



City of Duluth

Actuarial Valuation of Other Post Employment Benefits (OPEBs) as of January 1, 2025

PREPARED BY

The Retirement & Investment Solutions Practice of
CBIZ, Inc. | December 2025





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December 4, 2025

Josh Bailey
City Auditor
411 West 1st Street
Room 120
Duluth, MN 55802

RE: GASB Statement Nos. 74 & 75 for Fiscal Year Ending December 31, 2025

Dear Josh:

The primary purpose of this report is to:

1. Determine the Actuarially Determined Contributions (ADC) for fiscal years ending December 31, 2025 and December 31, 2026.

This report is intended for the sole use of the City to comply with the stated purposes and may not be appropriate for other purposes. Additional determinations may be needed for other purposes, such as meeting State and Local reporting requirements or scenario forecasts. This report should not be relied upon for other purposes without consulting CBIZ.

Please review the results thoroughly. If you have any further questions or concerns, please reach out to by phone or e-mail.

Respectfully,

A handwritten signature in blue ink that reads "Alex J. Johnson".

Alex J. Johnson, ASA, FCA, MAAA

Managing Actuarial Consultant

E: AJJohnson@CBIZ.com

Ph: 216.525.4683



Actuarial Certification

To the best of our knowledge, the information supplied in this report is complete and accurate. In our opinion, the methods and assumptions used in the valuation comply with the Governmental Accounting Standards Board (GASB), particularly GASB Statement Nos. 74 & 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension", as applicable. Other than prescribed assumptions, the actuarial assumptions have been selected by City of Duluth with input from CBIZ. We believe that each non-prescribed assumption is individually reasonable, and in combination they offer our best estimate of anticipated experience under the Plan. Nevertheless, the actual costs of the plan in the future will differ from the results of the valuation, as the emerging experience varies from the assumptions projected in the valuation.

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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The potential range of future measurements was not assessed as it is outside the scope of this project.

CBIZ has relied upon participant data and financial information provided to us by the City and other organizations designated by the City. We did not audit this data, but it has been reviewed for reasonableness and consistency with prior years. We believe that the information is sufficiently complete to be relied upon for the purposes intended. To the best of our knowledge, all plan participants on January 1, 2025, and all plan provisions in effect through December 31, 2025 have been reflected in the measurement.

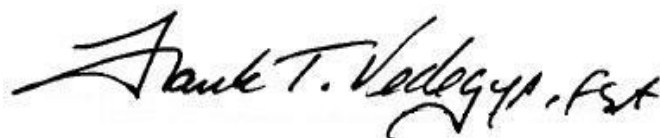
To the best of our knowledge, there have been no events after the measurement date and before the date of communication which necessitated adjustments to the actuarial findings. There are no significant benefits that are excluded from the valuation.

We, the undersigned, are consulting actuaries associated with the firm CBIZ Benefits & Insurance Services, Inc. We are members of the American Academy of Actuaries and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are qualified to render the actuarial opinion contained herein. The relationship between CBIZ and City of Duluth is strictly professional. There are no aspects of the relationship that may impair or appear to impair the objectivity of our work.

Respectfully Submitted,



Alex J. Johnson, ASA, FCA, MAAA
Managing Actuarial Consultant



Frank T. Vedegys, FSA, EA, FCA, MAAA
Senior Consulting Actuary

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Summary of Valuation Results as of January 1, 2025

Fund	Enterprise	General	Total
Participant Data			
Active Employees	203	642	845
Retirees and Covered Spouses	317	1,340	1,657
Total	520	1,982	2,502
Present Value of Future Benefits ("PVFB")			
Active Employees	\$ 12,337,160	46,365,356	\$ 58,702,516
Retirees and Covered Spouses	19,968,474	111,662,093	131,630,567
Total	\$ 32,305,634	158,027,449	\$ 190,333,083
Actuarial Accrued Liability ("AAL")			
Active Employees	\$ 9,428,385	34,871,234	\$ 44,299,619
Retirees and Covered Spouses	19,968,474	111,662,093	131,630,567
Total	\$ 29,396,859	146,533,327	\$ 175,930,186
Actuarial Value of Assets ("AVA")			
	(17,907,899)	(89,264,773)	(107,172,672)
Unfunded Actuarial Accrued Liability ("UAAL")			
	\$ 11,488,960	57,268,554	\$ 68,757,514
AVA as a Percentage of AAL ("Funded Status")			
	60.92%	60.92%	60.92%
Current Year Normal Cost			
	\$ 417,763	1,635,690	\$ 2,053,453
Actuarially Determined Contribution ("ADC") for Year Ending:			
December 31, 2025	1,955,745	9,442,561	11,398,306
December 31, 2026	2,025,385	9,770,125	11,795,510

Implicit Rate Subsidies

Approximately 0% of the liabilities and costs in this valuation are a result of implicit rate subsidies. The average per-capita cost of healthcare benefits for pre-Medicare retirees is higher than the average per-capita cost for employees. Whenever the group premium rates are based on both employee and pre-Medicare retiree experience an implicit subsidy exists for the pre-Medicare retirees. The GASB and Actuarial Standards of Practice require the employer liability to reflect the true (higher) per-capita cost for pre-Medicare retirees only - without active employees. While this implicit subsidy is reflected in the employer's liability, it is paid for by the employees to some extent.

Summary of Valuation Results as of January 1, 2025

Participant Data

All results presented in this report were determined based upon an actuarial valuation prepared as of January 1, 2025, using the participant census data provided by City of Duluth as of January 1, 2025.

Actuarial Methods

A summary of the actuarial methods is provided herein. The information presented in this report is calculated in accordance with the methods specified in GASB Statement Nos. 74 & 75.

We are not aware of any substantial commitments for benefits other than as stated in this report. No ad-hoc plan amendments are known to have occurred during the year.

Plan Provisions

A summary of the plan provisions is provided herein. There have been no changes to the provisions since the prior measurement as of December 31, 2024

Actuarial Assumptions

A summary of the actuarial assumptions is provided herein. All assumptions are the same as those used in the prior measurement as of December 31, 2024, except for changes detailed on page 19.

Reconciliation of the Net OPEB Liability Since the Prior Measurement Date

Previous Measurement Date of December 31, 2024	\$	64,309,709
Increase (Decrease) due to demographic experience		2,802,122
Increase (Decrease) due to updated per-capita claims and contribution rates		(9,355,303)
Increase (Decrease) due to corrected life insurance valuation of death benefit instead of group term premium		11,000,986
Current Measurement Date of January 1, 2025	\$	<u>68,757,514</u>

Development of Actuarially Determined Contribution (ADC)

The Actuarially Determined Contribution (ADC) is calculated in accordance with the Employer's funding and investment policy or other state and local statutes, if any exist. Otherwise, it is calculated in accordance with the Employer's substantive history of financing retiree benefits.

The employer does have a qualified, irrevocable OPEB Trust, per GASB Standards. However, the employer's substantive policy is to pay its share of retiree benefits as they come due ('pay-as-you-go'). The employer is expected to have the ability and willingness to make benefit payments from its own resources for the life of the plan.

Year Ending:	12/31/2026	12/31/2025
Actuarially Determined Contribution	\$ 11,795,510	\$ 11,398,306
Expected Covered Payroll	69,682,992	67,326,562
ADC as a % of Covered Payroll	16.93%	16.93%

Projected Retiree Benefit Payments

Exhibit A is a graph that shows the 30-year projection of expected benefit payments under the OPEB plan. These payments only reflect those participants who have already been hired or who are retired. Expected benefit payments are equal to the number of retirees each year times the per retiree cost to the employer, and it includes the implicit rate subsidies. The first year's projected benefit payments total \$11,398,306. As the last participants retire and then reach the end of their benefit period, the benefit payments decline and eventually would reach zero. Exhibit B is a table showing the first 10 years of expected benefit payments.

Exhibit A - 30yr Projection of Expected Benefit Payments

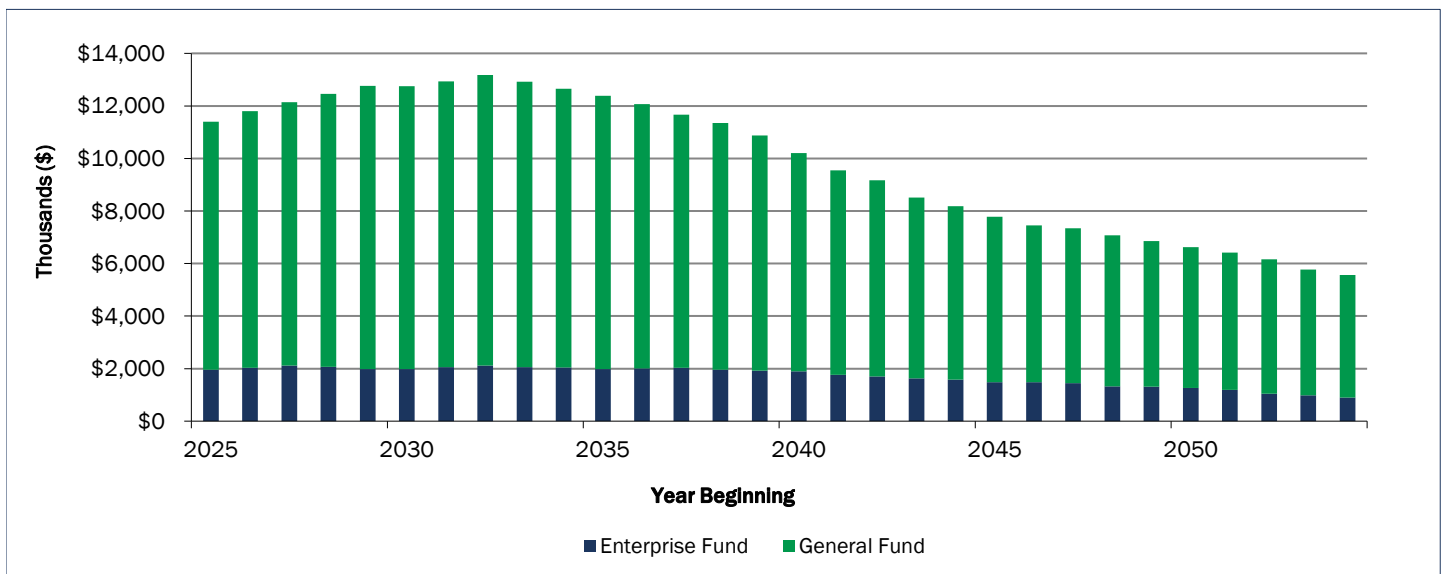


Exhibit B - First 10 Years of Expected Benefit Payments

Plan Year Beginning January 1,	Enterprise Fund	General Fund	Net Benefit Payments
2025	1,955,745	9,442,561	11,398,306
2026	2,025,385	9,770,125	11,795,510
2027	2,113,432	10,034,064	12,147,496
2028	2,070,450	10,384,600	12,455,050
2029	1,986,570	10,773,747	12,760,317
2030	1,980,010	10,771,606	12,751,616
2031	2,054,918	10,881,139	12,936,057
2032	2,115,860	11,062,550	13,178,410
2033	2,060,637	10,860,588	12,921,225
2034	2,042,866	10,607,855	12,650,721

Statement of Changes in Fiduciary Net Position

	Measurement Period		
	1/1/2025 - 12/31/2025		
	OPEB Trust	Pay-as-you-go	Total
Balance as of Beginning of Year	\$ 107,172,672	\$ 0	\$ 107,172,672
Employer Contributions	11,398,306	0	11,398,306
Employee Contributions	0	0	0
Retiree Premium Contributions	0	0	0
Implicit Subsidy	0	0	0
Investment Income, net of investment expenses	4,865,396	0	4,865,396
Total Additions	\$ 16,263,702	\$ 0	\$ 16,263,702
Total Benefit Payments	(11,398,306)	0	(11,398,306)
Non-Investment Expenses	(10,717)	0	(10,717)
Total Deductions	\$ (11,409,023)	\$ 0	\$ (11,409,023)
Net Change	\$ 4,854,679	\$ 0	\$ 4,854,679
Balance as of End of Year	<u>\$ 112,027,351</u>	<u>\$ 0</u>	<u>\$ 112,027,351</u>
Money-Weighted Rate of Return	4.54%	0.00%	4.54%

OPEB Expense (Income)

	Measurement Period Ending	
	12/31/2026	12/31/2025
	Estimate	Estimate
OPEB Expense (Income)		
1. Service Cost	\$ 2,125,324	\$ 2,053,453
2. Interest on the Total OPEB Liability	7,746,812	7,821,715
3. Non-Investment Administrative Expenses	11,203	10,717
4. Employee Contributions	0	0
5. Projected Earnings on Fiduciary Net Position	(5,085,788)	(4,865,396)
6. Recognition of Deferred Outflows/(Inflows) related to:		
Net difference between projected and actual earnings	1,561,282	(999,034)
Differences between expected and actual experience	283,355	845,016
Changes in assumptions	4,909,327	4,106,742
7. Ad Hoc Postemployment Benefit Changes	0	0
8. Total	\$ 11,551,515	\$ 8,973,213

Development of Interest on the Total OPEB Liability

1. Beginning Total OPEB Liability x 100% x Discount Rate	\$ 7,918,080	\$ 7,987,230
2. Service Cost x 100% x Discount Rate	96,490	93,227
3. Benefit Payments x 50% x Discount Rate	(267,758)	(258,742)
4. Total	\$ 7,746,812	\$ 7,821,715

Development of Projected Earnings Fiduciary Net Position

1. Beginning Fiduciary Net Position x 100% x Rate of Return on Assets	\$ 5,086,042	\$ 4,865,639
2. Employer Contributions x 50% x Rate of Return on Assets	267,758	258,742
3. Employee Contributions x 50% x Rate of Return on Assets	0	0
4. Benefit Payments x 50% x Rate of Return on Assets	(267,758)	(258,742)
5. Administrative Expenses x 50% x Rate of Return on Assets	(254)	(243)
6. Total	\$ 5,085,788	\$ 4,865,396

Key Assumptions for OPEB Expense (Income)

Discount Rate	4.54%	4.54%
Annual Wage Increase	3.50%	3.50%
Expected Rate of Return on Assets	4.54%	4.54%

Key Assumptions for Net OPEB Liability

Discount Rate	4.54%	4.54%
Annual Wage Increase	3.50%	3.50%
Expected Rate of Return on Assets	4.54%	4.54%

Net OPEB Liability

	Measurement Period Ending	
	12/31/2026	12/31/2025
	<i>Estimate</i>	<i>Estimate</i>
Reconciliation of Total OPEB Liability		
1. Total OPEB Liability at End of Prior Year	\$ 174,407,048	\$ 171,482,381
2. Service Cost	2,125,324	2,053,453
3. Interest on the Total OPEB Liability	7,746,812	7,821,715
4. Net Benefits Paid by Employer	(11,795,510)	(11,398,306)
5. Ad Hoc Postemployment Benefit Changes	0	0
6. Differences between expected and actual experience	0	2,339,432
7. Changes in assumptions	0	2,108,373
8. Total OPEB Liability at End of Year	<u>\$ 172,483,674</u>	<u>\$ 174,407,048</u>
Reconciliation of Fiduciary Net Position		
1. Fiduciary Net Position at End of Prior Year	\$ 112,027,351	\$ 107,172,672
2. Projected Earnings on Fiduciary Net Position	5,085,788	4,865,396
3. Difference Between Projected and Actual Earnings	0	0
4. Employer Contributions	11,795,510	11,398,306
5. Employee Contributions	0	0
6. Net Benefits Paid by Employer	(11,795,510)	(11,398,306)
7. Non-Investment Administrative Expenses	(11,203)	(10,717)
8. Fiduciary Net Position at End of Year	<u>\$ 117,101,936</u>	<u>\$ 112,027,351</u>
Money-Weighted Rate of Return	4.54%	4.54%
Net OPEB Liability (Asset)		
1. Total OPEB Liability	\$ 172,483,674	\$ 174,407,048
2. Fiduciary Net Position	(117,101,936)	(112,027,351)
3. Net OPEB Liability (Asset)	<u>\$ 55,381,738</u>	<u>\$ 62,379,697</u>
4. Fiduciary Net Position as % of Total OPEB Liability ("Funded Status")	67.89%	64.23%
5. Covered Payroll	\$ 69,682,992	\$ 67,326,562
6. Net OPEB Liability (Asset) as a % of Covered Payroll	79.48%	92.65%
Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate		
1. 1% increase in the discount rate	\$ 39,952,100	\$ 46,575,171
2. 1% decrease in the discount rate	73,769,179	81,228,016
Sensitivity of Net OPEB Liability (Asset) to Changes in the Healthcare Trend		
1. 1% increase in healthcare trend	75,369,282	81,294,992
2. 1% decrease in healthcare trend	38,517,770	46,391,324

Deferred Outflows (Inflows)

	Measurement Period Ending	
	12/31/2026	12/31/2025
	<i>Estimate</i>	<i>Estimate</i>
Deferred Outflows of Resources Related to OPEB		
1. Net difference between projected and actual earnings	\$ 0	\$ 0
2. Differences between expected and actual experience	1,425,592	1,975,247
3. Changes in assumptions	7,245,039	13,736,232
4. Contributions subsequent to measurement date	0	0
5. Total	<u>\$ 8,670,631</u>	<u>\$ 15,711,479</u>
Deferred Inflows of Resources Related to OPEB		
1. Net difference between projected and actual earnings	\$ 3,273,973	\$ 1,712,691
2. Differences between expected and actual experience	380,981	647,281
3. Changes in assumptions	3,195,371	4,777,237
4. Total	<u>\$ 6,850,325</u>	<u>\$ 7,137,209</u>

Schedule of Deferred Outflows (Inflows)

Amounts reported as deferred outflows or deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

MPE 12/31/2026			MPE 12/31/2025		
2027	\$	1,857,716	2026	\$	6,753,964
2028		(976,543)	2027		1,857,716
2029		834,888	2028		(976,543)
2030		104,245	2029		834,888
2031		-	2030		104,245
2032+		-	2031+		-

Deferred Outflows (Inflows) (cont.)

Deferred Outflows/(Inflows) - Historical Amortization Schedules

Meas. Period Ending	Original Amount	Current-Year Amortization Amount	Original Amortization Period		Outstanding Balance at 12/31/2026	Outstanding Balance at 12/31/2025
Net difference between projected and actual earnings						
2025	\$ 0	\$ 0	5.00	\$	0	\$ 0
2024	(1,338,802)	(267,760)	5.00		(535,522)	(803,282)
2023	(13,692,252)	(2,738,450)	5.00		(2,738,451)	(5,476,901)
2022	22,837,472	4,567,495	5.00		0	4,567,492
2021	(12,801,615)	(2,560,319)	5.00		0	0
Differences between expected and actual experience						
2025	\$ 2,339,432	\$ 456,920	5.12	\$	1,425,592	\$ 1,882,512
2024	(548,980)	(109,359)	5.02		(220,903)	(330,262)
2023	(787,842)	(156,941)	5.02		(160,078)	(317,019)
2022	820,051	181,829	4.51		0	92,735
2021	4,178,987	472,567	4.51		0	0
Changes in assumptions						
2025	\$ 2,108,373	\$ 411,792	5.12	\$	1,284,789	\$ 1,696,581
2024	(7,940,969)	(1,581,866)	5.02		(3,195,371)	(4,777,237)
2023	29,333,774	5,843,381	5.02		5,960,250	11,803,631
2022	2,087,148	462,782	4.51		0	236,020
2021	(9,102,651)	(1,029,347)	4.51		0	0

City of Duluth

GASB Statement Nos. 74 & 75 as of December 31, 2025

Changes in Employer's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

Fiscal Year Ending	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total OPEB Liability										
Service Cost	2,053,453	2,574,895	1,706,844	1,971,187	1,902,658	2,366,072	2,440,931	2,952,513	2,933,971	N/A
Interest Cost	7,821,715	7,131,161	8,624,583	8,263,004	8,192,883	8,662,683	8,958,475	9,609,404	9,412,409	N/A
Net Benefit Payments	(11,398,306)	(10,875,669)	(9,029,620)	(11,323,522)	(12,304,499)	(10,427,312)	(10,769,326)	(11,145,909)	(9,747,296)	N/A
Ad Hoc Benefit Changes	0	0	0	0	0	0	0	0	0	N/A
Dif. between exp. and act. experience	2,339,432	(548,980)	(787,842)	820,051	4,178,987	0	1,391,711	0	0	N/A
Changes in assumptions	2,108,373	(7,940,969)	29,333,774	2,087,148	(9,102,651)	0	(20,030,337)	0	0	N/A
Net Changes	2,924,667	(9,659,562)	29,847,739	1,817,868	(7,132,622)	601,443	(18,008,546)	1,416,008	2,599,084	N/A
Total OPEB Liability - Beg. of Year	171,482,381	181,141,943	151,294,204	149,476,336	156,608,958	156,007,515	174,016,061	172,600,053	170,000,969	N/A
Total OPEB Liability - End of Year	174,407,048	171,482,381	181,141,943	151,294,204	149,476,336	156,608,958	156,007,515	174,016,061	172,600,053	N/A
Fiduciary Net Position										
Net Investment Income	4,865,396	5,541,141	18,643,021	(17,132,555)	17,506,485	11,308,704	14,236,478	(1,841,168)	8,178,671	N/A
Employer Contributions	11,398,306	4,034,299	14,521,145	12,908,989	12,041,435	10,287,850	11,642,994	11,678,484	10,222,267	N/A
Employee Contributions	0	0	0	0	0	0	0	0	0	N/A
Net Benefit Payments	(11,398,306)	(10,875,669)	(9,029,620)	(11,323,522)	(12,304,499)	(10,427,312)	(10,769,326)	(11,145,909)	(9,747,296)	N/A
Non-Investment Admin. Expenses	(10,717)	(12,506)	(8,707)	(6,574)	(5,375)	(4,724)	(4,173)	(3,853)	0	N/A
Net Changes	4,854,679	(1,312,735)	24,125,839	(15,553,662)	17,238,046	11,164,518	15,105,973	(1,312,446)	8,653,642	N/A
Fiduciary Net Pos. - Beg. of Year	107,172,672	108,485,407	84,359,568	99,913,230	82,675,184	71,510,666	56,404,693	57,717,139	49,063,497	N/A
Fiduciary Net Pos. - End of Year	112,027,351	107,172,672	108,485,407	84,359,568	99,913,230	82,675,184	71,510,666	56,404,693	57,717,139	N/A
Net OPEB Liability ("NOL")	62,379,697	64,309,709	72,656,536	66,934,636	49,563,106	73,933,774	84,496,849	117,611,368	114,882,914	N/A
Funded Status	64.23%	62.50%	59.89%	55.76%	66.84%	52.79%	45.84%	32.41%	33.44%	N/A
Covered Employee Payroll	67,326,562	67,320,847	60,719,547	58,845,266	56,855,329	56,142,352	54,243,818	51,597,031	51,597,031	N/A
NOL as % of Covered Payroll	92.65%	95.53%	119.66%	113.75%	87.17%	131.69%	155.77%	227.94%	222.65%	N/A
Money-Weighted Rate of Return:	4.54%	5.11%	19.86%	-17.30%	20.99%	15.24%	24.48%	-3.20%	16.68%	N/A

City of Duluth

GASB Statement Nos. 74 & 75 as of December 31, 2025

Schedule of Employer Contributions

Last 10 Fiscal Years

Fiscal Year Ending	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement Date	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Actuarially Determined Contribution	11,398,306	10,875,669	9,029,620	10,196,577	9,944,016	10,050,122	9,619,556	10,536,980	11,456,261
Actual Employer Contribution	11,398,306	4,034,299	14,521,145	11,346,528	12,041,435	10,287,850	11,642,994	11,678,484	10,222,267
Deficiency (Excess)	0	6,841,370	(5,491,525)	(1,149,951)	(2,097,419)	(237,728)	(2,023,438)	(1,141,504)	1,233,994
Covered Employee Payroll	67,326,562	67,320,847	60,719,547	58,845,266	56,855,329	56,142,352	54,243,818	51,597,031	51,597,031
Contribution as % of Payroll	16.93%	5.99%	23.92%	19.28%	21.18%	18.32%	21.46%	22.63%	19.81%

As of fiscal year ended 2018, the ADC is calculated in accordance the employer's substantive 'pay-as-you-go' policy for financing plan benefits. For all prior ye is equal to the Annual Required Contribution (ARC) as calculated under GASB No. 45.

Summary of Participant Data as of January 1, 2025

Valuation Census Data

CBIZ has used and relied upon participant data supplied by the City as of the valuation date. City of Duluth is responsible for providing an accurate description of all participants eligible for benefits under the Plan as of the valuation date and ensuring that the data provided is sufficiently comprehensive and accurate for its intended purpose. Inaccurate data or data not sufficiently comprehensive for its intended purposes may cause the results of our calculations to differ significantly from the results provided herein. Although CBIZ has reviewed the suitability of the data for its intended use in accordance with Actuarial Standard of Practice No. 23, CBIZ has not verified or audited any of the data or information provided.

Participant Summary

Metric	Retirees and Spouses	
	Active Employees	Spouses
Covered Participants	845	1,657
Average Age	43.5	71.8
Average Service	9.9	N/A
Percentage Male	68.8	48.5

Age / Service Distribution for Active Participants

Attained Age	Years of Credited Service										Total
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	
Under 25	13	18	1	0	0	0	0	0	0	0	32
25 to 29	17	42	12	0	0	0	0	0	0	0	71
30 to 34	5	46	42	7	0	0	0	0	0	0	100
35 to 39	14	37	44	36	6	0	0	0	0	0	137
40 to 44	12	30	26	35	21	0	0	0	0	0	124
45 to 49	5	26	23	24	31	15	9	0	0	0	133
50 to 54	3	17	14	23	11	16	25	1	0	0	110
55 to 59	4	6	11	14	9	13	16	2	0	0	75
60 to 64	0	6	5	13	8	6	5	2	1	0	46
65 to 70	1	2	4	1	5	1	2	0	0	0	16
70+	0	1	0	0	0	0	0	0	0	0	1
Total	74	231	182	153	91	51	57	5	1	0	845

Summary of Plan Provisions

- Retiree Benefits and Eligibility**
1. Continuation of medical, pharmacy, and dental benefits under the City's group plan. Pre-Medicare retirees are enrolled in the same self-insured plan as active employees. Medicare eligible employees are enrolled in a fully-ensured Medicare Supplemental plan sponsored by the City.
 2. Life Insurance: \$25,000 life insurance for all eligible retirees.
 3. Long-Term Disability: eligible to continue receiving health benefits and \$50,000 life insurance.
 4. Retirees pay 100% of dental benefit costs, resulting in no liability for the City.

Eligibility

Police & Firefighters

Any age with 5+ years of service if hired before 1/1/2007
 Age 50 with 5+ years of service if hired after 12/31/2006

All Others

Age 55 with 5+ years of service. Supervisors may be eligible if involuntarily terminated.

Dependent Coverage

Spouses and Surviving Spouses and children up to age 26 are eligible for healthcare benefits.

Length of Benefits

Retiree : Life

Spouse : Life, or until remarriage (for surviving spouse)

Annual Premium Rates effective January 2025 - December 2025

Plan	Single Coverage	Family Coverage
Medica 3A (Pre-65)	\$ 13,392	\$ 32,928
Prime/Advantage (Post-65)	3,540	7,080

Retiree Medical Contributions

City Police & Fire

Hired after 12/31/2006: 100% of Premium Equivalent Rates

Hired before 1/1/2007: Percentage of Premium Equivalent Rates according to length of service, as shown below

City Supervisory, LELS, and Confidential

Hired after 12/31/2005: 100% of Premium Equivalent Rates

Hired before 1/1/2006: Percentage of Premium Equivalent Rates according to length of service, as shown below

Summary of Plan Provisions

Retiree Medical Contributions (cont.)

All Other City Employees:

Hired after 12/31/2006: 100% of Premium Equivalent Rates

Hired before 1/1/2007 with 15 years of service, and retired before 12/15/2009: City pays full premium.

Hired before 1/1/2007: Percentage of Premium Equivalent Rates according to length of service, as shown below:

Years of Service	Retiree's Share of Premium	Years of Service	Retiree's Share of Premium
5	75%	13	35%
6	70	14	30
7	65	15	25
8	60	16	20
9	55	17	15
10	50	18	10
11	45	19	5
12	40	20+	0

Retiree Life Insurance Contributions

None

Changes Since Prior Measurement Date

1. Premium equivalent rates were updated to reflect current rates.

Actuarial Assumptions

Actuarial Valuation Date	January 1, 2025
Fiscal Year End	December 31, 2025
Price Inflation	2.50%
Investment Rate of Return	4.54%
Discount Rate	4.54% at valuation date
Annual Wage Increases	3.50%

Annual Healthcare Trend The rate in each year below reflects the percentage increase applied to that year's benefit cost to project the following year's cost:

Year Beginning January	Medical/Pharmacy	
	Pre-65	Post-65
2025	7.00%	3.75%
2026	6.50	3.75
2027	6.00	3.75
2028	5.50	3.75
2029+	5.00	4.50

Aging Factors The sample rates below adjust the per-capita claims cost to reflect utilization at each age relative to the cost of a 65 year old.

Age	Factor	Age	Factor
45	0.4404	65	1.0000
50	0.5328	70	1.1055
55	0.6589	75	1.1968
60	0.8084	80	1.2676
64	0.9570	85+	1.3032

Actuarial Assumptions

Annual Per-Capita Claims Costs effective January 2025 - December 2025

Starting pre-Medicare per-capita costs were developed using paid claims and enrollment data from June 2023 through May 2025. Active and retiree plan experience was used due to lack of credibility for retiree-only experience. Medical and pharmacy claims were analyzed separately, and projected to the current claims year at 7.9% and 11.4%, respectively, based on the 2025 Segal Health Plan Cost Trend Survey. 80% of the resulting per-capita costs were blended with 20% of the expected costs based on our credibility analysis to reduce volatility. The resulting costs were then disaggregated into age-specific starting rates using average ages and the morbidity assumptions on the previous page to reflect the relationship between costs and increasing age. Fixed costs and fees are shown separately, and include administrative fees, prescription drug rebates, as well as specific and aggregate stop-loss premiums.

Starting Medicare-eligible per-capita costs were developed using the fully-insured premium rates as provided by the insurer. The rates were then disaggregated into age-specific starting costs using average ages and the morbidity assumptions on the previous page to reflect the relationship between costs and increasing age. Fixed costs and fees are included in these costs to the extent the insurer incorporated them.

Age	Med/Rx	
	Claims	Fixed Costs
40	\$ 9,167	\$ 278
45	10,580	278
50	12,801	278
55	15,831	278
60	19,422	278
64	22,993	278
65	2,996	278
70	3,312	278
75	3,586	278
80	3,798	278
85+	3,905	278

Actuarial Assumptions

Participation

Future Retirees: Future retirees are assumed to elect coverage at retirement at the following percentages. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Group	Rate
City Subsidy	100%
No City Subsidy	40

Current Retirees: Based on current coverage election in participant data. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Spousal Participation

Future Retirees: 65% of participating retirees are assumed to be married at retirement and will cover their spouse.

Current Retirees: Based on current coverage election in participant data.

Spouse Age

Male spouses are assumed to be 3 years older, and female spouses are assumed to be 3 years younger. Actual age is used for spouses of current retirees, if provided in participant data.

Mortality

Pre-Retirement:

Police/Fire: Pub-2010 Safety Employees Headcount-Weighted Table

Others: Pub-2010 General Employees Headcount-Weighted Table

Healthy Retirees and Covered Spouses:

Police/Fire: Pub-2010 Safety Retirees Headcount-Weighted Table

Others: Pub-2010 General Retirees Headcount-Weighted Table

Surviving Spouses

Police/Fire: Pub-2010 Safety Contingent Survivor Headcount-Weighted Table

Others: Pub-2010 General Contingent Survivor Headcount-Weighted Table

Disabled Retirees:

Police/Fire: Pub-2010 Safety Disabled Retiree Headcount-Weighted Table

Others: Pub-2010 General Disabled Retiree Headcount-Weighted Table

The mortality assumptions include a margin for future mortality improvements using Scale MP-2021 projected fully-generationally from the central year of data, 2010.

Actuarial Assumptions

Retirement

Active employees are assumed to retire in accordance with annual rates varying by bargaining unit, age, and points. Rates are only applicable if a participant is eligible to retire with a benefit. Sample rates are as follows:

Police & Fire		All Others			
Age	Rate	Age	Not Rule of 90		Rule of 90
			<19 YOS	19+ YOS	
50	7.5%	55-59	5%	15%	67%
51-52	5.0	60	5	35	67
53	7.5	61	5	35	67
54	30.0	62	20	70	67
55	50.0	63	10	35	67
56	20.0	64	15	45	67
57	22.5	65	50	50	67
58	25.0	66-69	40	40	67
59	40.0	70	100	100	67
60-61	75.0	71+	100	100	100
62-64	80.0				
65	100.0				

Termination

Active employees are assumed to terminate employment for reasons other than death, disability or retirement in accordance with annual rates varying by service and bargaining unit. Sample rates are as follows:

Yrs of Service	Police &	All Others
	Fire	
0	9.60%	8.60%
1	6.40	6.67
2	4.40	4.72
3	4.00	3.92
4	4.00	3.36
5	3.60	3.04
10	2.80	1.90
15	2.40	1.26
20	1.60	0.86
25	1.60	0.72
30+	1.60	0.48

Actuarial Assumptions

Disability

Active employees are assumed to become disabled in accordance with annual rates varying by age. Sample rates are as follows:

Age	Rate
20	0.03%
30	0.03
40	0.04
50	0.21
60	1.01

Changes Since Prior Measurement Date

1. Per-capita claims costs were updated to reflect experience since the previous valuation.
2. Valuation of life insurance benefits was updated to reflect benefit payable at death rather than annuitized group term life premium rates per applicable standards.

Rationale for Key Assumptions

Investment Rate of Return

The investment policy of the Employer is determined based on the goals and objectives of the Plan and the risk tolerance of the Employer. As new information regarding the economic environment becomes available the investment policy may need to be revised. Asset allocations fluctuate due to market performance, however, the targeted OPEB asset allocation is as described below. The Employer's objective in selecting the Expected Long-Term rate of return on Assets is to estimate the single rate of return that reflects the historical returns, future expectations for each asset class, and the asset mix of the plan assets.

The Employer is invested in an immunized portfolio of US Treasuries, which includes 32 bonds with maturities from 2024 to 2054.

Asset Classes	Target Allocation	Real Rate of Return
Immunized Treasury Portfolio Model	100%	2.04%
Other	0%	0.00%
Expected Real Rate of Return		2.04%
Inflation Rate	+	2.50%
Total Investment Rate of Return		4.54%

Discount Rate

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) 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 scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

For purposes of calculating the discount rate, it is assumed that all future Employer contributions will be equal to the projected net retiree benefit payments, consistent with the Employer's substantive historical 'pay-as-you-go' funding policy.

Single Equivalent Interest Rate (SEIR)

Long-Term Expected Rate of Return	4.54%
S&P Municipal Bond 20-Year High-Grade Rate Index	4.28%
Administrative Expenses Paid from the Trust	0.01%
Year in which Fiduciary Net Position is Depleted	N/A
Single Equivalent Interest Rate	7.00%

Rationale for Key Assumptions

Annual Healthcare Trend

Initial health care cost trends are set based on recent credible employer experience and current marketplace trends benchmarked in the most recent Segal Health Plan Cost Trend Survey, which includes responses from 80 percent of the commercially insured and self-insured market. The initial trend rates are assumed to decrease to an ultimate rate over a period of several years. For the ultimate rate, we used the latest Getzen Model of Long-Run Medical Cost Trends published by the Society of Actuaries as a benchmark. Healthcare costs are currently approximately 18% of the Gross Domestic Product (GDP). The basis of this long-run model is that health care costs will grow at a slightly higher rate than GDP until they reach a certain percentage of GDP, at which point health costs and GDP will increase at the same pace.

Rates of Morbidity

To reflect the increased utilization of medical and pharmacy benefits as a participant ages, rates of morbidity were assumed to age-adjust the average starting per-capita claims cost. These rates are based on *Health Care Costs - From Birth to Death* published by the Society of Actuaries in 2013. Assumed rates utilize a blend of male and female tables as well as medical vs pharmacy tables from the original study.

Termination, Retirement, Medical Plan Participation, Spouse Participation, and Spouse Age Difference

These assumptions were selected based on the results of the June 2023 actuarial experience study. This study analyzed Plan experience from 1/1/2015 through 1/1/2021.

Mortality

The mortality assumption is the most recent "PUB-2010" headcount-weighted table from the Society of Actuaries with any collar adjustments selected based on the actuary's experience with plans of a similar size, plan design, workforce composition, and discussions with the Employer. The most recent fully-generational "MP" improvement scale is used to reflect future mortality improvements.

Actuarial Methods

Actuarial Cost and Benefit Expense Methods

The results contained herein are based upon the Entry Age Normal Actuarial Cost method as a level percentage of pay, as prescribed in GASB Nos. 74 & 75. Under this method the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

The measurement date used each year for purposes of determining the value of liabilities and assets is December 31. In instances where the measurement date and valuation date are different, roll-forward calculations allowed by the GASB are used to adjust the liabilities for the passage of time.

Actuarial gains or losses are recognized in OPEB Expense via a straight-line amortization over the average future service lives of all plan participants beginning the measurement period in which the gain or loss occurred. If the average future service lives of all plan participants is less than or equal to 1, gains or losses are recognized immediately in the year they occur. Investment gains or losses are recognized in OPEB Expense via a straight-line amortization over 5 years.

Plan Assets

Plan assets reflect the market value of assets held in a qualified OPEB Trust as of the measurement date, per the requirements of GASB Nos. 74 & 75

Funding/Contribution Policy

The Plan sponsor finances benefit payments as they come due, aka 'pay-as-you-go', with ad-hoc Trust contributions made at the sponsor's discretion.

Healthcare Reform

Aspects of the Affordable Care Act were included in the valuation only to the extent they have already been implemented in the plan.

Valuation Procedures

No actuarial liability is accrued for participants who terminated before benefit eligibility or who are not eligible to participate in the plan.

Actuarial Models

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. Certain models were used in preparing the information presented herein.

Actuarial Methods

Actuarial Models (cont.)

CBIZ uses third-party software to perform annual actuarial valuations. The intended purpose of this valuation software is to calculate the liabilities associated with the provisions of the Plan, reflecting methods, data and assumptions as of the valuation date, under applicable laws, regulations, and other guidance. CBIZ also uses third-party and in-house software to apply the accounting standards to the liabilities, along with other user inputs, to generate the exhibits in the report. These models, including their inputs, calculations and outputs, are reviewed in detail and at a high level for accuracy, reasonability, and consistency with prior results. The models are also reviewed by experts who are familiar with applicable rules and manner in which the models generate output when significant change are made.

ASOP 56 requires the actuary to disclose any material weaknesses or limitations of the models. We are not aware of any material weaknesses or limitations in these models that would prevent them from being suitable for these intended purposes. ASOP 56 also requires the actuary to identify and disclose any material inconsistencies among actuarial assumptions. To our knowledge, there are no material inconsistencies in assumptions.

Changes Since Prior Measurement Date

None

Risks Inherent in Actuarial Valuations

The results presented in this report are based upon various actuarial assumptions detailed herein. The actuarial assumptions represent the expected experience for the Plan. Actuarial assumptions are used in a forward-looking financial and demographic model to present a single scenario from a wide range of possibilities. However, the future is uncertain, and the Plan's actual experience will differ from these assumptions; these differences may be significant or material because actuarial estimates can be very sensitive to the assumptions made, and in some cases, the interaction between these assumptions.

The purpose of this section is to help the readers of this report gain a better understanding of those risks inherent in the measurement of post-retirement benefit obligations, in accordance with Actuarial Standards of Practice No. 51 (ASOP 51). The risks presented in this section are those that may be *reasonably anticipated to significantly affect* the Plan's future financial condition, however, the possibility of other risks exists. This section is not intended to assess the ability or willingness of the plan sponsor to make contributions when due or assess the likelihood of changes in laws.

Risk, as defined in ASOP 51, is the potential of actual future measurements deviating from expected future measurements resulting from actual experience deviating from actuarially assumed experience. Given that the future is uncertain, there are inherent risks involved when measurement post-retirement benefit obligations, which can lead to volatility in the funded status of the Plan and projected contributions.

Discussion

Examples of risks from differences between assumptions and actuarial experience that could significantly affect a Plan's future financial condition include:

- Investment risk - the potential that actual investment returns will be different from expected;
- Health Trend risk - the potential that the per-capita cost of healthcare services will increase differently than expected;
- Interest rate risk - the potential that interest rates will be different from expected;
- Longevity and other demographic risks - the potential that mortality or other demographic experience will be different from expected; and
- Contribution risk - the potential of actual contributions deviating from expected future contributions

The risks described above have the potential to impact the future financial position of the Plan. A summary of how these risks potentially impact the future financial position of the Plan is provided below.

Investment Risk

Investment risk will affect the Plan's future financial condition, both positively (if asset returns are greater than expected) and negatively (if asset returns are less than expected). Higher returns provide more assets to pay for benefits and lower returns provide less assets to pay for benefits.

Risks Inherent in Actuarial Valuations

Interest Rate Risk

A Plan's liabilities are dependent on interest rate assumptions. Interest rates are inversely related to a Plan's liabilities, (i.e., a decrease in interest rates will increase the liabilities, and an increase in interest rates will decrease the liabilities). In addition, the following factors affect interest rate risk:

- Portfolio composition - for Plans that invest in a diversified portfolio of stocks, bonds, and other investments, the objective is to maximize investment returns at a reasonable level of risk. The potential for investment returns to be different than expected is greater with such a portfolio than one primarily made of fixed income investments (e.g., treasuries). Reducing the plan's investment risk by investing solely in bonds, however, would also likely reduce the plan's investment returns, thereby increasing the amount of contributions needed over the long term.
- Duration - the Duration of a plan can be used to estimate the impact a change in interest rates will have on the Plan's liabilities. The Plan has a duration of 10, which means that a 1% change in interest rates will change the liabilities by approximately 10%.

Health Trend Risk

Health trend is comprised of several factors, such as price increases for medical services, advancements in technology, member utilization rates, etc. A Plan's liabilities and future cash flows are dependent on health trend assumptions. Trend rates are in direct relation to a Plan's liabilities, (i.e. a decrease in trend rates will decrease the liabilities, and an increase in trend rates will increase the liabilities). In addition, the following factors affect trend rate risk:

- Plan design - the leveraging effect of deductibles, coinsurance, etc. can affect the rate at which the Plan sponsor's costs increase. The presence of reinsurance for self-funded plans, secondary payors such as Medicare, and subsidization through things like Health Reimbursement Arrangements (HRAs) can also impact utilization and trend.
- Duration - similarly to interest rates, a longer duration of future cash flows is proportional to an increase in a liability's sensitivity to changes in health care trend, and vice versa. A plan that offers only Pre-Medicare retiree benefits may be exposed to a different level of trend risk than one that offers retiree benefits for life.

Changes in Participant Longevity and Other Demographic Risks

Longevity risk will affect the Plan's future financial condition if mortality experience is different from expected. For example, participants living longer than expected will cause benefits to be paid out over a longer period of time. Demographic risk will affect the Plan's future financial condition if other assumptions, such as termination rates, disability incidence, etc., are different from expected. For example, if a valuation assumes no disability incidence, but the Plan pays disability benefits, the valuation could be understating the liabilities.

Demographic assumptions such as mortality rates, termination rates, disability incidence and retirement from active service, as well as post-retirement plan participation and spousal information can all impact the Plan.

Risks Inherent in Actuarial Valuations

Contribution Risk

Contribution risk will affect the Plan's future financial condition if actual contributions deviate from expected future contributions. For example, if a Plan does not make contributions in accordance with its funding policy, or if there is a material change that occurs in the anticipated number of covered participants, covered payroll, or other relevant contribution base, or if the plan sponsor is experiencing a financial hardship.

CBIZ did not analyze the impact of the Plan choosing not to make contributions in accordance with the funding policy, or the Plan's inability to make contributions when due, outside of the scope of GASB Nos. 74 & 75.

Other Considerations

The risks discussed herein are those that may reasonably be anticipated to significantly affect the Plan's future financial condition. The possibility of other risks exists. Each risk discussed has the potential to not only impact the Plan's future financial position by itself, but also in conjunction with other risks. To understand the impact each risk could have on the overall financial position of the Plan, a more detailed assessment should be performed. We are available to review the impact of the risks discussed in this section, as well as any other applicable risks upon request.

Low-Default-Risk Obligation Measure

Effective for measurement dates after February 15, 2023, ASOP 4 requires a new liability measure be included in actuarial valuation reports.

The OPEB plan invests in a diversified portfolio of stocks, bonds, and other investments with the objective of maximizing investment returns at a reasonable level of risk. The potential for investment returns to be different than expected is a key risk for the plan. Reducing the plan’s investment risk by investing solely in bonds, however, would also likely reduce the plan’s investment returns, thereby increasing the amount of contributions needed over the long term. The Low-Default-Risk Obligation Measure (LDROM) represents what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future benefit payments. ASOP 4 also requires commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of participant benefits.

The LDROM helps understand the cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns. The funded status and Actuarially Determined Contribution are determined using the expected return on assets which reflects the actual investment portfolio. Benefit security for members of the plan relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsor. Since the assets are not invested in an all-bond portfolio, the LDROM does not indicate the funding status or progress, nor provide information on necessary plan contributions or the security of participant benefits. The difference between the plan’s Actuarial Accrued Liability and the LDROM can be thought of as representing the expected plan sponsor savings from investing in the plan’s diversified portfolio compared to investing only in high-quality bonds.

The following details the LDROM based on the 20-year Tax-Exempt General-Obligation Municipal Bond Yield published via the S&P Municipal Bond 20-Year High-Grade Rate Index as of January 1, 2025. All other assumptions used to determine the LDROM are the same as those used to determine the plan’s Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability that is used to calculate the Actuarially Determined Contribution shown earlier in this report. These liabilities are based on the Individual Entry Age Normal Cost Method.

	LDROM	Funding
Actuarial Accrued Liability:	\$ 180,622,330	\$ 175,930,186
Effective Interest Rate:	4.28%	4.54%

Definitions

Actuarial Present Value of Projected Benefits	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation Date	The date as of which the service cost, total OPEB liability, and related actuarial present value of projected benefit payments is determined in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarially Determined Contribution (ADC)	A target or recommended contribution to a defined benefit plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Closed Period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to a OPEB plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government plan), or employees. Contributions can result from cash receipts by the OPEB plan or from recognition by the OPEB plan of a receivable from one of these sources.
Cost-of-Living Adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Covered Employee Payroll	The payroll of employees that are provided with OPEBs through the OPEB plan.
Deferred Outflows and Inflows of Resources Related to OPEBs	Deferred outflows of resources and deferred inflows of resources related to OPEBs arising from certain changes in the net OPEB liability.

Definitions

- 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 based on one or more factors such as age, years of service, and compensation; or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums.
- Defined Contribution OPEB** OPEB having terms that (a) provide an individual account for each employee; (b) define the contributions that an employer or nonemployer contributing entity is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (c) provide that the OPEB an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earning on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as OPEB plan administrative costs, that are allocated to the employee's account.
- Discount Rate** The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:
- (a) The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected (under the requirements of Statement 75) to be greater than the benefit payments that are projected to be made in that period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on OPEB plan investments.
 - (b) The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Definitions

Entry Age Actuarial Cost Method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the <i>normal cost</i> . The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the <i>actuarial accrued liability</i> .
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.
Money-Weighted Rate of Return	A method of calculating period-by-period returns on OPEB plan investments that adjusts for the changing amounts actually invested. For purposes of Statement 74, money-weighted rate of return is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense.
Net OPEB Liability	The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan, less the Fiduciary Net Position.
OPEB Expense	OPEB expense arising from certain changes in the net OPEB liability.
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
Postemployment Healthcare Benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

Definitions

Projected Benefit Payments	All benefits (including refunds of employee contributions) estimated to be payable through the OPEB plan (including amounts to be paid by employers or nonemployer contributing entities as the benefits come due) to current active and inactive employees as a result of their past service and their expected future service.
Real Rate of Return	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Termination Benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total OPEB Liability	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 75. The total OPEB liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria of paragraph 4 of Statement 75.