

Actuarial Valuation for Other Postemployment Benefits Accounting



TOWN OF NORTH KINGSTOWN POSTEMPLOYMENT BENEFITS PLAN

For purposes of
Governmental Accounting Standards Board Statement
No. 74 and No. 75

As of July 1, 2022

for Fiscal Year July 1, 2023 to June 30, 2024



conradsiegel.com

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
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Town of North Kingstown, Rhode Island OPEB
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Disclosure Statement

Purpose

Actuarial computations under Governmental Accounting Standards Board Statement No. 74 (GASB No. 74) and No. 75 (GASB No. 75) are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been performed in accordance with generally accepted actuarial principles and practices, and on a basis consistent with our understanding of GASB No. 74 and No. 75. In preparing this report, we have relied upon information furnished to us by Town of North Kingstown. This information includes data pertaining to the Plan, as well as a description of the substantive plan. The information has been reviewed and determined to be reasonable and consistent; however, we have not audited the data or reviewed plan provisions for compliance with IRS or DOL regulations.

Determinations for purposes other than meeting the employer financial accounting requirements may be significantly different from the results reported herein. The funded status, measured by comparing the Accrued Liability against the Actuarial Value of Plan Assets, is not an appropriate measure for assessing the sufficiency of the plan assets to cover the estimated cost of settling the plan's benefit obligations upon plan termination nor is it appropriate for measuring the need for, or the amount of, future contributions. Accordingly, additional determinations are needed for other purposes, such as judging benefit security at termination or adequacy of funding for an ongoing plan. The actuarial calculations contained in this report are not intended or written to be used, and cannot be used, for the purposes of avoiding penalties under the Internal Revenue Code.

This valuation involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Benefits Not Included

Defined contribution benefits and insured benefits under GASB No. 75 paragraph 11, pension benefits accounted for under GASB 68, and benefits for compensated absences under GASB 16 are not included in this valuation.

Multiple Year Reporting

Pursuant to GASB No. 74 and No. 75, an actuarial valuation can be used over a two-year period. The figures in this report are reflected as of the measurement date for the specified fiscal year and are based on an actuarial valuation date or rolled forward from an actuarial valuation date. Some figures have been determined based on estimated contributions for the period. These figures may need to be adjusted for actual contributions deposited to the trust or claims paid on behalf of plan benefits.

A new valuation should be performed if, between the actuarial valuation date and measurement date, material changes have occurred that affect the results of this valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other changes that impact long-term assumptions. If roll forward procedures have been used, this report reflects any necessary adjustments to the interest rate as of the measurement date.

Town of North Kingstown, Rhode Island OPEB
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Disclosure Statement

Valuation For Funded Plans

The interest rate used for this valuation reflects future contributions as allowed under GASB No. 74 and No. 75. If there are any changes to the formal, written funding policy or changes in the statute or contract which determines the contribution amount, a new valuation that reflects the appropriate interest rate may need to be completed.

I am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this valuation.



Joshua R. Mayhue, FSA, EA, MAAA
Partner & Consulting Actuary

September 18, 2024
Date

JRM/MJS

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Summary of Plan Provisions

Police

Eligibility: 20 years of Town service. Member also must meet retirement eligibility under MERS.

Benefits: Town pays 100% for medical and prescription drug coverage until eligible for Medicare for employees hired before 7/1/1995 and retired before 1/1/2018. Town pays 80% for all employees hired on or after 7/1/1995 or retired on or after 1/1/2018 but before 1/1/2023. Any member who retires on or after 1/1/2023 will pay the same premium share as the active members which is 20% as of July 1, 2022.

Spouse coverage is included. Spouse coverage lasts until the earliest of member Medicare age, spouse Medicare age, or member death.

No benefit is offered to surviving spouse.

Firefighters

Eligibility: 25 years of Town service. Member also must meet retirement eligibility under MERS.

Benefits: Town pays 80% of premium for medical and prescription drug coverage until employee is eligible for Medicare. Town pays 85% or 100% for some exempted retirees.

Spouse coverage is included. Spouse coverage lasts until the earliest of member Medicare age, spouse Medicare age, or member death.

No benefit is offered to surviving spouse.

Municipal Employees (Local 1033)

Eligibility: 25 years of Town service. Member also must meet retirement eligibility under MERS.

Benefits: Medical and prescription drug coverage

Town pays 100% for retirees hired before 4/1/2000 and retired before 1/1/2012.

Town pays 85% for retirees hired before 4/1/2000 and retired on 1/1/2012.

Town pays 80% for retirees hired on or after 4/1/2000, or for retirees retired after 1/1/2012.

Town contributes \$3,320.40 (as of July 1, 2022) per year towards pre-65 prescription drug coverage (same amount for single or family) regardless of hire date.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Summary of Plan Provisions

Town provides free Medicare Supplemental coverage for life for both member and spouse upon becoming eligible for Medicare for those hired before 9/24/2008.

Municipal employees hired after 9/24/2008 do not receive coverage after Medicare age.

For Municipal Employees (Local 1033) hired before 9/24/2008, spouse coverage is included. Spouse coverage lasts until member death.

No benefit is offered to surviving spouse.

Spouse coverage is not provided to Municipal Employees (Local 1033) hired after 9/24/2008.

Nonunion Employees

Eligibility: Member must meet retirement eligibility under MERS. No minimum Town service required.

Benefits: If hired before 6/15/2019, Town pays 100% of premium. Town also provides free Medicare Supplemental coverage for life upon becoming eligible for Medicare for both member and spouse.

Spouse coverage is included. Spouse coverage lasts until member death.

No benefit is offered to surviving spouse.

If hired after 6/15/2019, the member is not eligible for postemployment benefits.

Notes:

*Surviving spouses are not offered benefits. However, several surviving spouses are exempted from this policy due to special agreements.

*Several retired police have a special agreement and may continue coverage for life.

*Retirees have the option of purchasing life insurance at a non-group rate that is separately rated from the active employees.

*Coordination With Medicare: Medicare Pays Primary

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Actuarial Assumptions and Methods (1 of 3)

Discount Rate

7.50%¹

¹The discount rate is determined following the procedures of Illustration B2 in the GASB 74 implementation guide. The long-term expected rate of return on OPEB plan investments is 7.50% and the municipal bond rate is 4.21% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2024.

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For Municipal Union (Local 1033) and Non-Union Employees employees a salary inflation of 3% is included. For Police and Fire employees a salary inflation of 3.5% is included. For the purpose of this valuation, salary increases are the rates found in the MERS valuation report as of June 30, 2023. Sample salary inflation rates are shown below:

| Years of Service | Local 1033 and Non-Union Rate | Police and Fire Rate | Years of Service | Local 1033 and Non-Union Rate | Police and Fire Rate |
|------------------|-------------------------------|----------------------|------------------|-------------------------------|----------------------|
| 0 | 7.25% | 13.50% | 7 | 4.00% | 4.00% |
| 1 | 6.25% | 12.50% | 8 | 3.75% | 4.00% |
| 2 | 6.00% | 10.50% | 9 | 3.75% | 4.00% |
| 3 | 5.75% | 7.50% | 10-14 | 3.50% | 4.00% |
| 4 | 5.50% | 6.00% | 15-19 | 3.20% | 4.00% |
| 5 | 5.25% | 6.50% | 20-23 | 3.10% | 3.75% |
| 6 | 4.50% | 4.00% | 24+ | 3.00% | 3.50% |

Withdrawal

Rates of withdrawal are the rates found in the MERS valuation reports as of June 30, 2023 and vary by years of service. Sample rates for are shown below.

| Years of Service | Local 1033 and Non-Union Rate | Police and Fire Rate | Years of Service | Local 1033 and Non-Union Rate | Police and Fire Rate |
|------------------|-------------------------------|----------------------|------------------|-------------------------------|----------------------|
| 0 | 17.5000% | 10.0000% | 15 | 2.0615% | 1.2135% |
| 3 | 8.6148% | 4.6265% | 18 | 1.9110% | 0.8269% |
| 6 | 6.1073% | 3.1566% | 21 | 1.6050% | 0.0000% |
| 9 | 3.7061% | 2.2968% | 24 | 0.6892% | 0.0000% |
| 12 | 2.5086% | 1.6866% | | | |

Mortality

Municipal Union (Local 1033) and Non-Union Employees

PubG-2010 Generational Headcount-Weighted Mortality including rates for contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Police and Firefighters

PubS-2010 Generational Headcount-Weighted Mortality table including rates for contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability

No disability was assumed.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Actuarial Assumptions and Methods (2 of 3)

Retirement

Municipal Union (Local 1033) and Non-Union Employees:

A flat 20% per year retirement probability for members eligible for MERS unreduced retirement benefits. A 25% retirement probability will be applied if members have reached age 65. Early (or reduced) retirement rates match MERS valuation report. 100% of members are assumed to retire by age 75.

Police and Firefighters:

Unisex rates based on service. Sample rates are shown below.

| Years of Service | Police and Fire Rate | Years of Service | Police and Fire Rate |
|------------------|----------------------|------------------|----------------------|
| 25 | 15% | 30-34 | 27% |
| 26 | 18% | 35-39 | 37% |
| 27 | 21% | 40+ | 100% |
| 28-29 | 22% | | |

Percent of Eligible Retirees Electing Coverage in Plan

100% of employees are assumed to elect coverage.

Percent Married at Retirement

85% of police and firefighters and 60% of Municipal Union (Local 1033) and Non-Union Employees are assumed to be married and have a spouse covered by the plan at retirement.

Non-Spouse Dependents

Non-Spouse dependents are assumed to be immaterial.

Spouse Age

Wives are assumed to be three years younger than their husbands.

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate

7.0% in 2023 and 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the SOA Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

Equal to the Market Value of Assets

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Actuarial Assumptions and Methods (3 of 3)

Per Capita Claims Cost²

Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

| Age | Medical and Prescription Drug Combined | |
|------------------|----------------------------------------|----------|
| | Males | Females |
| 45-49 | \$5,730 | \$8,276 |
| 50-54 | \$7,592 | \$9,353 |
| 55-59 | \$9,241 | \$9,785 |
| 60-64 | \$12,062 | \$11,241 |
| 65+ ³ | \$2,271 | \$2,271 |

²Pre-65 claims are then adjusted based on individual plan enrollment by factors ranging from 0.69385 to 1.22277. Post-65 claims are then adjusted based on individual plan enrollment by factors ranging from 0.8867 to 1.0114.

³For one grandfathered retiree the 65+ rate used is \$5,607 to account for them being on a pre-65 plan with Medicare paying primary.

Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data

Based on census information as of July 1, 2022.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation
as of July 1, 2022
for Purposes of Other Postemployment Benefits Plan Accounting
for Fiscal Year July 1, 2023 to
June 30, 2024

Section 1

Asset Information

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Plan Fiduciary Net Position

Receipts and Disbursements

Market Value at June 30, 2023 \$ 2,741,211.88

Receipts

Contributions - Employer \$ 1,210,531.96

Contributions - Employee 0.00

Net Investment Income 385,597.19

Total Receipts 1,596,129.15

Disbursements

Benefit Payments \$ (1,210,531.96)

Administrative Expenses (8,908.27)

Total Disbursements (1,219,440.23)

Market Value at June 30, 2024 \$ 3,117,900.80

Assets and Liabilities

Assets

Cash \$ 0.00

Money Markets 0.00

Common Stocks 0.00

Corporate Bonds 0.00

Municipal Bonds 0.00

Master Trust 0.00

Mutual Funds 3,117,900.80

Total Assets in Fund \$ 3,117,900.80

Benefits Receivable 0.00

Accrued Income 0.00

Total Assets \$ 3,117,900.80

Liabilities

Benefits Payable \$ 0.00

Administrative Expenses Payable 0.00

Total Liabilities 0.00

Market Value at June 30, 2024 \$ 3,117,900.80

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation
as of July 1, 2022
for Purposes of Other Postemployment Benefits Accounting
for Fiscal Year July 1, 2023 to
June 30, 2024

Section 2

Calculations for GASB No. 75 Reporting

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
GASB No. 75 Summary Information

| Demographic Information | | Total |
|----------------------------|--|------------|
| Active Participants | | 227 |
| Vested Former Participants | | 0 |
| Retired Participants | | 133 |
| Total | | 360 |

Annual Payroll of Active Participants \$15,279,319

| Financial Information | |
|---------------------------------------------------------------|---------------|
| Total OPEB Liability | \$ 17,107,990 |
| Plan Fiduciary Net Position | 3,117,901 |
| Net OPEB Liability (Asset) | \$ 13,990,089 |
| Deferred Outflows of Resources | \$ 957,133 |
| Deferred Inflows of Resources | \$ 9,385,362 |
| Plan Fiduciary Net Position as a % of Total OPEB Liability | 18.22% |
| Net OPEB Liability as a % of Covered-Employee Payroll | 91.56% |
| OPEB Expense | \$ (887,359) |

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Changes in the Net OPEB Liability

| | Total |
|-----------------------------------------------------------------|----------------------|
| Total OPEB Liability | |
| Fiscal Year Ending 6/30/2024 | |
| Balance at 6/30/2023 | \$ 15,960,989 |
| Service Cost | 410,144 |
| Interest ² | 1,178,654 |
| Changes of Benefit Terms | 0 |
| Differences between Expected and Actual Experience ¹ | 0 |
| Changes of Assumptions ¹ | 768,735 |
| Benefit Payments ² | (1,210,532) |
| Other Changes | 0 |
| Net Changes | 1,147,001 |
| Balance at 6/30/2024 | \$ 17,107,990 |

Plan Fiduciary Net Position

| | |
|-------------------------------------|---------------------|
| Fiscal Year Ending 6/30/2024 | |
| Balance at 6/30/2023 | \$ 2,741,212 |
| Contributions - Employer | 1,210,532 |
| Contributions - Employee | 0 |
| Net Investment Income | 385,597 |
| Benefit Payments ² | (1,210,532) |
| Administrative Expense | (8,908) |
| Net Changes | 376,689 |
| Balance at 6/30/2024 | \$ 3,117,901 |

Net OPEB Liability (Asset)

| | |
|-----------------------------|----------------------|
| Balance at 6/30/2024 | \$ 13,990,089 |
|-----------------------------|----------------------|

Changes of Assumptions

The trend assumption was updated. Assumptions for salary, withdrawal and retirement were updated to match the MERS assumptions.

Changes of Benefit Terms

¹Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

²These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Deferred Outflows/Inflows and Sensitivity

| | Total |
|------------------------------------------------------------------------------|-------------------|
| Deferred Outflows of Resources | |
| Differences between Expected and Actual Experience | \$ 0 |
| Changes of Assumptions | 736,606 |
| Net Difference between Projected and Actual Earnings | 220,527 |
| Benefit Payments subsequent to the Measurement Date (6/30/2024) ¹ | 0 |
| Total Deferred Outflows | \$ 957,133 |

| | |
|----------------------------------------------------|---------------------|
| Deferred Inflows of Resources | |
| Differences between Expected and Actual Experience | \$ 4,859,653 |
| Changes of Assumptions | 4,276,435 |
| Net Difference between Projected Actual Earnings | 249,274 |
| Total Deferred Inflows | \$ 9,385,362 |

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan'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 rate:

Net OPEB Liability (Asset)

| | |
|-------------------------------|---------------|
| 1% Increase (8.50%) | \$ 12,698,706 |
| Current Discount Rate (7.50%) | \$ 13,990,089 |
| 1% Decrease (6.50%) | \$ 15,441,023 |

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan'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:

Net OPEB Liability (Asset)

| | |
|---------------|---------------|
| 1% Increase | \$ 16,078,130 |
| Current Rates | \$ 13,990,089 |
| 1% Decrease | \$ 12,207,094 |

¹These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
OPEB Expense and Future Recognition of Deferred Outflows and (Inflows)

OPEB Expense

| | Total |
|-------------------------------------|---------------------|
| Fiscal Year Ending 6/30/2024 | |
| Service Cost | \$ 410,144 |
| Interest on Total OPEB Liability | 1,178,654 |
| Changes of Benefit Terms | 0 |
| Expected Investment Income | (205,257) |
| Contributions - Employee | 0 |
| Amortization of Deferred Outflows | 216,172 |
| Amortization of Deferred Inflows | (2,495,980) |
| Administrative Expense | 8,908 |
| Other Changes | 0 |
| Total OPEB Expense | \$ (887,359) |

Future Deferred Outflows and (Inflows) to be Recognized as OPEB Expense (Income)

| | |
|---------------------------|----------------|
| Fiscal Year Ending | |
| June 30, 2025 | \$ (2,289,646) |
| June 30, 2026 | (2,225,962) |
| June 30, 2027 | (1,813,295) |
| June 30, 2028 | (817,369) |
| June 30, 2029 | (448,687) |
| Thereafter | (833,270) |

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Deferred Outflows and Inflows of Resources Bases

Deferred Outflows of Resources

| Date | Initial Balance | Annual Recognition | Remaining Balance | Remaining Recognition Period | Type |
|---------------|-----------------|--------------------|-------------------|------------------------------|-------------------|
| June 30, 2020 | 49,172 | 9,836 | 0 | 0 years | Asset Loss |
| June 30, 2022 | 85,260 | 10,658 | 53,286 | 5 years | Assumption Change |
| June 30, 2022 | 551,316 | 110,263 | 220,527 | 2 years | Asset Loss |
| June 30, 2024 | 768,735 | 85,415 | 683,320 | 8 years | Assumption Change |
| Total | | 216,172 | 957,133 | | |

Deferred Inflows of Resources

| Date | Initial Balance | Annual Recognition | Remaining Balance | Remaining Recognition Period | Type |
|---------------|-----------------|--------------------|-------------------|------------------------------|-------------------|
| June 30, 2018 | 9,935,659 | 1,045,859 | 2,614,646 | 3 years | Assumption Change |
| June 30, 2019 | 3,790,267 | 421,141 | 1,263,421 | 3 years | Experience Change |
| June 30, 2019 | 342,722 | 38,080 | 114,242 | 3 years | Assumption Change |
| June 30, 2020 | 2,112,197 | 234,689 | 938,752 | 4 years | Assumption Change |
| June 30, 2021 | 675,120 | 84,390 | 337,560 | 4 years | Experience Change |
| June 30, 2021 | 108,344 | 13,543 | 54,172 | 4 years | Assumption Change |
| June 30, 2021 | 318,407 | 63,681 | 63,683 | 1 years | Asset Gain |
| June 30, 2023 | 4,189,720 | 465,524 | 3,258,672 | 7 years | Experience Change |
| June 30, 2023 | 713,087 | 79,232 | 554,623 | 7 years | Assumption Change |
| June 30, 2023 | 68,865 | 13,773 | 41,319 | 3 years | Asset Gain |
| June 30, 2024 | 180,340 | 36,068 | 144,272 | 4 years | Asset Gain |
| Total | | 2,495,980 | 9,385,362 | | |

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Required Supplementary Information

| Fiscal Year Ending ¹ | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | | | |
| Service Cost | \$ 410,144 | \$ 481,068 | \$ 478,953 | \$ 452,802 | \$ 574,074 | \$ 629,298 | \$ 1,272,219 |
| Interest | 1,178,654 | 1,500,421 | 1,453,527 | 1,468,956 | 1,328,748 | 1,663,671 | 1,107,847 |
| Changes of Benefit Terms | 0 | 0 | 0 | 0 | 0 | (1,300,309) | 0 |
| Differences between Expected and Actual Experience | 0 | (4,189,720) | 0 | (675,120) | 0 | (3,790,267) | 0 |
| Changes of Assumptions | 768,735 | (713,087) | 85,260 | (108,344) | (2,112,197) | (342,722) | (9,935,659) |
| Benefit Payments | (1,210,532) | (1,401,353) | (1,386,629) | (1,350,687) | (1,334,432) | (1,341,871) | (1,341,095) |
| Other Changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change | 1,147,001 | (4,322,671) | 631,111 | (212,393) | (1,543,807) | (4,482,200) | (8,896,688) |
| Total OPEB Liability - Beginning | 15,960,989 | 20,283,660 | 19,652,549 | 19,864,942 | 21,408,749 | 25,890,949 | 34,787,637 |
| Total OPEB Liability - Ending | \$ 17,107,990 | \$ 15,960,989 | \$ 20,283,660 | \$ 19,652,549 | \$ 19,864,942 | \$ 21,408,749 | \$ 25,890,949 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - Employer | \$ 1,210,532 | \$ 1,673,286 | \$ 1,636,629 | \$ 1,709,640 | \$ 1,534,432 | \$ 1,457,719 | \$ 2,431,147 |
| Contributions - Employee | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Investment Income | 385,597 | 246,081 | (365,687) | 448,080 | 55,697 | 81,971 | 19,422 |
| Benefit Payments | (1,210,532) | (1,401,353) | (1,386,629) | (1,350,687) | (1,334,432) | (1,341,871) | (1,431,147) |
| Administrative Expense | (8,908) | (7,418) | (7,508) | (5,433) | (3,482) | (2,821) | 0 |
| Net change | 376,689 | 510,596 | (123,195) | 801,600 | 252,215 | 194,998 | 1,019,422 |
| Plan Fiduciary Net Position - Beginning | 2,741,212 | 2,230,616 | 2,353,811 | 1,552,211 | 1,299,996 | 1,104,998 | 85,576 |
| Plan Fiduciary Net Position - Ending | \$ 3,117,901 | \$ 2,741,212 | \$ 2,230,616 | \$ 2,353,811 | \$ 1,552,211 | \$ 1,299,996 | \$ 1,104,998 |
| Net OPEB Liability (Asset) | \$ 13,990,089 | \$ 13,219,777 | \$ 18,053,044 | \$ 17,298,738 | \$ 18,312,731 | \$ 20,108,753 | \$ 24,785,951 |
| Plan Fiduciary Net Position as a % of Total OPEB Liability | 18.22% | 17.17% | 11.00% | 11.98% | 7.81% | 6.07% | 4.27% |
| Covered-Employee Payroll | \$ 15,279,319 | \$ 15,279,319 | \$ 15,504,367 | \$ 15,504,367 | \$ 14,527,723 | \$ 14,527,723 | \$ 12,603,767 |
| Net OPEB Liability as a % of Covered-Employee Payroll | 91.56% | 86.52% | 116.44% | 111.57% | 126.05% | 138.42% | 196.66% |

¹This information is shown for the last 10 years, if available.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Schedule of Investment Returns and Long-Term Expected Rate of Return

Schedule of Investment Returns

| Fiscal Year Ending ¹ | Annual Money-Weighted Rate of Return, Net of Investment Expense |
|---------------------------------|-----------------------------------------------------------------------|
| 2018 | 2.82% |
| 2019 | 7.04% |
| 2020 | 3.76% |
| 2021 | 27.54% |
| 2022 | -14.91% |
| 2023 | 10.41% |
| 2024 | 13.74% |

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return | *The real rate of returns presented are net of inflation. Inflation is assumed to be 2.5%. |
|--------------------------|-------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------|
| U.S. Equity | 41.00% | 6.00% | |
| Non-U.S. Equity | 26.00% | 6.50% | |
| U.S. Aggregate Bonds | 10.00% | 2.00% | |
| Intermediate-Term Credit | 7.00% | 2.50% | |
| Short-Term Credit | 3.00% | 2.50% | |
| Non-U.S. Bonds | 5.00% | 0.50% | |
| REITs | 8.00% | 5.50% | |

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be \$216,177 annually. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

¹This information is shown for the last 10 years, if available.

Town of North Kingstown Postemployment Benefits Plan
Actuarial Valuation as of July 1, 2022 for Fiscal Year Ending June 30, 2024
Schedule of Employer Contributions

| Year ¹ | Actuarially Determined Contribution | Contributions From Employer | Contribution Deficiency/(Excess) | Covered Employee Payroll | Contributions as a % of Payroll |
|-------------------|-------------------------------------------|--------------------------------|-------------------------------------|-----------------------------|---------------------------------------|
| 2018 | \$ 2,012,090 | \$ 2,431,147 | \$ (419,057) | \$ 12,603,767 | 19.29% |
| 2019 | \$ 2,038,110 | \$ 1,457,719 | \$ 580,391 | \$ 14,527,723 | 10.03% |
| 2020 | \$ 1,969,635 | \$ 1,534,432 | \$ 435,203 | \$ 14,527,723 | 10.56% |
| 2021 | \$ 1,989,755 | \$ 1,709,640 | \$ 280,115 | \$ 15,504,367 | 11.03% |
| 2022 | \$ 1,977,841 | \$ 1,636,629 | \$ 341,212 | \$ 15,504,367 | 10.56% |
| 2023 | \$ 1,549,905 | \$ 1,673,286 | \$ (123,381) | \$ 15,279,319 | 10.95% |
| 2024 | \$ 1,636,770 | \$ 1,210,532 | \$ 426,238 | \$ 15,279,319 | 7.92% |

The Actuarially Determined Contribution (ADC) has two components: 1) amortized portion of the unfunded accrued liability and 2) the service cost. The methods and assumptions used in determining the ADC are consistent with assumptions and methods from this valuation used to determine the Total OPEB liability. The unfunded actuarial liability is determined using market value and is amortized over 30 years.

¹This information is shown for the last 10 years, if available.

SUPPLEMENTAL INFORMATION FOR ASSUMPTIONS

Discount Rate

Determined by blending the long-term expected rate of return, which is 7.50%, and the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2024, which is 4.21%. The methodology used to blend the rates was consistent with the procedures of illustration B2 in the GASB 74 implementation guide.

Salary

Due to the entry age normal cost method, an assumption for salary increases is used only for spreading contributions over future pay. Based on expected long-term salary increases for active participants considering the effects of future inflation. Based on the most recent MERS report (2023).

Withdrawal

Based on the most recent MERS report (2023).

Mortality

Uses the most recent study of public sector data prepared by the Society of Actuaries and takes into account the occupational makeup of the participant group.

Disability

Not applicable since the plan does not provide disability benefits.

Retirement

Based on the most recent MERS report (2023).

Percent of Eligible Retirees Electing Coverage in Plan

Plan experience was considered as well as future expectations.

Percent Married At Retirement

Plan experience was considered as well as future expectations.

Spouse Age

A conservative assumption was made as compared to current marital statistics for the general population.

Per Capita Claims Cost

An age/gender cost curve model which utilizes a normative database that is based on insurance rates and general plan experience and used in conjunction with the premium rates is used to develop the costs.

Health Care Cost Trend Rate

Developed using short-term expectations and the Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends.