

PROVIDENCE HOUSING AUTHORITY  
OTHER POSTEMPLOYMENT BENEFITS PROGRAM

GASB 75 DISCLOSURE INFORMATION FOR THE  
FISCAL YEAR ENDING JUNE 30, 2023

Valuation Date: July 1, 2022  
Measurement Date: June 30, 2023  
Fiscal Year End Date: June 30, 2023



September 1, 2023

Mr. Lee Lamothe  
Director of Finance  
Providence Housing Authority  
100 Broad Street  
Providence, RI 02903

Re: Providence Housing Authority – FYE June 30, 2023 GASB 75 Report

Dear Mr. Lamothe:

We are pleased to present to the Authority this report of the annual actuarial valuation of the Providence Housing Authority's Other Postemployment Benefits (OPEB) Program. This valuation was performed to determine annual expenses associated with providing OPEB benefits, the current funded status of the Plan, and to provide all necessary schedules required to comply with the Governmental Accounting Standards Board No. 75.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits plan experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits plan provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funded status measurements included in this report are based on the assumptions and methods used to determine the Plan's obligations and asset values as of the Measurement Date. Funded status measurements for financial accounting purposes may not be appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. Likewise, funded status measurements for financial accounting purposes may not be appropriate for assessing the need for or the amount of future actuarially determined contributions.

Foster & Foster does not provide legal, investment or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice or the interpretations of the Authority or its affiliated legal, investing or accounting partners.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and we believe it reflects all applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Authority, represent reasonable expectations of anticipated plan experience.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In conducting the valuation, we have relied on personnel and plan design information supplied by the Authority personnel, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. Because of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total OPEB liability and certain sensitivity information shown in this report are based on an actuarial valuation performed as of July 1, 2022, and certain results were projected to the Measurement Date using generally accepted actuarial methods. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 75.

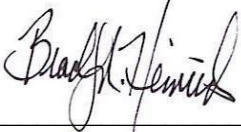
The undersigned are familiar with the immediate and long-term aspects of OPEB valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All the sections of this report are considered an integral part of the actuarial opinions.


To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Providence Housing Authority, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Commissioners of the Providence Housing Authority. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239 433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:   
Bradley R. Heinrichs, FSA, EA, MAAA

By:   
Colleen M. Atchison, FSA, MAAA

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## SECTION 1 – Executive Summary

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### SECTION 1 – EXECUTIVE SUMMARY

The valuation results presented in this report have been prepared in accordance with the Government Accounting Standards Board Statement 75 (GASB 75) for the Providence Housing Authority's Other Postemployment Benefits (OPEB) Program, based on the actuarial valuation performed as of July 1, 2022. For purposes of this valuation, Medical Insurance OPEBs were taken into consideration. Premiums for the any other insurances are assumed to cover the entire cost of the respective benefits.

The results of this valuation are based on a Measurement Date of June 30, 2023 and are applicable to the fiscal year ending June 30, 2023. The following table shows the key components of the Authority's OPEB valuation for the fiscal year ending June 30, 2023 under GASB 75.

Valuation Date	July 1, 2022	July 1, 2020
Fiscal Year End Date	June 30, 2023	June 30, 2022
Total OPEB Liability as of the Measurement Date	\$ 3,815,529	\$ 4,405,429
OPEB Expense/(Revenue)	\$ (560,986)	\$ (414,766)
Covered Employee Payroll (Projected)	\$ 2,568,933	\$ 3,393,155
Authority's Total OPEB Liability as a percentage of Covered Employee Payroll	148.53%	129.83%

#### Census Information as of the Valuation Date:

Active Participants	38	52
Retirees, Beneficiaries, and Disabled Members	27	26
Covered Spouses	0	0
Total Participants	<u>65</u>	<u>78</u>

Covered payroll is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions.

## SECTION 1 – Executive Summary

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### *Authority Funding Policy:*

The Plan is not funded through a Trust. The contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses.

### *Notes on the Valuation:*

The following changes have been made since the prior valuation:

- The census data was collected as of July 1, 2022 and is representative of the population as of that date.
- The annual per capita claims costs have been updated to reflect current age-adjusted health care premiums. The premium rates have been updated to use those effective during the 2023 fiscal year.
- The GASB 75 discount rate as of the measurement date is 4.13%. The GASB 75 discount rate is based on the S&P 20-year municipal bond rate published as of June 30, 2023.

## SECTION 1 – Executive Summary

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*Governmental Accounting Standard No. 75:*

GASB 75 requires governmental employers to recognize the Net OPEB Liability and the OPEB expense in their financial statements, along with the related deferred outflows and inflows of resources. GASB 75 is similar to GASB 68 for pensions. Under GASB 75, the Net OPEB Liability is the difference between the Total OPEB Liability (i.e. Actuarial Accrued Liability) and the Plan's Fiduciary Net Position (i.e. assets). For unfunded plans, the OPEB liability recorded on the employer's balance sheet is equal to the Total OPEB Liability.

The balance of this report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Commissioners to discuss the report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:



Bradley R. Heinrichs, FSA, EA, MAAA

By:



Colleen M. Atchison, FSA, MAAA



## SECTION 2 – Notes to Financial Statements

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### SECTION 2 – NOTES TO THE FINANCIAL STATEMENTS (For the Year Ended June 30, 2023)

#### GENERAL INFORMATION ABOUT THE OPEB PLAN

*Plan Description:*

The Providence Housing Authority’s Retiree Health Care Plan (Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the Authority. The Plan, which is administered by the Authority, allows employees who retire and meet retirement eligibility requirements under one of the Authority’s retirement plans to continue health insurance coverage as a participant in the Authority’s plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

*Employees Covered by Benefit Terms:*

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	27
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	38
	<hr/>
	65
	<hr/>

*Benefits Provided:*

A retired employee is eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The monthly medical premium is fully subsidized by the Housing Authority for the lifetime of the retiree, should the retiree continue to elect coverage under the Plan. Spouses of retirees are not covered under the Plan. Medicare is assumed to become primary upon attainment of age 65.

## SECTION 2 – Notes to Financial Statements

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### TOTAL OPEB LIABILITY

The measurement date is June 30, 2023.

The measurement period for the OPEB expense was July 1, 2022 to June 30, 2023.

The reporting period is July 1, 2022 through June 30, 2023.

The Authority's Total OPEB Liability was measured as of June 30, 2023.

#### *Actuarial Assumptions:*

The Total OPEB Liability was determined by an actuarial valuation as of July 1, 2022, updated to June 30, 2023, using the following actuarial assumptions:

Inflation Rate	2.75%
Salary Increase Rate(s)	Varies by Service
Discount Rate	4.13%
Initial Trend Rate	7.25%
Ultimate Trend Rate	4.00%
Years to Ultimate	52

All mortality rates were based on the PubG-2010 mortality tables. All mortality rates are those outlined in GRS's June 30, 2022 Employees' Retirement System of Rhode Island (ERSRI) valuation report.

#### Healthy Pre-retirement:

Sex distinct PubG-2010 tables for General Employees by Occupation, projected with Scale Ultimate MP-2016.

#### Healthy Post-retirement:

PubG-2010, Median table for Healthy General Employee, Male (adjusted 115%) and Female (adjusted 111%) tables, projected with Scale Ultimate MP-2016.

#### Discount Rate:

Given the Authority's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.13%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

## SECTION 2 – Notes to Financial Statements

### CHANGE IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability	
Reporting Period Ending June 30, 2022	\$	4,405,429
Changes for the Year:		
Service Cost		61,921
Interest		164,784
Differences Between Expected and Actual Experience		(374,824)
Changes of Assumptions		(313,294)
Changes of Benefit Terms		-
Contributions - Employer		-
Benefit Payments		(128,487)
Other Changes		-
Net Changes		(589,900)
Reporting Period Ending June 30, 2023	\$	3,815,529

Differences Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of July 1, 2022.

Changes of Assumptions reflect a change in the discount rate from 4.09% for the reporting period ended June 30, 2022, to 4.13% for the reporting period ended June 30, 2023. Also reflected as assumption changes are updated health care costs and premiums.

#### *Sensitivity of the Total OPEB Liability to changes in the Discount Rate:*

The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	3.13%	4.13%	5.13%
Total OPEB Liability (Asset)	\$ 4,367,972	\$ 3,815,529	\$ 3,351,320

#### *Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:*

The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	3.00% - 6.25%	4.00% - 7.25%	5.00% - 8.25%
Total OPEB Liability (Asset)	\$ 3,280,087	\$ 3,815,529	\$ 4,475,652

## SECTION 3 – GASB 75 Disclosure Schedules

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### SECTION 3 – GASB 75 DISCLOSURE SCHEDULES

#### OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2023, the Authority will recognize OPEB Expense/(Revenue) of \$(560,986).

On June 30, 2023, the Authority reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences Between Expected and Actual Experience	\$ -	\$ 1,112,099
Changes of Assumptions	45,697	1,594,263
Total	<u>\$ 45,697</u>	<u>\$ 2,706,362</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Year ended June 30:	
2024	\$ (763,838)
2025	\$ (614,063)
2026	\$ (400,662)
2027	\$ (355,939)
2028	\$ (355,935)
Thereafter	\$ (170,228)

## SECTION 3 – GASB 75 Disclosure Schedules

### SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Reporting Period Ending	06/30/2023	06/30/2022
Measurement Date	06/30/2023	06/30/2022
<b>Total OPEB Liability</b>		
Service Cost	\$ 61,921	\$ 139,855
Interest	164,784	124,583
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(374,824)	-
Changes of Assumptions	(313,294)	(1,361,845)
Benefit Payments	(128,487)	(143,456)
Net Change in Total OPEB Liability	(589,900)	(1,240,863)
Total OPEB Liability - Beginning	4,405,429	5,646,292
Total OPEB Liability - Ending	<u>\$ 3,815,529</u>	<u>\$ 4,405,429</u>
Covered Employee Payroll	2,568,933	3,393,155
Authority's Total OPEB Liability as a Percentage of Covered Employee Payroll	148.53%	129.83%

#### Notes to Schedule:

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending June 30, 2023.

*Differences Between Expected and Actual Experience.* Differences Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of July 1, 2022.

*Changes of Assumptions.* Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending June 30, 2023:	4.13%
Fiscal Year Ending June 30, 2022:	4.09%
Fiscal Year Ending June 30, 2021:	2.18%

Also reflected as assumption changes are updated health care costs and premiums.

*Benefit Payments.* The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on June 30, 2023. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

## SECTION 4 – Expense Development and Amortization Schedules

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### SECTION 4 – EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

**The following information is not required to be disclosed under GASB 75 but is provided for informational purposes.**

## SECTION 4 – Expense Development and Amortization Schedules

### COMPONENTS OF OPEB EXPENSE

(For the Year Ended June 30, 2023)

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Expense
Beginning Balance	\$ 4,405,429	\$ 2,869,357	\$ 101,419	\$ -
Total OPEB Liability Factors:				
Service Cost	61,921	-	-	61,921
Interest	164,784	-	-	164,784
Changes in Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(374,824)	374,824	-	-
Current Year Amortization of Experience Difference	-	(518,197)	-	(518,197)
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	(313,294)	313,294	-	-
Current Year Amortization of Change in Assumptions	-	(332,916)	(55,722)	(277,194)
Benefit Payments	(128,487)	-	-	-
Net change	<u>\$ (589,900)</u>	<u>\$ (162,995)</u>	<u>\$ (55,722)</u>	<u>\$ (568,686)</u>
Pay-As-You Go Related Costs:				
Contributions - Employer	\$ 136,187	\$ -	\$ -	\$ -
Benefit Payments	(128,487)	-	-	-
Administrative Expenses	(7,700)	-	-	7,700
Other	-	-	-	-
Net change	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,700</u>
Ending Balance	<u>\$ 3,815,529</u>	<u>\$ 2,706,362</u>	<u>\$ 45,697</u>	<u>\$ (560,986)</u>

#### Notes to Schedule:

The Plan is not funded through a trust, however, certain "Pay-As-You-Go" related costs must still be considered when developing the OPEB expense.

## SECTION 4 – Expense Development and Amortization Schedules

### AMORTIZATION SCHEDULE – DUE TO RECOGNITION OF THE EFFECTS OF ASSUMPTION CHANGES

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Assumptions

Measurement Year	Assumption Changes	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
2017	\$ -	9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	(630,899)	8	(79,222)	(79,222)	(76,345)	-	-	-	-	-	-	-
2019	324,307	6	55,722	45,697	-	-	-	-	-	-	-	-
2020	-	6	-	-	-	-	-	-	-	-	-	-
2021	(249,976)	8	(31,247)	(31,247)	(31,247)	(31,247)	(31,247)	(31,247)	-	-	-	-
2022	(1,361,845)	8	(170,231)	(170,231)	(170,231)	(170,231)	(170,231)	(170,231)	(170,228)	-	-	-
2023	(313,294)	6	(52,216)	(52,216)	(52,216)	(52,216)	(52,216)	(52,214)	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ (277,194)	\$ (287,219)	\$ (330,039)	\$ (253,694)	\$ (253,694)	\$ (253,692)	\$ (170,228)	\$ -	\$ -	\$ -



## SECTION 4 – Expense Development and Amortization Schedules

### AMORTIZATION SCHEDULE – DUE TO DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Measurement Year	Differences Between		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Expected and Actual Experience	Recognition Period (Years)										
2017	\$ (826,019)	9	\$ (97,662)	\$ (97,662)	\$ (97,662)	\$ (44,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	(695,133)	8	(87,288)	(87,288)	(84,117)	-	-	-	-	-	-	-
2019	(1,344,434)	6	(231,002)	(189,424)	-	-	-	-	-	-	-	-
2020	-	6	-	-	-	-	-	-	-	-	-	-
2021	(318,192)	8	(39,774)	(39,774)	(39,774)	(39,774)	(39,774)	(39,774)	-	-	-	-
2022	-	8	-	-	-	-	-	-	-	-	-	-
2023	(374,824)	6	(62,471)	(62,471)	(62,471)	(62,471)	(62,471)	(62,469)	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ (518,197)	\$ (476,619)	\$ (284,024)	\$ (146,968)	\$ (102,245)	\$ (102,243)	\$ -	\$ -	\$ -	\$ -

## SECTION 5 – Per Capita Claims Costs and Contribution Amounts

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### SECTION 5 – PER CAPITA CLAIMS COSTS AND CONTRIBUTION AMOUNTS

Per capita claims costs below were developed using age adjusted premiums. Age-morbidity factors were applied to develop relative age banded costs for both male and female participants relative to the age 65 male per capita claims cost. The age-morbidity factors were developed based on a study performed by Dale Yamamoto for the Society of Actuaries ([https://www.healthcostinstitute.org/images/pdfs/Age-Curve-Study\\_0.pdf](https://www.healthcostinstitute.org/images/pdfs/Age-Curve-Study_0.pdf)).

<b>Per Capita Claims Cost</b>			
<u>Age</u>	<u>Male</u>	<u>Female</u>	
<20	\$ 4,291	\$ 4,797	
20-24	3,675	5,019	
25-29	3,768	6,747	
30-34	4,377	8,161	
35-39	5,142	8,365	
40-44	6,066	8,529	
45-49	7,295	9,232	
50-54	9,169	10,617	
55-59	11,506	12,057	
60-64	14,373	14,085	

Premium rates shown below are fiscal year 2023 rates.

#### **Annual Premium Rate**

Blended PPO	\$9,224
Medicare Supplement	\$3,804

## SECTION 6 – Member Statistics

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### SECTION 6 – MEMBER STATISTICS

#### STATISTICAL DATA

	<u>7/1/2022</u>
Number of Active Participants	
Eligible for Retiree Health Benefits	4
Not Yet Eligible for Retiree Health benefits	34
Total	<u>38</u>
Average Current Age	56.9
Average Age at Employment	28.3
Average Past Service	28.5
Covered Employee Payroll at Valuation Date	\$ 2,486,385
Average Salary	\$ 65,431
Number of Inactives Receiving Benefits	
Retirees, Beneficiaries, and Disabled Members	27
Covered Spouses	0
Total	<u>27</u>
Average Current Ages	
Retirees, Beneficiaries, and Disabled Members	72.9
Covered Spouses	N/A
All Inactives	72.9

## SECTION 6 – Member Statistics

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### ACTIVE AGE AND SERVICE DISTRIBUTION

AGE	TOTAL PAST SERVICE										Total
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
<25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	1	0	0	0	1
45 - 49	0	0	0	0	0	1	2	0	0	0	3
50 - 54	0	0	0	0	0	4	6	1	0	0	11
55 - 59	0	0	0	0	0	2	4	4	2	0	12
60 - 64	0	0	0	0	0	3	1	3	1	0	8
65+	0	0	0	0	0	1	0	1	1	0	3
Total	0	0	0	0	0	11	14	9	4	0	38

# SECTION 7 – Actuarial Assumptions and Funding Methods

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## SECTION 7 – ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

### ACTUARIAL ASSUMPTIONS

<u>Valuation Date</u>	July 1, 2022.
<u>Measurement Date</u>	June 30, 2023.
<u>Fiscal Year End</u>	June 30, 2023.
<u>Discount Rate</u>	4.13%. Based on the June 30, 2023 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.
<u>Mortality Rates</u>	<p><i>Healthy Active Lives:</i> Sex distinct PubG-2010 tables for General Employees by Occupation, projected with Scale Ultimate MP-2016.</p> <p><i>Healthy Inactive Lives:</i> PubG-2010, Median table for Healthy General Employee, Male (adjusted 115%) and Female (adjusted 111%) tables, projected with Scale Ultimate MP-2016.</p>
<u>Retirement Rates</u>	A flat 20% per year retirement probability for members eligible for unreduced retirement. A 25% retirement probability at first eligibility will be applied only if they have reached age 65 or with at least 25 years of service.
<u>Termination Rates</u>	See sample rates below:

<u>Service</u>	<u>Rate</u>
5	6.3394%
10	3.8344%
15	2.4695%
20	1.5262%
25	0.8045%

## SECTION 7 – Actuarial Assumptions and Funding Methods

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Disability Rates

None assumed.

Inflation

2.75% per year.

Salary Inflation

See sample rates below:

<b>Service</b>	<b>Rates</b>
5	6.00%
10	4.25%
15	4.25%
20	3.75%
25+	3.25%

Health Care Participation

100% participation assumed.

Health Care Inflation

Prior to age 65, initial rate of 7.50% in fiscal 2022, then 7.25% in fiscal 2023, grading down to the ultimate trend rate of 4.00% in fiscal 2075.

<b>Fiscal Year</b>	<b>Pre-65</b>	<b>Post-65</b>
2022	7.50%	4.00%
2023	7.25%	4.00%
2024	7.00%	4.00%
2025	6.75%	4.00%
2026	6.50%	4.00%
2027	6.25%	4.00%
2028	6.00%	4.00%
2029	5.75%	4.00%
2030	5.50%	4.00%
2031-2052	5.25%	4.00%
2053-2060	5.00%	4.00%
2061-2067	4.75%	4.00%
2068-2071	4.50%	4.00%
2072-2074	4.25%	4.00%
2075+	4.00%	4.00%

The above pre-65 rates reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries.

## SECTION 7 – Actuarial Assumptions and Funding Methods

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### Medical Aging (Morbidity) Factors

Developed based on a study performed by Dale Yamamoto for the Society of Actuaries. Used to measure the annual increases in per capita claim costs for each age and relative cost by gender. See the SOA report titled “Health Care Costs – From Birth to Death” for more details.

### Health Claims

Developed using a blend of manual and active fully insured rates.

### Funding Method

Entry Age Cost Method (Level Percentage of Pay).

## SECTION 7 – Actuarial Assumptions and Funding Methods

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### DISCUSSION OF CENSUS DATA AND ASSUMPTIONS

1. Census Data – We received July 1, 2022 census data from Authority personnel. We did not perform an audit of the data. We did review the information provided for consistency and reasonableness.
2. Health Premiums and Enrollment Data – The Authority’s personnel office provided medical plan cost information for fiscal year 2022. Enrollment data was provided in the census data and used to determine costs for future retirees as discussed in Sections 5 and 7 of this report.
3. Actuarial Assumptions and Methods –
  - a. Demographic Assumptions
    - i. Mortality rates are consistent with mortality rates used in GRS’s June 30, 2022 ERSRI valuation report. We feel this assumption sufficiently accommodates future mortality improvements.
    - ii. Retirement rates and termination rates are those reflected in GRS’s June 30, 2022 ERSRI valuation report. These assumptions are deemed reasonable and will continue to be monitored to ensure they capture plan experience.
    - iii. The participation rate and spousal coverage election percentage are the same as the previous valuation. They are deemed reasonable and will continue to be monitored.
  - b. Other Assumptions
    - i. Health care inflation rates reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries.
    - ii. The discount rate as of the measurement date used has been updated to utilize the mandated discount rate based on the 20-year S&P Municipal Bond Rate as of the measurement date, as required under GASB 75.
  - c. Cost Method - The valuation results were calculated using the Entry Age cost method. This is the required cost method under the GASB 74/75 standards.



## SECTION 8 – Summary of Plan Provisions

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### SECTION 8 – SUMMARY OF PLAN PROVISIONS

Credited Service

Total completed years of employment with the Authority.

Eligibility for Insurance Coverage

Age 62 with at least 25 years of service with the Authority and who are otherwise not eligible for medical benefits.

Health Care Insurance Subsidy

The Housing Authority subsidizes the monthly medical premium for the lifetime of the retiree. Eligible retirees are required to request participation on an annual basis. Employees hired after June 30, 2000 are ineligible for benefits.