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INTERIM GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2022

STATE OF INDIANA Conservation and Excise Police

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Table of Contents

	Page
Certification	1
Executive Summary	
Actuary's Notes	4
Summary of Results	5
GASB Disclosures	
Schedule of Changes in Net OPEB Liability and Related Ratios	6
Schedule of Employer Contributions	7
OPEB Expense	8
Deferred Outflows / (Inflows) or Resources	9
Sensitivity Results	11
Asset Information	12
Actuarially Determined Contributions	14
Discussion of Discount Rates	15
Summary of Key Actuarial Assumptions	16



November 10, 2022

**Andy Blough, FSA, EA, MAAA
Indiana Public Retirement System
One North Capital, Suite 001
Indianapolis, IN 46204**

This report summarizes the GASB actuarial valuation for the State of Indiana Conservation and Excise Police 2021/22 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:


- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic 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 plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.



Cody Kocher, ASA, MAAA
Actuary



John Mallows, FSA, MAAA
Actuary

EXECUTIVE SUMMARY



Executive Summary

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Detailed Actuary's Notes

The following assumption changes have been made since last year's full valuation, which was for the fiscal year ending June 30, 2021:

Interim year valuation results have been projected from the prior year's valuation with adjustments for actual medical/Rx claims and enrollment experience for the 24 months ending May 2022 (with 70% weight on the most recent 12 months) and premium rate changes from 2022 to 2023. The medical premium for the post-65 Medicare Advantage plan was \$372.47 effective January 1, 2022 and \$375.64 effective January 1, 2023. Making this change resulted in a decrease in liabilities.

Retiree Contributions

A comparison of monthly retiree contributions effective on January 1, 2022 and January 1, 2023 as determined by CEP are as shown below.

	Eff. 1/1/2022			Eff. 1/1/2023		
	Single	Member + Spouse	Incremental Spouse Cost	Single	Member + Spouse	Incremental Spouse Cost
Pre-Medicare	\$ 385.79	\$ 752.30	\$ 366.51	\$ 389.65	\$ 759.83	\$ 370.18
Post-Medicare	\$ 150.32	\$ 300.64	\$ 150.32	\$ 150.32	\$ 300.64	\$ 150.32



Executive Summary

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending June 30, 2022.

	<i>As of June 30, 2021</i>	<i>As of June 30, 2022</i>
Total OPEB Liability	\$ 52,984,041	\$ 48,748,166
Actuarial Value of Assets	(32,137,546)	(30,434,863)
Net OPEB Liability	\$ 20,846,495	\$ 18,313,303
Funded Ratio	60.7%	62.4%

	<i>For FY 2021/22</i>	<i>For FY 2020/21</i>	<i>For FY 2021/22</i>
OPEB Expense	\$ (74,267)	\$ 96,728	
Annual Employer Contribution	\$ 4,301,093	\$ 4,824,539	

	<i>As of June 30, 2021</i>	<i>As of June 30, 2022</i>
Discount Rate	6.20%	6.20%
Expected Return on Assets	6.20%	6.20%



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Total OPEB Liability					
Total OPEB liability – beginning of year	\$ 52,984,041	\$ 49,274,689	\$ 76,898,620	\$ 60,902,667	\$ 56,023,950
Service cost	1,185,007	1,130,554	2,367,309	1,840,364	1,794,865
Interest	3,310,210	3,092,201	2,646,881	2,410,074	2,035,351
Changes of benefit terms	0	0	0	2,112,887	0
Changes in assumptions	0	2,447,468	(23,750,835)	6,222,558	(3,386,967)
Differences between expected and actual experience	(7,150,188)	(1,882,593)	(7,899,725)	4,353,479	5,738,944
Benefit payments	(1,580,904)	(1,078,278)	(987,561)	(943,409)	(1,303,476)
Net change in total OPEB liability	\$ (4,235,875)	\$ 3,709,352	\$ (27,623,931)	\$ 15,995,953	\$ 4,878,717
Total OPEB liability – end of year	\$ 48,748,166	\$ 52,984,041	\$ 49,274,689	\$ 76,898,620	\$ 60,902,667
Plan Fiduciary Net Position					
Plan fiduciary net position – beginning of year	\$ 32,137,546	\$ 27,172,098	\$ 23,722,678	\$ 20,235,818	\$ 15,175,762
Contributions – employer	4,824,539	4,301,093	4,166,567	4,020,900	6,240,555
Contributions – active employees	0	0	0	0	0
Net investment income	(4,814,815)	1,856,428	347,133	492,902	213,433
Benefit payments	(1,580,904)	(1,078,278)	(987,561)	(943,409)	(1,303,476)
Trust administrative expenses	(131,503)	(113,795)	(76,719)	(83,533)	(90,456)
Net change in plan fiduciary net position	\$ (1,702,683)	\$ 4,965,448	\$ 3,449,420	\$ 3,486,860	\$ 5,060,056
Plan fiduciary net position – end of year	\$ 30,434,863	\$ 32,137,546	\$ 27,172,098	\$ 23,722,678	\$ 20,235,818
Net OPEB Liability – end of year	\$ 18,313,303	\$ 20,846,495	\$ 22,102,591	\$ 53,175,942	\$ 40,666,849
Plan fiduciary net position as % of total OPEB liability	62.4%	60.7%	55.1%	30.8%	33.2%
Covered employee payroll ¹	\$ 21,144,839	\$ 20,598,966	\$ 18,165,798	\$ 17,722,730	\$ 16,842,290
Net OPEB liability as % of covered payroll	86.6%	101.2%	121.7%	300.0%	241.5%

¹ FY 2021/22 covered payroll is based on covered payroll for FY 2020/21 increased by the payroll growth inflation assumption (2.65%).



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below prior to FY 2016/17 are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the Plan Sponsor financial statements.

	FY 2021/22		FY 2020/21		FY 2019/20		FY 2018/19		FY 2017/18	
Actuarially Determined Contribution (ADC)	\$	2,920,350 ²	\$	2,933,739	\$	5,599,619	\$	3,774,197	\$	3,831,452
Contributions in relation to the ADC ³		4,824,539		4,301,093		4,166,567		4,020,900		6,240,555
Contribution deficiency / (excess)	\$	(1,904,189)	\$	(1,367,354)	\$	1,433,052	\$	(246,703)	\$	(2,409,103)

Covered employee payroll	\$	21,144,839	\$	20,598,966	\$	18,165,798	\$	17,722,730	\$	16,842,290
Contribution as a % of covered employee payroll		22.8%		20.9%		22.9%		22.7%		37.1%

	FY 2016/17		FY 2015/16		FY 2014/15		FY 2013/14		FY 2012/13	
Actuarially Determined Contribution (ADC)	\$	3,348,809	\$	3,312,731	\$	3,123,622	\$	2,821,614	\$	3,052,678
Contributions in relation to the ADC ⁴		3,717,824		3,575,032		2,436,777		2,482,148		2,892,842
Contribution deficiency / (excess)	\$	(369,015)	\$	(262,301)	\$	686,845	\$	339,466	\$	159,836

Covered employee payroll	\$	16,471,677	\$	14,497,000	\$	15,106,000	\$	15,969,000	\$	25,532,000
Contribution as a % of covered employee payroll		22.6%		24.7%		16.1%		15.5%		11.3%

² Refer to the Actuarially Determined Contributions section for the calculation details.

³ Includes employer contribution for pay-go cost and (any) pre-funding contributions deposited into the OPEB Trust.



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

OPEB Expense

<i>OPEB Expense</i>	<i>FY 2021/22</i>	<i>FY 2020/21</i>
Discount rate as of beginning of fiscal year	6.20%	6.20%
Discount rate as of end of fiscal year	6.20%	6.20%
Service cost	\$ 1,185,007	\$ 1,130,554
Interest	3,310,210	3,092,201
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(2,087,553)	(1,779,600)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	131,503	113,795
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (1,327,619)	\$ (135,921)
Changes in assumptions	(2,688,889)	(2,688,889)
Net difference between projected and actual earnings on OPEB plan investments	1,574,069	193,593
Total current period recognition	\$ (2,442,439)	\$ (2,631,217)
Total OPEB expense	\$ 96,728	\$ (74,267)



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

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

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the item above.

<i>Differences between expected and actual experience for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2022</i>
June 30, 2018	\$ 5,738,944	8	\$ 717,368	\$ 2,152,104
June 30, 2019	\$ 4,353,479	8	\$ 544,185	\$ 2,176,739
June 30, 2020	\$ (7,899,725)	7	\$ (1,128,532)	\$ (4,514,129)
June 30, 2021	\$ (1,882,593)	7	\$ (268,942)	\$ (1,344,709)
June 30, 2022	\$ (7,150,188)	6	\$ (1,191,698)	\$ (5,958,490)

<i>Changes in assumptions for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2022</i>
June 30, 2018	\$ (3,386,967)	8	\$ (423,371)	\$ (1,270,112)
June 30, 2019	\$ 6,222,558	8	\$ 777,820	\$ 3,111,278
June 30, 2020	\$ (23,750,835)	7	\$ (3,392,976)	\$ (13,571,907)
June 30, 2021	\$ 2,447,468	7	\$ 349,638	\$ 1,748,192
June 30, 2022	\$ 0	6	\$ 0	\$ 0



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Deferred Outflows / (Inflows) of Resources – Continued

<i>Net difference between projected and actual earnings in OPEB plan investments for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2022</i>
June 30, 2018	\$ 357,907	5	\$ 71,583	\$ 0
June 30, 2019	\$ 213,025	5	\$ 42,605	\$ 42,605
June 30, 2020	\$ 473,863	5	\$ 94,773	\$ 189,544
June 30, 2021	\$ (76,828)	5	\$ (15,366)	\$ (46,096)
June 30, 2022	\$ 6,902,368	5	\$ 1,380,474	\$ 5,521,894

<i>As of fiscal year ending June 30, 2022</i>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$ 4,328,843	\$ (11,817,328)
Changes in assumptions	4,859,470	(14,842,019)
Net difference between projected and actual earnings in OPEB plan investments	5,707,947	0
Total	\$ 14,896,260	\$ (26,659,347)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2022 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

<i>FYE</i>	<i>Balance</i>
2023	\$ (2,514,022)
2024	\$ (2,556,629)
2025	\$ (2,651,397)
2026	\$ (2,930,040)
2027	\$ (1,110,999)
Thereafter	\$ 0



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Sensitivity Results

The following presents the net OPEB liability as of June 30, 2022, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.20%.
- The 1% decrease in discount rate would be 5.20%.
- The 1% increase in discount rate would be 7.20%.

<i>As of June 30, 2022</i>	<i>Net OPEB Liability</i>	
1% Decrease	\$	25,478,559
Current Discount Rate	\$	18,313,303
1% Increase	\$	12,467,607

The following presents the net OPEB liability as of June 30, 2022, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.5% decreasing by 0.5% annually to an ultimate rate of 3.5%.
- The 1% increase in health care trend rates would assume an initial rate of 8.5% decreasing by 0.5% annually to an ultimate rate of 5.5%.

<i>As of June 30, 2022</i>	<i>Net OPEB Liability</i>	
1% Decrease	\$	11,454,068
Current Health Care Trend Rates	\$	18,313,303
1% Increase	\$	26,958,009



Asset Information

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Asset Information

<i>Asset Breakdown</i>	<i>FY 2020/21</i>		<i>FY 2021/22</i>	
Assets				
Cash and cash equivalents	\$	965,549	\$	969,961
Securities lending cash collateral		0		0
Total cash	\$	965,549	\$	969,961
Receivables				
Contributions	\$	0	\$	0
Accrued interest		37,381		85,711
Total receivables	\$	37,381	\$	85,711
Investments				
Debt Securities	\$	10,671,485	\$	11,136,302
Equities		17,190,748		16,003,250
Mutual Funds		0		0
Other		3,361,928		2,477,992
Total investments	\$	31,224,161	\$	29,617,544
Total assets	\$	32,227,091	\$	30,673,216
Liabilities				
Payables				
Investment management fees	\$	0	\$	0
Benefits		89,545		238,353
Total liabilities	\$	89,545	\$	238,353
Net position restricted to OPEB	\$	32,137,546	\$	30,434,863



Asset Information

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Asset Information

<i>Asset Reconciliation</i>	<i>FY 2020/21</i>	<i>FY 2021/22</i>
Additions		
Contributions received		
Employer	\$ 4,301,093	\$ 4,824,539
Employee	0	0
Total contributions	\$ 4,301,093	\$ 4,824,539
Investment income		
Net increase in fair value of investments	\$ 1,856,428	\$ (4,814,815)
Interests and dividends	0	0
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 1,856,428	\$ (4,814,815)
Total additions	\$ 6,157,521	\$ 9,724
Deductions		
Benefit payments (net of retiree contributions)	\$ (1,078,278)	\$ (1,580,904)
Administrative expenses	(113,795)	(131,503)
Other	0	0
Total deductions	\$ (1,192,073)	\$ (1,712,407)
Net increase in net position	\$ 4,965,448	\$ (1,702,683)
Net position restricted to OPEB		
Beginning of year	27,172,098	32,137,546
End of year	\$ 32,137,546	\$ 30,434,863



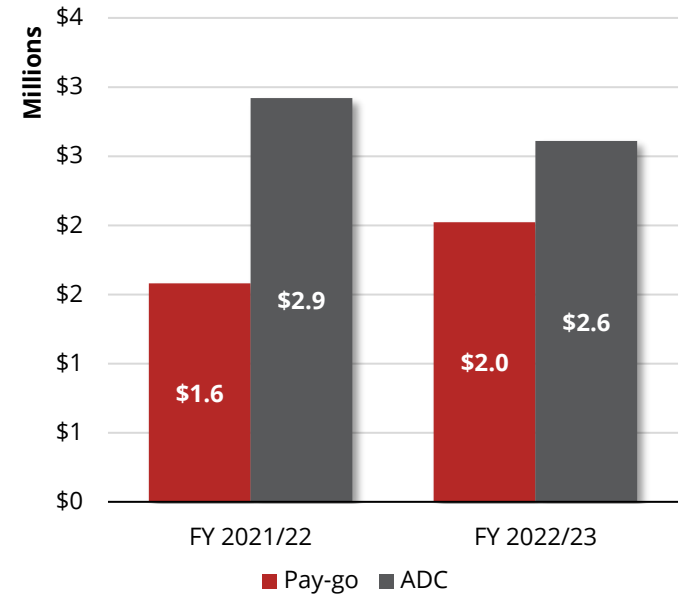
Actuarially Determined Contributions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2021/22	FY 2022/23
Discount rate	6.20%	6.20%
Payroll growth factor used for amortization	N/A	N/A
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level Dollar	Level Dollar
Amortization period	25 years	24 years
Actuarial accrued liability (AAL) – beginning of year	\$ 52,984,041	\$ 48,748,166
Actuarial value of assets – beginning of year	(32,137,546)	(30,434,863)
Unfunded AAL – beginning of year	\$ 20,846,495	\$ 18,313,303
Normal Cost	\$ 1,185,007	\$ 1,059,221
Amortization of UAAL	1,564,852	1,399,495
Total normal cost plus amortization	\$ 2,749,859	\$ 2,458,716
Interest to the end of year	170,491	152,440
Actuarially Determined Contribution – Preliminary	\$ 2,920,350	\$ 2,611,156
Expected benefit payments ⁴	1,580,904	2,022,497
Actuarially Determined Contribution – Final⁵	\$ 2,920,350	\$ 2,611,156

Cash vs Accrual Accounting



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

⁴ Actual for FY 2021/22

⁵ Set to be the greater of the preliminary ADC and expected benefit payments.



Discussion of Discount Rates

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield 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) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is 6.20%. This was developed in consultation with the group's asset advisor using a building-block approach in which expected future rates of returned are developed for each major asset class. The expected future nominal rates of return as provided by the entity's investment advisor are shown below. Inflation is expected to be 2.00%. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2022 are summarized in the following table.

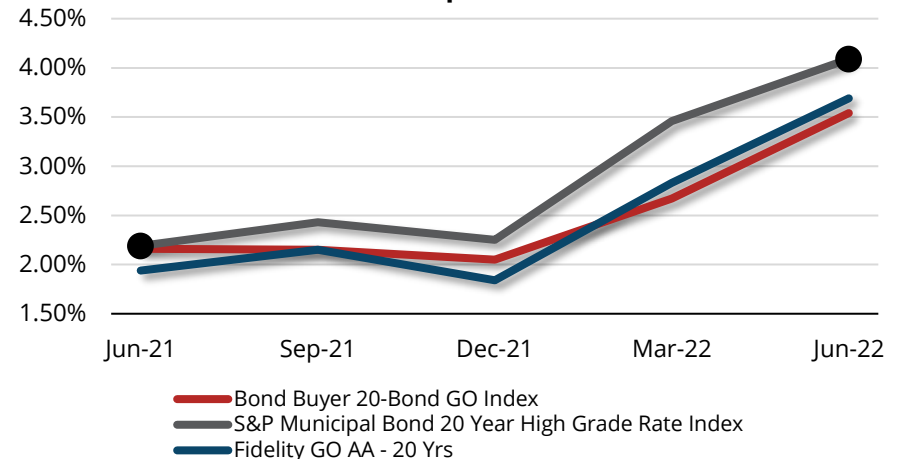
Asset Class	Target Allocation	L/T Expected ROR
Broad US Equity	45%	6.6%
Global ex-US Equity	15%	6.8%
Domestic Fixed	23%	1.8%
Short Duration	5%	1.5%
Cash Equivalents	2%	1.2%
Hedge Funds	10%	4.1%

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	July 1, 2021	June 30, 2022
Bond Buyer Go 20-Bond Municipal Bond Index	2.16%	3.54%
S&P Municipal Bond 20-Year High Grade Rate Index	2.19%	4.09%
Fidelity 20-Year Go Municipal Bond Index	1.94%	3.69%
Bond Index Range	1.94% - 2.19%	3.54% - 4.09%
Actual Discount Rate Used	2.19%	4.09%

3. The final equivalent single discount rate used for this year's valuation is 6.20% as of July 1, 2021 and June 30, 2022, based on the expectation that the CEP will continue to make contributions equal to the benefit payments each year plus additional pre-funding contributions of \$3.4 million per year (based on actual pre-funding contributions over the past five years).

20-Year Municipal Bond Indices





Summary of Key Actuarial Assumptions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

For a complete summary of actuarial methods and assumptions, refer to the GASB 75 actuarial valuation report for the fiscal year ending June 30, 2021.

Measurement Date

For fiscal year ending June 30, 2022, a June 30, 2022 measurement date was used.

Actuarial Valuation Date

July 1, 2021 with results actuarially projected on a “no gain / no loss” basis to get to the June 30, 2022 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of July 1, 2021.

Discount Rate

6.20% as of June 30, 2022 and July 1, 2021 for accounting disclosure purposes.

6.20% as of June 30, 2022 and July 1, 2021 for calculating Actuarially Determined Contribution.

Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

The discount rate was chosen by the plan sponsor based on the information provided in the “Discussion of Discount Rates” section above.

Payroll Growth

2.65% for general wage inflation plus the following merit and productivity increases which are based on the assumptions approved from the Indiana Public Retirement System (INPRS) 2020 Experience Study.

YOS	CEP
0	2.25%
5	1.00%
9+	0.00%

Inflation Rate

2.00% per year

The inflation rate is based on the assumptions approved from the Indiana Public Retirement System (INPRS) 2020 Experience Study and future expectations.



Summary of Key Actuarial Assumptions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant’s benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant’s salary that is assumed to increase according to the Payroll Growth.

Health Care Trend Rates

FYE	Medical/Rx	FYE	Medical/Rx
2023	7.5%	2027	5.5%
2024	7.0%	2028	5.0%
2025	6.5%	2029+	4.5%
2026	6.0%		

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

Dental and vision trend rates are 3.0%.

Models

ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

HealthMAPS Manual

Rating manual developed by WTW. Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.