designed to make long-run forecasts and typically used to select medical trend assumptions for retiree medical valuations to present liabilities disclosed under the appropriate accounting standards, or to determine contributions under a funding policy. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group. The model is updated annually along with updated documentation and recommended input variables by the author of the model.

[7] The over 65 per capita costs are only applicable to existing retirees who are enrolled in HM Certified plan and assumed to be ineligible for Medicare.

Trend Rates (Cont'd) The baseline assumptions used in the Getzen model is as shown in the table below.

Inflation Rate	2.5%
Real GDP Per Capita Growth	1.4%
Excess Medical Cost Growth	1.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

The output of the Getzen Model of Long-Run Medical Cost Trend Model used in the valuation is as shown below.

Year	Medical/Rx
2022	7.00%
2023	6.50%
2024	6.00%
2025	5.50%
2030	5.01%
2035	4.97%

Year	Medical/Rx
2040	4.81%
2050	4.64%
2060	4.54%
2070	4.20%
2075+	3.94%

Discussion of Discount Rates

Under GASB 75, the discount rate used in valuing OPEB liabilities as of the Measurement Date is based on 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) for an unfunded plan.

The municipal bond index as of the prior and current Measurement Dates are as shown below:

Index	June 30, 2022	June 30, 2021
S&P Municipal Bond 20 Year High Grade Index	4.09%	2.19%

The final single equivalent discount rate used for accounting disclosure as of June 30, 2022 is 4.09%.

Section 6: Participant Summary

Active Employees

Actives with Health Coverage	Single	Family	Total	Avg. Age	Avg. Svc	FY 2021/22 Salary[8]
Healthmate Certified	53	119	172	45.2	15.4	$ 13,829,680
Healthmate Non-Certified	13	39	52	51.6	10.6	$ 2,119,824
Total actives with health coverage	**66**	**158**	**224**	**46.7**	**14.3**	**$ 15949,504**

Actives without Health Coverage	Total	Avg. Age	Avg. Svc	FY 2021/22 Salary[8]
AFSCME	16	50.3	7.4	$ 515,878
NEA (Teachers)	43	45.0	9.3	$ 2,973,827
Total actives without health coverage	**59**	**46.4**	**8.8**	**$ 3,489,705**

For the 59 active employees who currently have no health coverage:

- All 16 AFSCME active employees are assumed to decline health coverage with the District at retirement.
- All 43 Teachers are assumed to receive the one-time payout at retirement.

[8] Excludes longevity payments.

Active Age-Service Distribution

Age	Years of Service with the District										Total
	<1	1 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40+	
<25	5	1									**6**
25 – 29	1	20	1								**22**
30 – 34	1	9	11	6							**27**
35 – 39	1	8	7	10	2						**28**
40 – 44	3	8	7	6	15	2					**41**
45 – 49		2	3	3	11	11	1				**31**
50 – 54		6	8	9	10	13	8	1			**55**
55 – 59		3	4	4	8	8		11			**38**
60 – 64		2	4	6	10	3	2	2			**29**
65+			2	1	1	1			1		**6**
Total	**11**	**59**	**47**	**45**	**57**	**38**	**11**	**14**	**1**	**0**	**283**

Retired Employees

Retirees with Medical Coverage	Single	Family	Total	Avg. Age
Healthmate Certified*	10		10	69.2
Healthmate Non-Certified	2		2	63.6
Blue Chip	3		3	78.0
Plan 65	1		1	65.4
Total retirees with medical coverage	**16**	**0**	**16**	**69.9**

* There are five retirees who are over the age of 65 as of the Valuation Date enrolled in this plan. These retirees are assumed to be ineligible for Medicare.

In addition to the above, there is one retiree who is not yet receiving retiree health benefit, but coverage is expected to start at age 59. He is expected to enroll in the Healthmate Certified plan.

Age	Retirees
<50	
50 – 54	
55 – 59	
60 – 64	7
65 – 69	1
70 – 74	4
75 – 79	2
80 – 84	2
85 – 89	
90+	
Total	**16**

Comparison of Participant Summary

Below is a comparison of participant summary included in the current valuation and the prior full valuation.

	As of June 30, 2022	As of June 30, 2021
Number of Participants		
Active employees	283	295
Retired employees[9]	17	21
Total	300	316
Averages		
Active average age	46.7	46.2
Active average service	13.1	12.6
Inactive average age	69.1	68.1

[9] The enrollments above include retirees only (including one retiree who is not yet receiving retiree health benefit, but coverage is expected to start at age 59) and exclude spouses and/or dependents who are covered under the District's health plan.

Appendix – Sample Decrement Rates

Mortality Rates

Mortality rates used in the valuation are based on the Pub-2010 Teachers Employees/Retirees Headcount-Weighted Mortality Table and General Employees/Retirees Headcount-Weighted Mortality Table projected fully generationally using Scale MP-2021. Sample base mortality rates before application of mortality improvement scale are as shown below.

	Teachers				General			
Attained Ages	Employees		Retirees		Employees		Retirees	
	Male	Female	Male	Female	Male	Female	Male	Female
20	0.00036	0.00013	0.00036	0.00013	0.00039	0.00014	0.00039	0.00014
25	0.00022	0.00010	0.00022	0.00010	0.00035	0.00013	0.00035	0.00013
30	0.00028	0.00015	0.00028	0.00015	0.00045	0.00019	0.00045	0.00019
35	0.00035	0.00022	0.00035	0.00022	0.00059	0.00028	0.00059	0.00028
40	0.00048	0.00034	0.00048	0.00034	0.00081	0.00043	0.00081	0.00043
45	0.00076	0.00053	0.00076	0.00053	0.00118	0.00065	0.00118	0.00065
50	0.00126	0.00080	0.00126	0.00080	0.00177	0.00097	0.00503	0.00388
55	0.00193	0.00117	0.00295	0.00258	0.00261	0.00142	0.00634	0.00400
60	0.00294	0.00178	0.00419	0.00316	0.00376	0.00210	0.00808	0.00465
65	0.00484	0.00294	0.00649	0.00454	0.00543	0.00327	0.01125	0.00682
70	0.00796	0.00505	0.01156	0.00800	0.00815	0.00528	0.01822	0.01161
75	0.01206	0.00921	0.02181	0.01511	0.01275	0.00861	0.03102	0.02009
80	0.02345	0.01826	0.04086	0.02877	0.02027	0.01405	0.05391	0.03549
85	0.07551	0.05509	0.07551	0.05509	0.09385	0.06473	0.09385	0.06473
90	0.13749	0.10395	0.13749	0.10395	0.15781	0.12123	0.15781	0.12123

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Salary Increases

Merit and productivity increases for Certified employees, which are based on the RI ERS actuarial valuation as of June 30, 2020 are as shown below.

Service	Certified
0	0.1000
1	0.0900
2	0.0625
3	0.0550
4 – 5	0.0500

Service	Certified
6	0.0450
7	0.0425
8 – 9	0.0400
10+	0.0000

Termination Rates

This assumption is used to project terminations (voluntary and involuntary) prior to meeting the minimum eligibility requirements to retire. The rates are based on the Saranson T-5 table adjusted for the District's historical termination experience in 2011 through 2016. Sample rates are as shown below.

Age	Certified	Non-Certified
20	0.11908	0.14289
25	0.11586	0.13904
30	0.10833	0.12999
35	0.09415	0.11298

Age	Certified	Non-Certified
40	0.07725	0.09271
45	0.07155	0.05963
50	0.04613	0.03844
55	0.01879	0.01409

Retirement Rates

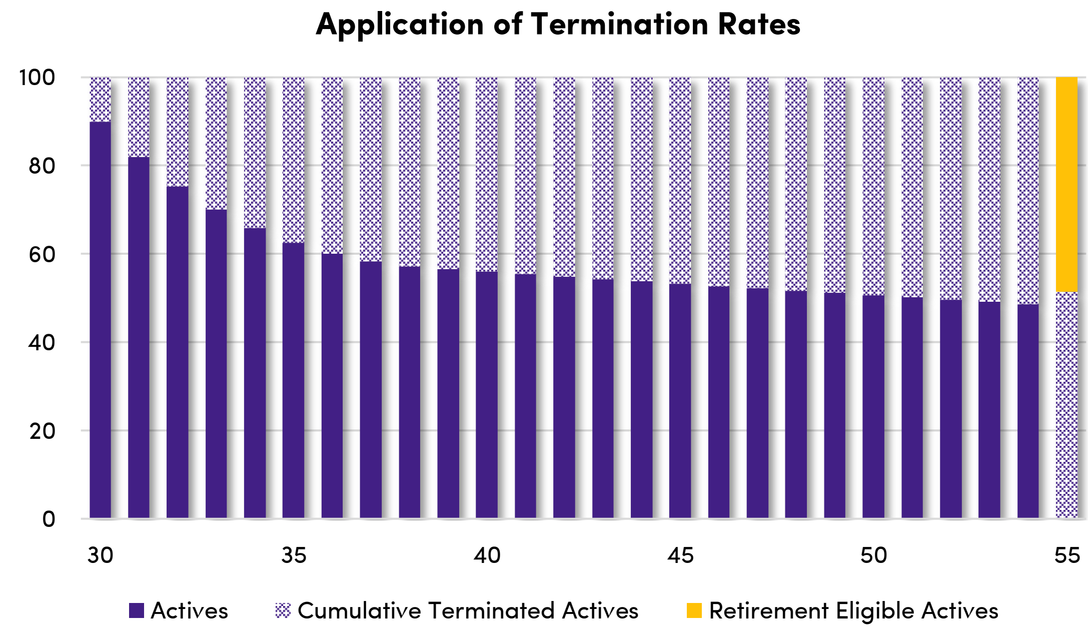
Retirement rates used in the valuation are based on the District's historical retirement experience in 2010 through 2016.

Age	AFSCME	Teachers (Schedule AB)	Teachers (Schedule B1 & B2)
55	25%	30%	0%
56	5%	25%	0%
57 – 58	5%	20%	0%
59	10%	20%	25%
60	20%	15%	5%
61	20%	35%	5%
62	35%	40%	10%
63 – 64	25%	30%	10%
65 – 66	50%	50%	50%
67	50%	100%	100%
68+	100%	100%	100%

Decrements Illustration

The table below illustrates how decrements are applied in the valuation and how the decrements affect the liabilities valued. Assuming the Plan Sponsor has 100 employees aged 30 as of the valuation date, only 48.6 employees will be projected to be employed at age 55 (assumed retirement eligibility age) using the assumed illustrative termination rates.

Age	# Actives BOY	Annual Termination %	# Terminated Actives / Year
30	100.0	10%	10.0
31	90.0	9%	8.1
32	81.9	8%	6.6
33	75.3	7%	5.3
34	70.1	6%	4.2
35	65.9	5%	3.3
36	62.6	4%	2.5
37	60.1	3%	1.8
38	58.3	2%	1.2
39	57.1	1%	0.6
40	56.5	1%	0.6
41	56.0	1%	0.6
42	55.4	1%	0.6
43	54.9	1%	0.5
44	54.3	1%	0.5
45	53.8	1%	0.5
46	53.2	1%	0.5
47	52.7	1%	0.5
48	52.2	1%	0.5
49	51.6	1%	0.5
50	51.1	1%	0.5
51	50.6	1%	0.5
52	50.1	1%	0.5
53	49.6	1%	0.5
54	49.1	1%	0.5
55	**48.6**	0%	0.0



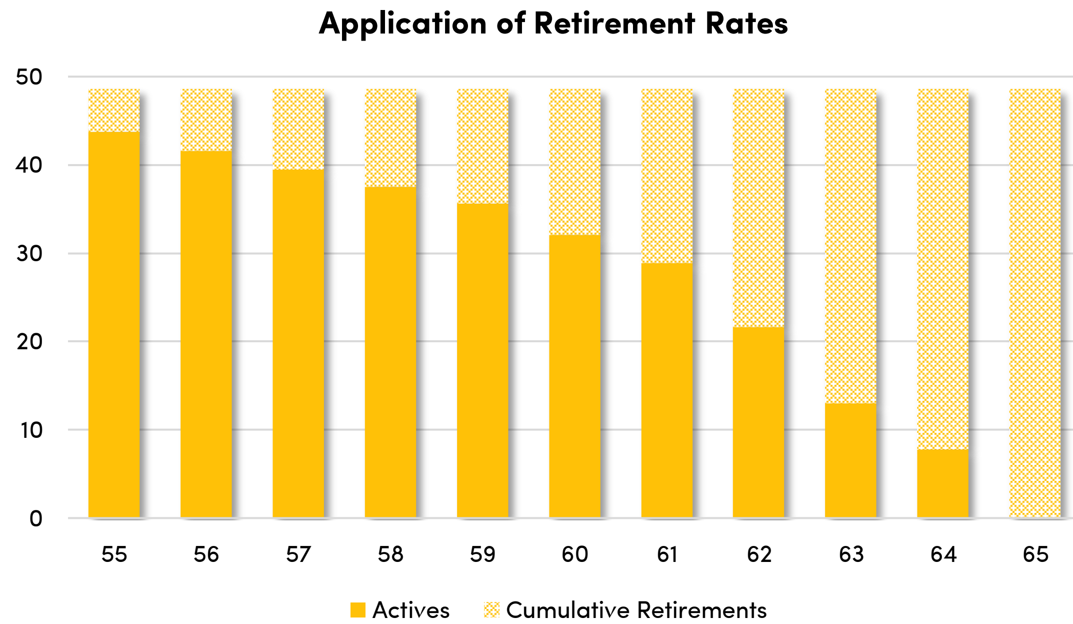
Notes:

1. The annual termination percentages shown in the table are for illustrative purposes only, not the actual termination rates used in the valuation.
2. For simplification, only termination decrement is assumed to be applicable while actively employed. Actuarial valuation typically applies pre-retirement death decrement during employment as well.

Decrements Illustration (Continued)

The table below illustrates the number of active employees assumed to retire at each age based on the illustrative retirement rates.

Age	# Actives BOY	Annual Retirement %	# Retirements / Year
55	48.6	10%	4.9
56	43.8	5%	2.2
57	41.6	5%	2.1
58	39.5	5%	2.0
59	37.5	5%	1.9
60	35.6	10%	3.6
61	32.1	10%	3.2
62	28.9	25%	7.2
63	21.7	40%	8.7
64	13.0	40%	5.2
65	7.8	100%	7.8



Notes:

1. The annual retirement percentages shown in the table are for illustrative purposes only, not the actual retirement rates used in the valuation.
2. For simplification, only retirement decrement is assumed to be applicable once the employee is retirement eligible. Actuarial valuation typically applies pre-retirement death decrement once an employee is eligible to retire.
3. The illustration above assumes that all active employees who are projected to be employed at age 55 elect health coverage with the Plan Sponsor at retirement.

Appendix – Glossary

1. **Active Employees** – Individuals employed at the end of the reporting or measurement period, as applicable.
2. **Actuarial Cost Method** – A method to allocate the Actuarial Present Value of Future Benefits into portions attributed to past service (Total OPEB Liability) and future service (Normal Cost).
3. **Actuarial Present Value of Future Benefits –** Projected benefit payments estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service, discounted to reflect the expected effects of time value (present value) of money and the probabilities of payment (which is contingent on events such as death, termination, retirement, etc). In other words, this is the amount that would have been invested as of the Valuation Date so that it is sufficient to pay for benefit payments when due.
4. **Deferred Inflows** – Gains in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
5. **Deferred Outflows** – Losses in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
6. **Defined Benefit OPEB –** OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated
7. **Entry Age Actuarial Cost Method –** A method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).
    - The portion allocated to a valuation year is called the Normal Cost.
    - The portion allocated to past periods is called the Total OPEB Liability.
    - The portion allocated to future periods after the valuation date is called the Present Value of Future Normal Costs.
8. **Fiduciary Net Position –** OPEB plan assets in a secure Trust that meet the following criteria:
    - Contributions from employers to the OPEB plan and earnings on those contributions are irrevocable.
    - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
    - OPEB Plan assets are legally protected from the creditors of employers, OPEB plan administrator, and creditors of the plan members.
9. **Funded Ratio –** The value of the asset expressed as a percentage of the Total OPEB Liability.

10. **Healthcare Cost Trend Rates –** The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
11. **Inactive Employees –** Individuals no longer employed by an employer in the OEPB plan or the beneficiaries of those individuals. Inactive employees also include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits.
12. **Net OPEB Liability –** The difference between the Total OPEB Liability and the Fiduciary Net Position.
13. **Payroll Growth –** An actuarial assumption on the rate of future increase in the total coverage payroll attributable to wage inflation and productivity increase; used in the Actuarial Cost Method to determine the Total OPEB Liability.
14. **Plan Members –** Individuals covered by the terms of the OPEB plan, which would typically include employees in active service, terminated employees who have terminated service but are not yet receiving benefit payments, and retired employees who are currently receiving benefits.
15. **Other Postemployment Benefits (OPEB) –** Benefits such as death benefits, life insurance, disability, and long-term care, as well as healthcare benefits (medical, prescription drug, dental, vision, and other health-related benefits), that are paid in the period after employment and that are provided separately from a pension plan regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
16. **Service Cost (Normal Cost) –** The portion of actuarial present value of projected benefit payments that are attributed to a 12-month period after a valuation date as determined by the Actuarial Cost Method.
17. **Total OPEB Liability –** The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service as of the valuation date as determined by the Actuarial Cost Method.

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8605 Santa Monica Blvd PMB 52465, West Hollywood, CA 90069-4109
info@govinvest.com