



nyhart
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GASB 75 ACTUARIAL VALUATION

Fiscal Year Ending December 31, 2023

RACINE COUNTY AND RCSCO

CONTACT

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April 17, 2024

**Gwen Zimmer
Racine County and RCSO
730 Wisconsin Avenue
Racine, WI 53403**

This report summarizes the GASB actuarial valuation for the Racine County and RCSO 2023 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. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

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 are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

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



Cody Kocher, FSA, MAAA
Actuary



John Lee, FSA, MAAA
Actuary

Executive Summary

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending December 31, 2023 compared to the prior fiscal year as shown in the County's Notes to Financial Statement.

	As of December 31, 2022	As of December 31, 2023
Total OPEB Liability	\$ 111,085,692	\$ 78,717,026
Actuarial Value of Assets	\$ 0	\$ 0
Net OPEB Liability	\$ 111,085,692	\$ 78,717,026
Funded Ratio	0.0%	0.0%

	FY 2022	FY 2023
OPEB Expense	\$ 5,231,931	\$ (6,225,076)
Annual Employer Contributions	\$ 7,136,530	\$ 7,000,929

	As of December 31, 2022	As of December 31, 2023
Discount Rate	4.31%	4.00%
Expected Return on Assets	N/A	N/A

	As of December 31, 2023
Total Active Participants	949
Total Retiree Participants	652

The active participants' number above includes active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

Executive Summary

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Summary of Results

Below is a breakdown of total GASB 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre- and post- Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Present Value of Future Benefits	As of December 31, 2022	As of December 31, 2023
Active Employees	\$ 59,035,983	\$ 41,301,480
Retired Employees	83,378,766	56,506,861
Total Present Value of Future Benefits	\$ 142,414,749	\$ 97,808,341

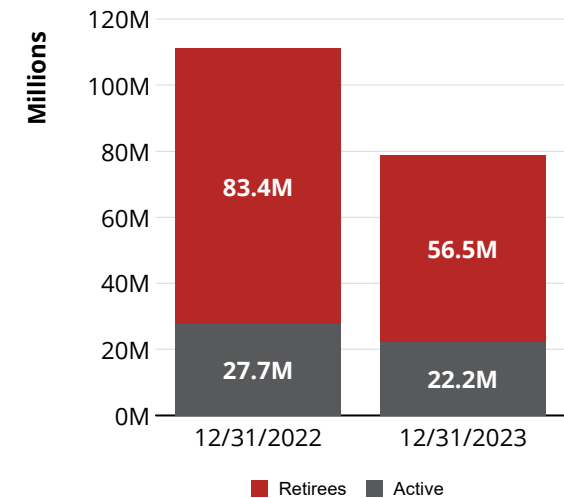
Total OPEB Liability	As of December 31, 2022	As of December 31, 2023
Active Pre-Medicare	\$ 25,890,185	\$ 20,832,258
Active Post-Medicare	1,816,741	1,377,907
Active Liability	\$ 27,706,926	\$ 22,210,165

Retiree Pre-Medicare	\$ 17,664,035	\$ 30,082,033
Retiree Post-Medicare	65,714,731	26,424,828
Retiree Liability	\$ 83,378,766	\$ 56,506,861

Total OPEB Liability	\$ 111,085,692	\$ 78,717,026
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	As of December 31, 2022	As of December 31, 2023
Discount Rate	4.31%	4.00%

Changes In Total OPEB Liability



Present Value of Future Benefits (PVFB) is the amount needed as of December 31, 2023 and December 31, 2022, to fully fund the County's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of December 31, 2023 and December 31, 2022. This amount is a required disclosure in the Required Supplementary Information

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Total OPEB Liability					
Total OPEB Liability - beginning of year	\$ 111,085,692	\$ 143,914,360	\$ 153,035,186	\$ 204,538,965	\$ 176,863,475
Service cost	2,092,765	3,131,015	2,908,132	3,230,644	2,612,329
Interest	4,728,713	3,228,682	3,230,928	6,639,558	7,213,774
Change of benefit terms	0	0	0	(49,545,136)	(369,407)
Changes in assumptions	7,196,107	(26,768,538)	(1,212,889)	18,953,787	17,972,900
Differences between expected and actual experience	(39,385,322)	(5,283,297)	(6,927,546)	(22,511,911)	8,242,782
Benefit payments	(7,000,929)	(7,136,530)	(7,119,451)	(8,270,721)	(7,996,888)
Net change in total OPEB liability	\$ (32,368,666)	\$ (32,828,668)	\$ (9,120,826)	\$ (51,503,779)	\$ 27,675,490
Total OPEB Liability - end of year	\$ 78,717,026	\$ 111,085,692	\$ 143,914,360	\$ 153,035,186	\$ 204,538,965
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions - employer	7,000,929	7,136,530	7,119,451	8,270,721	7,996,888
Contributions - active employees	0	0	0	0	0
Net investment income	0	0	0	0	0
Benefit payments	(7,000,929)	(7,136,530)	(7,119,451)	(8,270,721)	(7,996,888)
Trust administrative expenses	0	0	0	0	0
Net change in plan fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Plan fiduciary net position - end of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability - end of year	\$ 78,717,026	\$ 111,085,692	\$ 143,914,360	\$ 153,035,186	\$ 204,538,965
Plan fiduciary net position as % of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as % of covered payroll	N/A	N/A	N/A	N/A	N/A

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2018	FY 2017
Total OPEB Liability		
Total OPEB Liability - beginning of year	\$ 199,281,329	\$ 198,659,508
Service cost	2,738,854	2,116,911
Interest	7,056,535	7,485,907
Change of benefit terms	0	11,297,604
Changes in assumptions	(13,297,058)	10,985,325
Differences between expected and actual experience	(11,243,287)	(22,591,039)
Benefit payments	(7,672,898)	(8,672,887)
Net change in total OPEB liability	\$ (22,417,854)	\$ 621,821
Total OPEB Liability - end of year	\$ 176,863,475	\$ 199,281,329
Plan Fiduciary Net Position		
Plan fiduciary net position - beginning of year	\$ 0	\$ 0
Contributions - employer	7,672,898	8,672,887
Contributions - active employees	0	0
Net investment income	0	0
Benefit payments	(7,672,898)	(8,672,887)
Trust administrative expenses	0	0
Net change in plan fiduciary net position	\$ 0	\$ 0
Plan fiduciary net position - end of year	\$ 0	\$ 0
Net OPEB Liability - end of year	\$ 176,863,475	\$ 199,281,329
Plan fiduciary net position as % of total OPEB liability	0.0%	0.0%
Covered employee payroll	N/A	N/A
Net OPEB liability as % of covered payroll	N/A	N/A

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

OPEB Expense

OPEB Expense	FY 2023	FY 2022
Discount Rate		
Beginning of year	4.31%	2.25%
End of year	4.00%	4.31%
Service cost	\$ 2,092,765	\$ 3,131,015
Interest	4,728,713	3,228,682
Change of benefit terms	0	0
Projected earnings on OPEB plan investments	0	0
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	0	0
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (13,332,661)	\$ (4,707,747)
Changes in assumptions	286,107	3,579,981
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total current period recognition	\$ (13,046,554)	\$ (1,127,766)
Total OPEB expense	\$ (6,225,076)	\$ 5,231,931

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

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. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the 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 items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2023
December 31, 2017	\$ (22,591,039)	4	\$ 0	\$ 0
December 31, 2018	\$ (11,243,287)	4	\$ 0	\$ 0
December 31, 2019	\$ 8,242,782	4	\$ 0	\$ 0
December 31, 2020	\$ (22,511,911)	5	\$ (4,502,382)	\$ (4,502,383)
December 31, 2021	\$ (6,927,546)	5	\$ (1,385,509)	\$ (2,771,019)
December 31, 2022	\$ (5,283,297)	6	\$ (880,550)	\$ (3,522,197)
December 31, 2023	\$ (39,385,322)	6	\$ (6,564,220)	\$ (32,821,102)

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Deferred Outflows / (Inflows) of Resources (Continued)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2023
December 31, 2017	\$ 10,985,325	4	\$ 0	\$ 0
December 31, 2018	\$ (13,297,058)	4	\$ 0	\$ 0
December 31, 2019	\$ 17,972,900	4	\$ 0	\$ 0
December 31, 2020	\$ 18,953,787	5	\$ 3,790,757	\$ 3,790,759
December 31, 2021	\$ (1,212,889)	5	\$ (242,578)	\$ (485,155)
December 31, 2022	\$ (26,768,538)	6	\$ (4,461,423)	\$ (17,845,692)
December 31, 2023	\$ 7,196,107	6	\$ 1,199,351	\$ 5,996,756

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2023
December 31, 2019	\$ 0	N/A	\$ 0	\$ 0
December 31, 2020	\$ 0	N/A	\$ 0	\$ 0
December 31, 2021	\$ 0	N/A	\$ 0	\$ 0
December 31, 2022	\$ 0	N/A	\$ 0	\$ 0
December 31, 2023	\$ 0	N/A	\$ 0	\$ 0

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Deferred Outflows / (Inflows) of Resources (Continued)

As of fiscal year ending December 31, 2023	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (43,616,701)
Changes in assumptions	9,787,515	(18,330,847)
Net difference between projected and actual earnings in OPEB plan investments	N/A	N/A
Total	\$ 9,787,515	\$ (61,947,548)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of December 31, 2023 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2024	\$ (13,046,553)
2025	\$ (12,334,929)
2026	\$ (10,706,842)
2027	\$ (10,706,839)
2028	\$ (5,364,870)
Thereafter	\$ 0

GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Sensitivity Results

The following presents the Net OPEB Liability as of December 31, 2023, 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 4.00%.
- The 1% decrease in discount rate would be 3.00%.
- The 1% increase in discount rate would be 5.00%.

As of December 31, 2023	Net OPEB Liability
1% Decrease	\$ 87,152,245
Current Discount Rate	\$ 78,717,026
1% Increase	\$ 71,571,581

The following presents the Net OPEB Liability as of December 31, 2023, 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 8.00%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.00%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 9.00%, decreasing to an ultimate rate of 5.50%.

As of December 31, 2023	Net OPEB Liability
1% Decrease	\$ 71,221,565
Current Trend Rates	\$ 78,717,026
1% Increase	\$ 87,623,152

* Current Post-65 health care trend rates are set to 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50%. The sensitivity results above account for 1% increases/decreases in these rates as well.

Projection of GASB Disclosures

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual health care costs increase more than expected. A liability decrease occurs when the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2023	FY 2024
TOL as of beginning of year	\$ 111,085,692	\$ 78,717,026
Normal cost as of beginning of year	2,092,765	1,482,634
Exp. benefit payments during the year	(7,000,929)	(5,191,277)
Interest adjustment to end of year	4,728,713	3,105,179
Exp. TOL as of end of year	\$ 110,906,241	\$ 78,113,562
Actuarial Loss / (Gain)	(32,189,215)	TBD
Actual TOL as of end of year	\$ 78,717,026	\$ TBD

Discount rate as of beginning of year	4.31%	4.00%
Discount rate as of end of year	4.00%	TBD

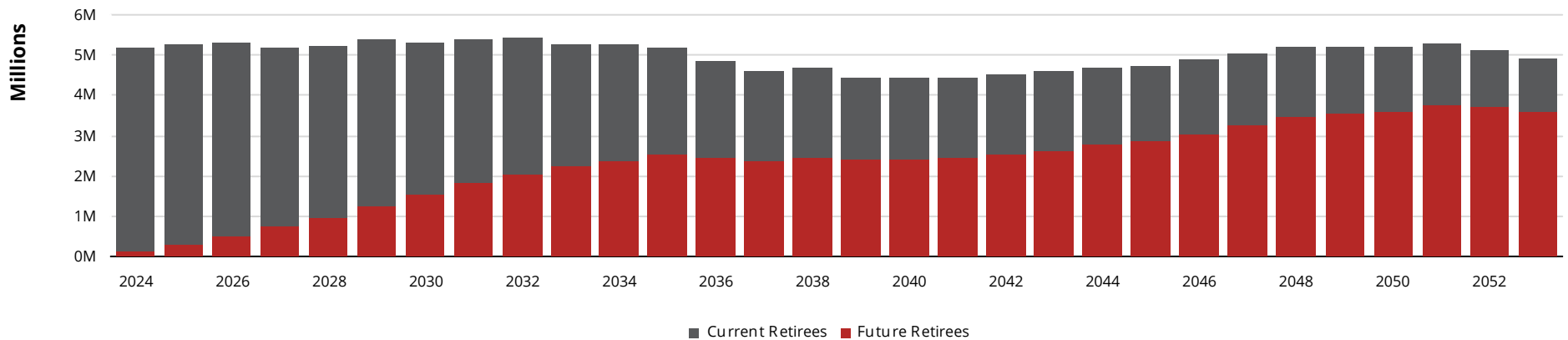
Cash Flow Projections

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current/future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees*	Total	FYE	Current Retirees	Future Retirees*	Total	FYE	Current Retirees	Future Retirees*	Total
2024	\$ 5,058,602	\$ 132,675	\$ 5,191,277	2034	\$ 2,894,120	\$ 2,344,380	\$ 5,238,500	2044	\$ 1,922,632	\$ 2,753,020	\$ 4,675,652
2025	\$ 4,983,378	\$ 289,537	\$ 5,272,915	2035	\$ 2,641,783	\$ 2,519,127	\$ 5,160,910	2045	\$ 1,892,981	\$ 2,836,203	\$ 4,729,184
2026	\$ 4,777,527	\$ 501,665	\$ 5,279,192	2036	\$ 2,379,785	\$ 2,460,906	\$ 4,840,691	2046	\$ 1,852,521	\$ 3,028,148	\$ 4,880,669
2027	\$ 4,454,328	\$ 733,794	\$ 5,188,122	2037	\$ 2,263,620	\$ 2,346,193	\$ 4,609,813	2047	\$ 1,801,734	\$ 3,263,173	\$ 5,064,907
2028	\$ 4,247,649	\$ 970,192	\$ 5,217,841	2038	\$ 2,236,863	\$ 2,436,907	\$ 4,673,770	2048	\$ 1,740,280	\$ 3,467,211	\$ 5,207,491
2029	\$ 4,139,254	\$ 1,248,731	\$ 5,387,985	2039	\$ 2,029,888	\$ 2,395,920	\$ 4,425,808	2049	\$ 1,672,763	\$ 3,547,008	\$ 5,219,771
2030	\$ 3,750,622	\$ 1,550,369	\$ 5,300,991	2040	\$ 2,031,230	\$ 2,402,036	\$ 4,433,266	2050	\$ 1,596,547	\$ 3,620,213	\$ 5,216,760
2031	\$ 3,583,482	\$ 1,812,101	\$ 5,395,583	2041	\$ 1,982,834	\$ 2,450,597	\$ 4,433,431	2051	\$ 1,515,769	\$ 3,768,724	\$ 5,284,493
2032	\$ 3,372,133	\$ 2,043,679	\$ 5,415,812	2042	\$ 1,984,212	\$ 2,538,608	\$ 4,522,820	2052	\$ 1,428,968	\$ 3,709,725	\$ 5,138,693
2033	\$ 3,031,178	\$ 2,230,178	\$ 5,261,356	2043	\$ 1,975,948	\$ 2,624,359	\$ 4,600,307	2053	\$ 1,338,258	\$ 3,604,771	\$ 4,943,029

Projected Employer Pay-go Cost



* Projections for future retirees do not take into account future new hires.

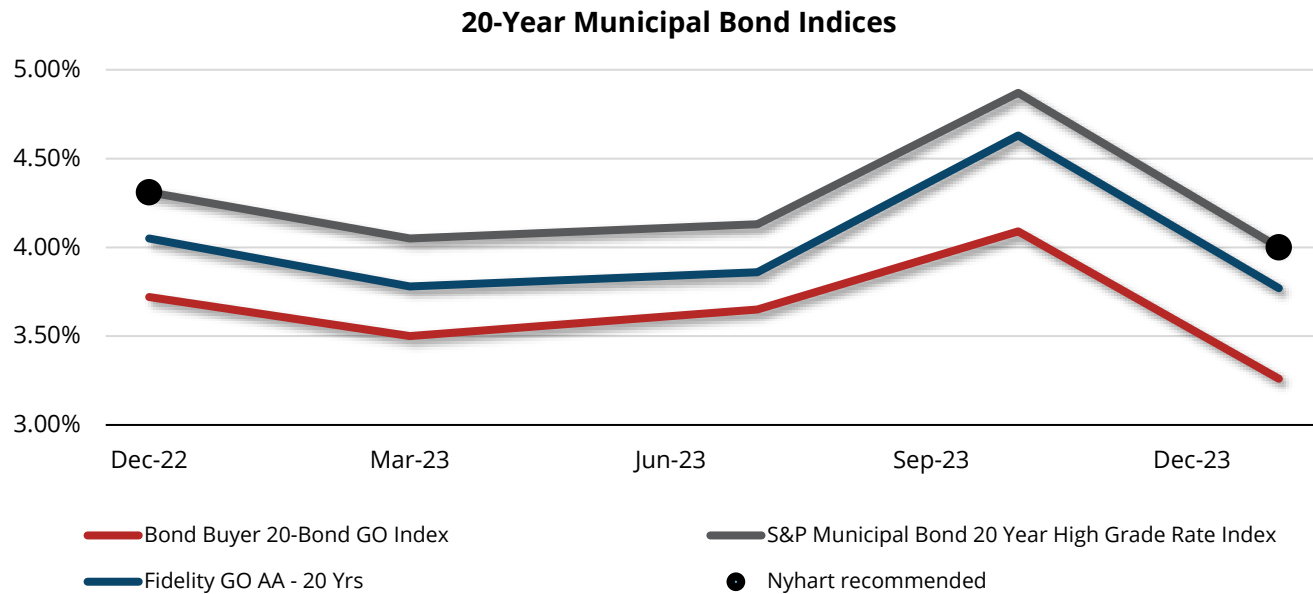
Discussion of Discount Rates

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on 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).

For the current valuation, the discount rate was 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.

	Bond Buyer Go 20-Bond Municipal Bond Index	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Yield as of December 31, 2022	3.72%	4.31%	4.05%	3.72% - 4.31%	4.31%
Yield as of December 31, 2023	3.26%	4.00%	3.77%	3.26% - 4.00%	4.00%



Summary of Plan Participants

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Active Employees

Actives with coverage	Single ¹	Non-Single ²	Total	Avg. Age	Avg. Svc	Salary
Plan 8	289	460	749	41.5	8.0	N/A
Plan 9	16	8	24	37.7	3.9	N/A
Total actives with coverage	305	468	773	41.4	7.9	N/A

Actives without coverage ³	Total	Avg. Age	Avg. Svc	Salary
Total actives without coverage	176	40.8	4.0	N/A

Active Age-Service Distribution

Age	Years of 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 & up	
Under 25	32	17									49
25 to 29	43	70	7								120
30 to 34	31	76	43	5							155
35 to 39	29	53	34	24	4						144
40 to 44	19	46	27	18	18	2					130
45 to 49	11	43	15	12	9	20	4				114
50 to 54	8	26	9	11	9	28	20	1			112
55 to 59	7	20	6	6	5	10	8	4			66
60 to 64	2	11	10	2	5	3	2	1			36
65 to 69	2	3	3	1	1		2	1			13
70 & up	1		4	1	2			1	1		10
Total	185	365	158	80	53	63	36	8	1	0	949

¹ Includes participants with Employee Only, Employee and 1 Child, and Employee + Child(ren) coverage levels.

² Includes participants with Employee + Spouse, Employee + Spouse + 1 Child, and Family coverage levels.

³ Actives without coverage are not assumed to elect health coverage at retirement. The Deputies/Sheriff's County-provided life insurance is the only benefit valued as a liability for valuation purposes for actives without coverage.

Summary of Plan Participants

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

County Retirees

Retirees with coverage	Single ⁴	Non-Single ⁵	Total	Avg. Age
Plan 6A	6	1	7	66.0
Plan 6B	23	1	24	66.6
Plan 6C	11	5	16	64.7
Plan 8	69	84	153	60.0
Total retirees with coverage	109	91	200	61.4
Retirees without coverage ⁶			Total	Avg. Age
Total retirees without coverage			447	76.5

RCSO Former Employees and Retirees

RCSO retirees with coverage	Single ⁴	Non-Single ⁵	Total	Avg. Age
Plan 6B	0	1	1	64.0
Total retirees with coverage	0	1	1	64.0
RCSO retirees without coverage ⁶			Total	Avg. Age
Total retirees without coverage			4	73.7

Retiree Age Distribution

Age	Retirees
< 45	1
45 to 49	1
50 to 54	13
55 to 59	69
60 to 64	92
65 to 69	101
70 to 74	132
75 to 79	112
80 to 84	65
85 to 89	41
90 & up	25
Total	652

⁴ Includes participants with Employee Only, Employee and 1 Child, and Employee + Child(ren) coverage levels.

⁵ Includes participants with Employee + Spouse, Employee + Spouse + 1 Child, and Family coverage levels.

⁶ All County retirees without coverage have life insurance benefits. They have been included in the GASB valuation.

Substantive Plan Provisions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Eligibility

Racine County employees are eligible for retiree health benefits provided they:

1. Are enrolled in the County's health insurance at the time of retirement.
2. Meet the age and other requirements for retirement under Wisconsin Retirement System (WRS).
3. Have at least 15 years of service with Racine County for those retiring on/after January 1, 2013.
4. Make the necessary premium contributions as specified by the County.

WRS requirements are as follows:

1. General employees:
 - a. Early retirement – age 55 and vested
 - b. Normal retirement – earlier of age 65 or age 57 with 30 years of service
2. Protective service:
 - a. Early retirement – age 50 and vested
 - b. Normal retirement – earlier of age 54 or age 53 with 25 years of service
3. Elected officials:
 - a. Early retirement – age 55 and vested
 - b. Normal retirement – earlier of age 62 if enrolled prior to 1/1/2017, age 65 if enrolled after 1/1/2017, or age 57 with 30 years of service

WRS vesting requirement is immediately for members prior to July 1, 2011 and 5 years of service for members on/after July 1, 2011.

General employees who become disabled in the line of duty are able to retire immediately and be eligible for retiree health benefits if they were hired prior to November 1, 2003. For valuation purposes, these individuals are assumed to contribute 15% of the retiree premium. General employees who retire due to disability on/after November 1, 2003 are only eligible for COBRA coverage. All Protective service employees are eligible to retire with retiree health benefits immediately in the event of line-of-duty disability and must contribute 15% of the retiree premium to do so.

Length of Coverage

Employees hired prior to the hire date cut off shown below are eligible for lifetime retiree health benefits. Everybody else is eligible for retiree health benefits until Medicare eligibility, which is currently at age 65.

Substantive Plan Provisions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Length of Coverage (Continued)

Employee Groups	Hire Date Cut-Off
Non-Represented	September 1, 1998
Deputies and Command Staff	June 1, 1998
Teamsters	September 1, 2000
IAMAW-HSD	March 1, 2000
IAMAW-Courthouse	January 1, 2001
Attorneys Association	January 1, 1999
Ridgewood RN & Ridgewood 310	January 1, 2000

Life Insurance

The County provides fully-paid life insurance benefits that vary from \$3,000 to \$5,000 for retirees who retired prior to January 1, 2012. Life insurance benefit is no longer available to all employee groups except for Deputies and Command Staff who are still eligible for a fully-paid \$5,000 life insurance benefit.

Retiree Cost Sharing

Eligible employees who are required to retire due to disability are eligible for lifetime coverage, and they will be required to contribute 15% of the premium.

General Employees

Retiree contributions for existing retirees who retired prior to January 1, 2013 vary from 5% to 50% of premium.

Retiree contributions for employees hired prior to January 1, 2012 retiring on/after January 1, 2013 are as follows:

1. Prior to Medicare eligibility – retirees’ share is based on years of service at retirement as shown below:

YOS at Retirement	Retiree Contribution %	Notes
20+	15%	Same premium share as actives, which is 15% of premium effective on January 1, 2014
15 – 19	25%	10% more than actives’ premium share

2. Upon Medicare eligibility – retirees’ share is the greater of (a) the share based listed in item (1) above (based on years of service) and (b) the share listed below (based on retirement year)

Substantive Plan Provisions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Retiree Cost Sharing (Continued)

General Employees (Continued)

<u>Retirement Year</u>	<u>Retiree Contribution %</u>	<u>Retirement Year</u>	<u>Retiree Contribution %</u>
2012	10%	2017	35%
2013	15%	2018	40%
2014	20%	2019	45%
2015	25%	2020 – 2021	50%
2016	30%	2022+	100%

Employees hired on/after January 1, 2012 who retire on/after January 1, 2013 are required to pay the full cost of coverage.

Deputies

For both pre- and post-Medicare eligible retirees, retirees' share is based on years of service at retirement as shown below:

<u>YOS at Retirement</u>	<u>Retiree Contribution %</u>
25+	5%
20 – 24	10%
15 – 19	20%

Command Staff

For both pre and post-Medicare eligible retirees, retirees' share is based on years of service at retirement as shown below:

<u>YOS at Retirement</u>	<u>Retiree Contribution %</u>
20+	15%
15 – 19	20%

Spouse Benefit

For deaths occurring on/after January 1, 2012, retiree health coverage continues to surviving spouses of retirees until they are eligible for Medicare coverage. County's explicit subsidy will continue to surviving spouses provided that the retirees receive County's explicit subsidy prior to their deaths.

Substantive Plan Provisions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Medical Benefit

Pre-Medicare medical and prescription health plans are self-insured. Post-Medicare plan benefits are fully-insured and experience-rated by Humana. Vision is included as part of this benefit. Effective January 1, 2013, future retirees are only able to elect Plan 8 during retirement. Current retirees that are under 65 and retired prior to January 1, 2013 may continue to stay in currently enrolled plans. The combined premium rates effective January 1, 2024 for medical and prescription drug benefits are as shown below.

Plans	Pre-Medicare		Post-Medicare	
	Single	Family	Single	Family
Plan 6A	\$ 2,303.00	\$ 4,953.00	\$ 453.68	\$ 907.36
Plan 6B	\$ 2,242.00	\$ 4,822.00	\$ 460.83	\$ 921.66
Plan 6C	\$ 2,187.00	\$ 4,708.00	\$ 460.83	\$ 921.66
Plan 8	\$ 1,432.00	\$ 3,474.00	\$ 212.07	\$ 424.14
Plan 9	\$ 1,002.00	\$ 2,432.00	\$ 212.07	\$ 424.14

Dental Benefits

There is no GASB 75 liability for dental coverage as retirees pay the full cost of coverage.

Racine County School Office

The Racine County School Office (RCSO) will continue its contributions towards current retirees' medical premiums at the percentages that were determined at termination. The retiree health benefits coverage duration and continuation of benefits to surviving spouses depend on specific requirements that were implemented between 1999 and 2006. The eligibility, length of coverage, and retiree contribution requirement as a percent of premium for former RCSO employees who are eligible for the aforementioned benefits but have not yet started their retiree health benefits are as follows:

Employee Groups	Commencement of Benefits	Length of Coverage	Retiree Contribution
Group 2	WRS Pension eligible	Lifetime	5% or 10%
Group 3	WRS Pension eligible	Lifetime	Between 10% to 40%
Group 4	Age 60	Until age 65	20%

Actuarial Methods and Assumptions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and County experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the County 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 County. All calculations have been made in accordance with generally accepted actuarial principles and practice.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending December 31, 2022. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, mortality table, and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending December 31, 2025.

Measurement Date	For fiscal year ending December 31, 2023, a December 31, 2023 measurement date was used.
Actuarial Valuation Date	January 1, 2024 Liabilities as of December 31, 2023 are based on an actuarial valuation date of January 1, 2024 with no adjustments to get to the December 31, 2023 measurement date. Liabilities as of December 31, 2022 are based on an actuarial valuation date of January 1, 2022 with results projected to December 31, 2022.
Discount Rate	4.31% as of December 31, 2022 and 4.00% as of December 31, 2023 for accounting disclosure purposes. Refer to the Discussion of Discount Rates section for more information on selection of the discount rate. The discount rate was chosen by the County based on the information provided in the "Discussion of Discount Rates" section above.
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: <ul style="list-style-type: none">• 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.
Employer Funding Policy	Pay-as-you-go cash basis

Actuarial Methods and Assumptions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Payroll Growth

Payroll growth rates including general wage inflation of 3.00% plus merit/productivity increases are based on the Wisconsin Retirement System actuarial valuation as of December 31, 2022. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the Racine County. Sample merit/productivity increases are shown in the table below.

YOS	General	Protective Services w/ SS
0	3.50%	4.80%
5	2.50%	2.80%
10	1.50%	1.10%
15	1.10%	0.80%
20	0.90%	0.70%
25	0.60%	0.60%
30+	0.40%	0.50%

Census Data

Census information as of December 31, 2023 was provided by the County in March 2024. We have reviewed it for reasonableness and no material modifications were made to the census data.

Health Care Coverage Election Rate

Active employees with current coverage: 90%
Active employees with no current coverage: 0% (except for County-provided life insurance (Deputies/Command Staff), which is assumed to have a 100% election rate)
Active employees who retire due to disability: 100%

Inactive employees with current coverage: 100%
Inactive employees with no coverage but with life insurance: 100%
Inactive employees with neither current coverage nor life insurance: 0%

Terminated vested RCSO former employees in Groups 2 and 3: 100%
Terminated vested RCSO former employees in Group 4: 80%

The participation rates are based on the County's historical experience.

Actuarial Methods and Assumptions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Experience Study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the County to complete an actuarial assumption review (also referred to as an experience study) prior to the December 31, 2025 valuation.

Spousal Coverage

Spousal coverage and ages for current retirees is based on actual data.

75% of male and 50% of female employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives. The spousal age difference is based on the observed age difference among the general population of married individuals who are of retirement age.

Mortality

General: Pub-2010 General Total Dataset Headcount-weighted Mortality Table fully generational using scale MP-2021

Special Services: Pub-2010 Public Safety Total Dataset Headcount-weighted Mortality Table fully generational using scale MP-2021

Surviving Spouses: SOA Pub-2010 Continuing Survivor Total Dataset Headcount-weighted Mortality Table fully generational using Scale MP-2021

Disabled Retirees: SOA Pub-2010 Disabled Retiree Headcount-weighted Mortality Table fully generational using Scale MP-2021 for disabled retirees (public safety disability table for public safety employees and non-public safety disability table for general employees)

The plan does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.

Actuarial Methods and Assumptions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Turnover Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The turnover rates are based on those used in the WRS actuarial valuations as of December 31, 2022. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the Racine County. The annual turnover rates for General employees and Protective Service employees are based on the following select and ultimate tables:

YOS	Age	General		Protective
		Male	Female	w/ SS
0		17.7%	20.0%	15.6%
2		9.0%	11.5%	5.3%
4		6.6%	9.0%	4.2%
6		4.8%	6.3%	3.2%
8		4.1%	5.7%	2.7%
10+	30	3.2%	4.9%	2.1%
	40	2.4%	3.2%	1.5%
	50	1.7%	2.5%	1.3%

Disability

Assumption used to project disability prior to meeting minimum retirement eligibility for retiree health coverage. The disability rates are based on those used in the WRS actuarial valuations as of December 31, 2022. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the Racine County. Sample annual rates by group are as shown below:

Age	General Employees		Protective
	All YOS		All YOS
	Male	Female	Unisex
20	0.01%	0.00%	0.02%
25	0.01%	0.00%	0.02%
30	0.01%	0.02%	0.02%
35	0.01%	0.02%	0.03%
40	0.03%	0.03%	0.04%
45	0.06%	0.05%	0.05%
50	0.13%	0.07%	0.09%
55	0.24%	0.13%	1.39%
60+	0.43%	0.18%	2.34%

Actuarial Methods and Assumptions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Retirement Rate

Retirement rates are based on those used in the WRS actuarial valuation as of December 31, 2022. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the Racine County. Sample annual retirements are as shown below:

Age	General (Male)		General (Female)		Age	Protective w/ SS
	Reduced	Normal	Reduced	Normal		
55	7.3%	N/A	7.0%	N/A	50	6.0%
60	9.3%	20.0%	9.5%	20.0%	55	26.0%
62	19.0%	30.0%	16.0%	24.0%	60	22.0%
65		30.0%		35.0%	62	35.0%
67		32.0%		33.0%	65	34.0%
70		28.0%		26.0%	67	35.0%
72		28.0%		30.0%	70+	100.0%
75		100.0%		100.0%		

Health Care Trend Rates

FYE	Pre-65	Post-65
2024	8.00%	6.50%
2025	7.50%	6.25%
2026	7.00%	6.00%
2027	6.50%	5.75%
2028	6.00%	5.50%
2029	5.50%	5.25%
2030	5.00%	5.00%
2031	4.50%	4.75%
2032+	4.50%	4.50%

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.

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

Actuarial Methods and Assumptions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Per Capita Costs

Annual per capita costs were calculated based on the County's recommended retiree premium rates effective on January 1, 2024 as calculated by Nyhart based on experience data for the 36-month period ending December 31, 2022, actuarially increased using health index factors and retiree enrollment. The costs are assumed to increase with health care trend rates. Annual per capita costs are as shown below:

Age	Plan 6A \$5/10	Plan 6B \$10/15	Plan 6C \$10/30/55	Plan 8 20%/\$5/30/55	Plan 9 20%/\$5/30/55
50 - 54	\$ 19,600	\$ 19,000	\$ 18,500	\$ 12,200	\$ 9,000
55 - 59	\$ 24,400	\$ 23,700	\$ 23,100	\$ 15,200	\$ 11,200
60 - 64	\$ 28,800	\$ 28,000	\$ 27,300	\$ 17,900	\$ 13,200
65 - 69	\$ 5,152	\$ 5,234	\$ 5,234	\$ 2,409	\$ 2,409
70 - 74	\$ 6,464	\$ 6,566	\$ 6,566	\$ 3,022	\$ 3,022
75 - 79	\$ 7,344	\$ 7,459	\$ 7,459	\$ 3,433	\$ 3,433
80+	\$ 7,344	\$ 7,459	\$ 7,459	\$ 3,433	\$ 3,433

Explicit Subsidy

The difference between (a) the premium rate and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a future general retiree enrolled in pre-Medicare Plan 8 who was hired prior to January 1, 2012 and retiring with 20 years of service.

	Premium Rate A	Retiree Contribution B = 15% x A	Explicit Subsidy C = A - B
Retiree	\$ 1,432.00	\$ 214.80	\$ 1,217.20
Spouse	\$ 2,042.00	\$ 306.30	\$ 1,735.70

All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

Implicit Subsidy

The difference between (a) the per capita cost and (b) the premium rate. Below is an example of the monthly implicit subsidies for a 60 - 64 retiree with spouse of the same age enrolled in Plan 8.

	Per Capita Cost A	Premium Rate B	Implicit Subsidy C = A - B
Retiree	\$ 1,491.67	\$ 1,432.00	\$ 59.67
Spouse	\$ 1,491.67	\$ 2,042.00	\$ 0.00*

*Limited to \$0

Actuarial Methods and Assumptions

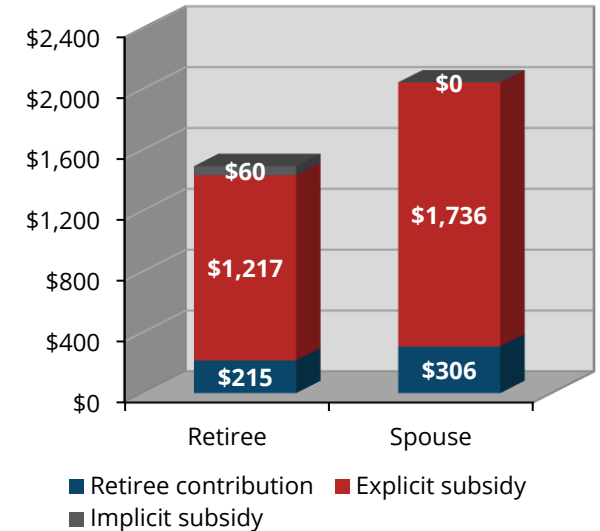
Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

GASB Subsidy Breakdown

Below is a breakdown of the GASB 75 monthly total cost for a 60 – 64 general retiree with a spouse of the same age enrolled in Plan 8 who was hired prior to January 1, 2012 and retiring with 20 years of service.

	Retiree	Spouse
Retiree contribution	\$ 214.80	\$ 306.30
Explicit subsidy	\$ 1,217.20	\$ 1,735.70
Implicit subsidy	\$ 59.67	\$ 0.00
Total monthly cost	\$ 1,491.67	\$ 2,042.00

GASB Subsidy Breakdown



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.

APPENDIX

The background features a complex geometric design. It consists of several overlapping, semi-transparent shapes. A large, solid red shape is prominent in the lower right quadrant. To its left, there are various shades of gray and white shapes, some of which are semi-transparent, creating a layered effect. The overall composition is clean and modern, with sharp lines and a limited color palette.

Appendix

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Comparison of Participant Demographic Information

The active participants' number below may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

	As of December 31, 2021	As of December 31, 2023
Active Participants	923	949
Retired Participants	738	652
County	669	647
RCSO	69	5
Averages for Active		
Age	41.3	41.3
Service	7.3	7.2
Averages for Inactive		
Age	71.4	71.8

Appendix

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

Detailed Actuary's Notes

There has been no substantive plan provision change since the last full valuation, which was for the fiscal year ending December 31, 2021.

Additionally, the following assumptions have been updated:

1. The discount rate as of the Measurement Date has been updated based on the 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). The prior valuation used a discount rate of 4.31% as of December 31, 2022. The current full valuation uses a discount rate of 4.00% as of December 31, 2023. This change caused an increase in liabilities.
2. Health care trend rates have been set to an annual trend of 8.0% decreasing to an ultimate rate of 4.5% for pre-65 and 6.5% decreasing to an ultimate rate of 4.5% for post-65 according to the schedule in the Health Care Trend Rates section of the Actuarial Methods and Assumptions. The impact of these changes is an increase in liabilities.
3. Disability rates have been updated based on the latest Wisconsin Retirement System actuarial valuation as of December 31, 2022. This change caused a slight increase in liabilities.
4. Termination rates have been updated based on the latest Wisconsin Retirement System actuarial valuation as of December 31, 2022. This change caused a slight decrease in liabilities.
5. Retirement rates have been updated based on the latest Wisconsin Retirement System actuarial valuation as of December 31, 2022. This change caused an increase in liabilities.

Additionally, premiums and per capita costs for 2024 were reflected, resulting in an increase in liabilities. The updated census data resulted in a significant decrease in liabilities, which is mainly driven by a decrease in the number of retirees with medical coverage based on clarifications received from the County this year.

Appendix

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

GASB Results by Group

Below is the summary of the GASB results for fiscal year ending December 31, 2023 based on the Entry Age Normal Level % of Pay cost method with a discount rate of 4.00%.

Union Groups	Net OPEB Liability		OPEB Expense		Unamortized Balance of Deferred Outflows		Unamortized Balance of Deferred Inflows	
	As of December 31, 2023		FY 2023		As of December 31, 2023		As of December 31, 2023	
RCSO	\$	63,067	\$	(1,045,103)	\$	172,255	\$	(5,476,790)
Development	\$	733,398	\$	(8,029)	\$	76,382	\$	(211,942)
Education and Recreation	\$	164,079	\$	(59,993)	\$	66,920	\$	(179,193)
General Government	\$	8,531,496	\$	(1,614,676)	\$	1,025,457	\$	(9,750,098)
Highway and Streets	\$	3,911,929	\$	(1,137,083)	\$	544,956	\$	(6,222,543)
Health and Social Services	\$	8,699,280	\$	(2,019,795)	\$	1,169,437	\$	(12,664,273)
Public Safety	\$	53,089,992	\$	550,980	\$	6,546,354	\$	(22,386,088)
Behavioral Health	\$	785,365	\$	(4,685)	\$	71,496	\$	(205,453)
Healthcare Center	\$	2,738,420	\$	(886,692)	\$	367,051	\$	(5,103,961)
Total	\$	78,717,026	\$	(6,225,076)	\$	10,040,308	\$	(62,200,341)

	Net OPEB Liability		OPEB Expense		Unamortized Balance of Deferred Outflows		Unamortized Balance of Deferred Inflows	
	As of December 31, 2023		FY 2023		As of December 31, 2023		As of December 31, 2023	
Racine County	\$	78,653,959	\$	(5,179,973)	\$	9,868,053	\$	(56,723,551)
RCSO	\$	63,067	\$	(1,045,103)	\$	172,255	\$	(5,476,790)
Total	\$	78,717,026	\$	(6,225,076)	\$	10,040,308	\$	(62,200,341)

GLOSSARY

The background features a complex geometric design. It consists of several overlapping, semi-transparent shapes. A large, solid red shape is prominent in the lower right quadrant. To its left, there are various shades of gray and white shapes, some of which are semi-transparent, creating a layered effect. The overall composition is clean and modern.

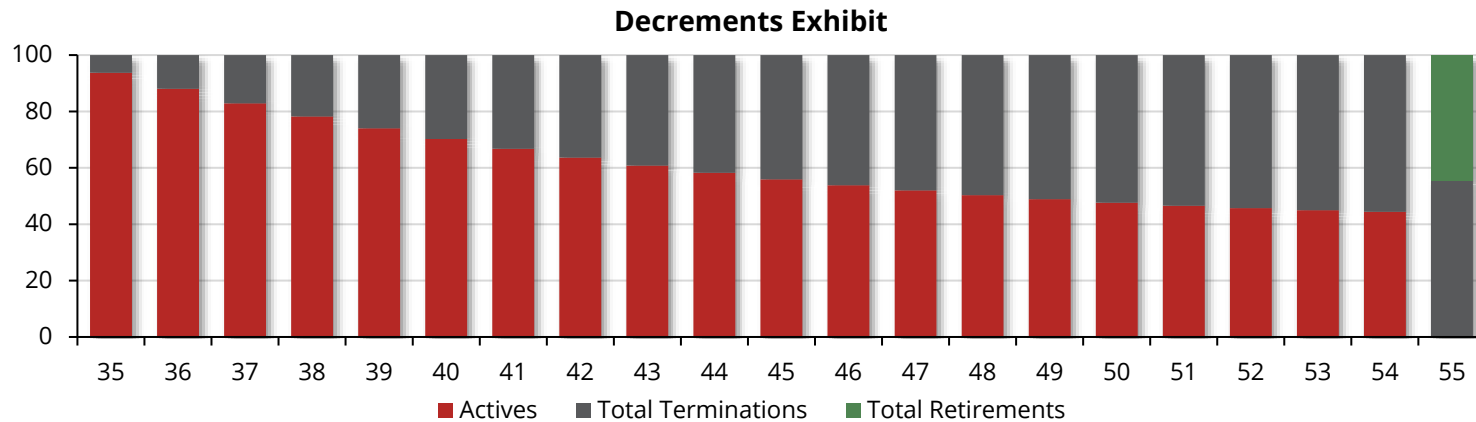
Glossary – Decrements Exhibit

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year ⁷	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430



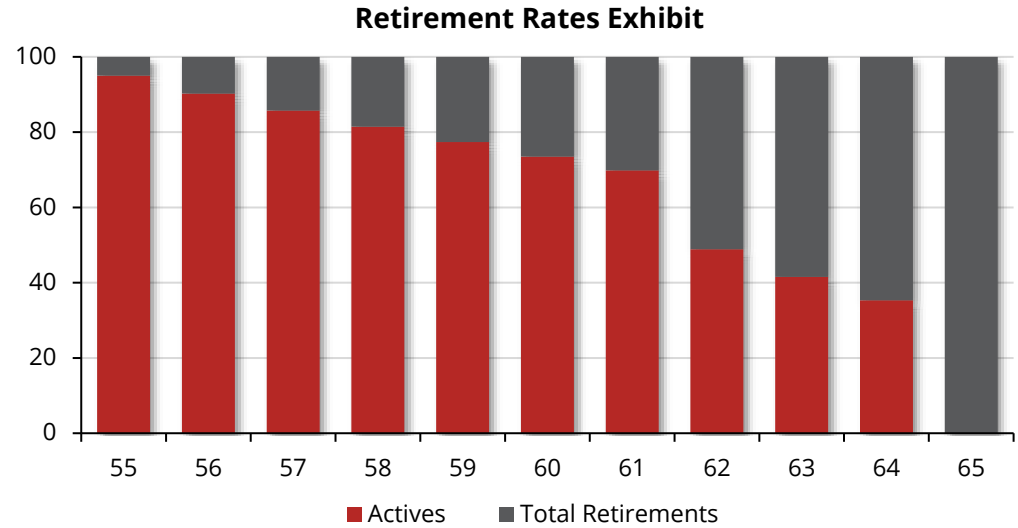
⁷ The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Retirement Rates Exhibit

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



* The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Definitions

Racine County and RCSO GASB 75 Valuation for Fiscal Year Ending December 31, 2023

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
 - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
 - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
 - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
 - a. Differences between expected and actual experience of the OPEB plan
 - b. Changes in assumptions
 - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

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8. **Healthcare Cost Trend Rate** – The rate of change in the 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.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **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.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

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16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).