CITY OF SPRINGFIELD, ILLINOIS

ACCOUNTING FOR POST EMPLOYMENT BENEFIT PLANS UNDER GASB STATEMENTS #74/75

AS OF FEBRUARY 28, 2023
FOR THE FISCAL YEAR ENDING FEBRUARY 28, 2023

May 2023

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Section One: Overview

Summary of Principal Results

MWM Consulting Group was retained to prepare an actuarial valuation of the City of Springfield, Illinois's retiree health programs for the purpose of determining the expense and liabilities to be reported on the City's financial statement in accordance with Government Accounting Standards Board (GASB) Statements Nos. 74 and 75, for the fiscal period ending February 28, 2023. As permitted under GASB Statements Nos. 74/75 methodology, this valuation is an interim year report which relies upon the census, premium information and benefit information utilized in the GASB 74/75 full valuation as of February 28, 2022. The interim year report reflects updates to the measurement date under an updated discount rate. Key results of the valuation are summarized below.

Actuarial Values at February 28, 2023
(4.06% Discount Rate)

Item	Police	Fire	Municipal	Total
Present Value of Benefits				
Retirees	$ 28,015,151	$ 27,816,038	$ 54,261,001	$ 110,092,190
Actives Fully Eligible	0	614,079	23,164,248	23,778,327
Actives Not Yet Eligible	40,410,588	42,338,985	50,297,117	133,046,690
Total	**$ 68,425,739**	**$ 70,769,102**	**$ 127,722,366**	**$ 266,917,207**
Actuarial Accrued Liability				
Retirees	$ 28,015,151	$ 27,816,038	$ 54,261,001	$ 110,092,190
Actives Fully Eligible	0	327,809	15,729,891	16,057,700
Actives Not Yet Eligible	20,429,453	22,601,489	34,154,709	77,185,651
Total	**$ 48,444,604**	**$ 50,745,336**	**$ 104,145,601**	**$ 203,335,541**

Balance Sheet Liabilities as Reported Under GASB 74/75 at February 28, 2023

	Item	2/28/2023
Under GASB 75, the Net OPEB Liability equals the total Actuarial Accrued Liability minus the Plan assets (if any) and is reported on the balance sheet .	Total OPEB Liability	$ 203,335,541
	Plan Fiduciary Net Position	0
	Net OPEB Liability	$ 203,335,541

OPEB Expense
As Reported Under GASB 75 at February 28, 2023

	Item	FYE 2/28/2023	FYE 2/28/2022
Annual OPEB expense under GASB 75 equals the difference between beginning and end of year liabilities with some adjustment for deferred recognition and differs from the ARC and expense calculations under GASB 45.	Service Cost	$ 9,889,268	$ 9,443,056
	Administrative Expense	0	0
	Interest on the Total OPEB Liability	6,266,699	6,251,391
	Current-Period Benefit Changes	0	0
	Employee Contributions	0	0
	Projected Earnings on Plan Investments	0	0
	Other Changes in Plan Fiduciary Net Position	0	0
	Recognition of Outflow (Inflow) of Resources due to Liabilities	(23,134,706)	(14,548,774)
	Recognition of Outflow (Inflow) of Resources due to Assets	0	0
	Total OPEB Expense	**$ (6,978,739)**	**$ 1,145,673**

Important Dates Used in this Valuation

GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based upon:

(1) A valuation date no more than 30 months plus one day prior to the close of the fiscal year end. **The valuation date is the date on which the participant data is collected, and the valuation calculations are processed.**

(2) A measurement date up to one year prior to the close of the fiscal year.

Valuation Date:	February 28, 2022
Measurement Date:	February 28, 2023
Measurement Period:	February 28, 2022 to February 28, 2023
Fiscal Year End:	February 28, 2023

Actuarial Funding Method and Assumptions

For this report, liabilities and annual costs were developed under the entry age normal method as required under GASB 74/75.

The actuarial assumptions were selected to be consistent with assumptions disclosed in valuations of similarly situated governmental employers, to be consistent with the experience of the Plan, if credible, and to represent the actuary's best estimate of future experience.

Two of the most significant assumptions affecting the measurement of retiree medical obligations are economic assumptions: the interest rate (also called discount rate), and the trend rate (the annual rate of increases in future health care costs). Two other very important assumptions are non-economic and both of which greatly affect the magnitude of retiree liabilities - the assumption regarding the ages at which employees will retire and commence benefits under the program, and the assumed level of participation (percentage of retirees electing to take coverage) in the plan. A description of each of the assumptions used is provided in Section Four of this report.

Significant Discount Rates

March 1, 2022:	2.37%
February 28, 2023:	4.06%

Under GASB Statement No. 75, liabilities are required to be discounted based upon the expected rate of return associated with funded benefits, and for unfunded benefits, the 20-year muni bond rates. Since the City's plan is unfunded, the 20-year muni index rate applies. Therefore, the liabilities valued as of March 1, 2022 are discounted at a 2.37% interest rate, and the liabilities valued as of February 28, 2023 are discounted at a rate of 4.06%.

ACTUARIAL CERTIFICATION

This is to certify that MWM Consulting Group has prepared an interim Actuarial Valuation of the Plan for the fiscal year ending February 28, 2023 for the primary purpose of providing financial accounting information required for compliance with GASB Statement No. 75. The results of this valuation have been prepared in conformance with our understanding of the relevant provisions of the GASB Statements Nos. 74 and 75.

The information and valuation results shown in this report are prepared with reliance upon information and data provided to us, which we believe to the best of our knowledge to be complete and accurate and include:

- Employee census data submitted by the City. This data was not audited by us but appears to be consistent with prior information, and sufficient and reliable for purposes of this report.
- Financial and Insurance data submitted by the City.
- Illinois statutory code provisions and Plan summaries as supplied by the City.

Actuarial valuations involve calculations that require assumptions about future events. We believe the assumptions and methods used are within the range of possible assumptions that are reasonable, appropriate for the purposes for which they have been used and accurately and fairly present the actuarial position of the healthcare Plan sponsored by the City of Springfield, Illinois as of February 28, 2023. In our opinion, all methods, assumptions and calculations are in accordance with requirements of GASB Statements Nos. 74 and 75 and the procedures followed, and presentation of results are in conformity with generally accepted actuarial principles and practices. Results shown in this report could be materially different from the actual outcome if actual plan experience differs from the assumptions used.

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.

All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This report should not be relied on for any purpose other than the purpose stated. The signing actuaries are independent of the plan sponsor and are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

MWM CONSULTING GROUP

Kathleen E Manning | Karl K. Oman | 5/10/2023

Kathleen E Manning, FSA Managing Principal & Consulting Actuary	Karl K. Oman, ASA Consulting Actuary	Date

Retiree Medical Plan

The City of Springfield, Illinois sponsors health benefit plans for employees and retired former employees. The provisions of the programs are summarized in section 6 of this report. In general, the City is self-insured and subsidizes a portion of the cost for hospital and medical coverage for eligible retired employees and their dependents.

Under GASB Statement No. 75, the entire unfunded OPEB liability, valued with market related muni bond rates, must be recognized on the financial statements.

Substantive Plan (Benefit Plan Provisions)

Under GASB, the benefit program to be valued is referred to as the Substantive Plan, which may or may not be set forth in a written document, but which includes the benefits which are understood by the employer, employees and other participants to be provided for under the program.

The City's retiree medical plan provides continuation of employer subsidized health coverage (for the retiree and their dependents, if any) upon the retirement from the City after meeting the age and service requirements for retirement.

Accounting Standard

Under GASB Statement No. 75 the annual expense and OPEB liability for plans like the City's which are funded on a pay-as-you-go basis will likely be more volatile because the discount rate used to develop the normal costs and actuarial accrued liability will be based on a municipal bond index which fluctuates with the market.

The municipal bond index rate is 2.37% as of March 1, 2022 and 4.06% as of February 28, 2023. Plan sponsors who partially pre-fund benefits must discount liabilities using a blended discount rate that reflects the municipal bond rate index to the degree the pre-funding assets are not available to pay benefits and the long-term expected return on assets to the degree the pre-funding assets are available to pay benefits.

Funding Versus Accounting

Accounting standards affect the definition, measurement and allocation of liabilities and expenses that are published by employers in their annual financial statements. The accounting statements require employers to accrue costs on their books, but do not require employers to make contributions.

Funding Patterns

An employee hired at age 20 will not begin to receive retiree health benefits for decades, although the employee earns these benefits during his working years, before retirement. An employer with young employees and no retirees has no cash disbursements for retiree health benefits for many years, although the obligation for these benefits begins to accumulate with the first employee. Putting more money aside than will be paid out currently in anticipation of payouts in the future is called *pre-funding* an obligation. Whereas making payments only as each benefit amount comes due is called *pay-as-you-go* or *terminal* funding.

Systematic prefunding patterns for retirement benefits are developed according to various actuarial methodologies, which can call for increasing, decreasing or level patterns of annual contributions depending upon the demographics of the group and the financial considerations of an employer.

Accounting Valuation

This report is identified as an accounting valuation report determined for the sole purpose of meeting Plan and employer financial accounting requirements as prescribed under GASB Statements Nos. 74/75 and may not be appropriate for the determination of the contribution level or the Plan's funding requirements for other purposes.

Census Data

The calculations in this report are based upon data submitted by the City for active and retired employees and their dependents as of February 28, 2022.

Plan Costs

The costs of the benefit programs measured were based upon the premium rates and costs in effect at February 28, 2022.

Closed Group Valuation

This valuation has been prepared on a closed group valuation basis, meaning only the existing population has been considered.

Actuarial Cost Method

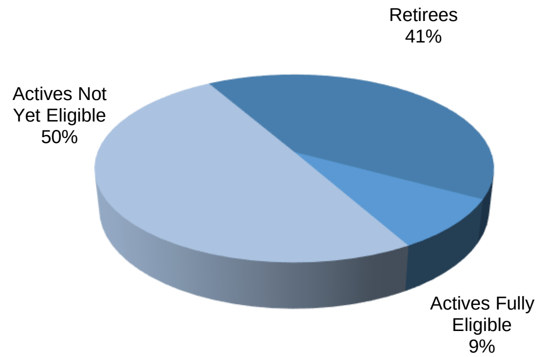
As required under GASB Statements Nos. 74/75, the Entry Age Normal actuarial method was used to develop the liabilities and expense components. The Entry Age Normal method was also used in prior valuations.

Actuarial Valuation Exhibits

Exhibits 1 and 2 display the actuarial present values liability amounts, accrued liability amounts, and selected valuation results as of the end of the year based on the end of year discount rate of 4.06%.

Exhibit 1
Present Value of Future Benefits
As of February 28, 2023 for
Fiscal Year Ending February 28, 2023

By Employee Status		Total
Retirees	$	110,092,190
Actives Fully Eligible		23,778,327
Actives Not Yet Eligible		133,046,690
Total	**$**	**266,917,207**



By Category		Total
Police	$	68,425,739
Fire		70,769,102
Municipal		127,722,366
Total	**$**	**266,917,207**

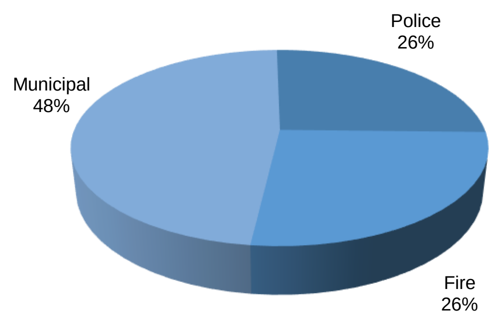
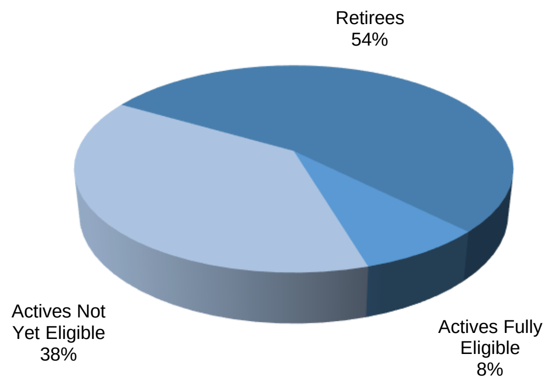
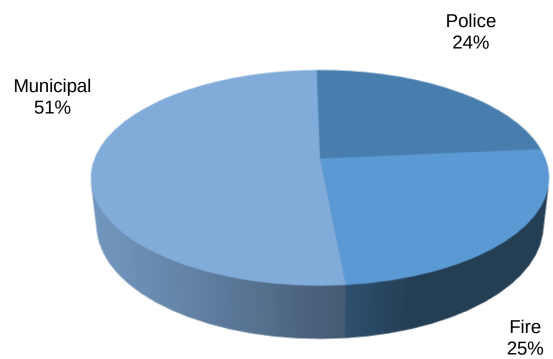


Exhibit 2
Actuarial Accrued Liability
As of February 28, 2023 for
Fiscal Year Ending February 28, 2023

By Employee Status		Total
Retirees	$	110,092,190
Actives Fully Eligible		16,057,700
Actives Not Yet Eligible		77,185,651
Total	**$**	**203,335,541**



By Category		Total
Police	$	48,444,604
Fire		50,745,336
Municipal		104,145,601
Total	**$**	**203,335,541**



GASB STATEMENT NO. 74 DISCLOSURE FOR FISCAL YEAR END 2023

GASB Statement No. 74 requires certain actuarial information be disclosed in the footnotes of financial statements of funded OPEB plans, or as required supplementary information. GASB Statement No. 74 financial disclosure information for the fiscal year end 2023 was based on the census and premium data provided for the February 28, 2022 valuation and updated to the measurement date under the GASB 74 actuarial assumptions and methodology.

This section of the report summarizes the GASB Statement No. 75 requirements and presents the schedules, exhibits and information required to comply with GASB Statement No. 75.

Summary of Accounting Standards

For OPEB plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 74 established standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the OPEB liability. Similarly, GASB statement No. 75 established standards for state and local government employers to account for and disclose the net OPEB liability, OPEB expense, and other information associated with providing medical benefits to their employees (and former employees) on their basic financial statements.

Financial Statements

GASB Statement No. 75 requires state or local governments to recognize the net OPEB liability and the OPEB expense on their financial statements. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuation performed to determine the employer's contribution requirements).

The OPEB expense recognized each fiscal year is equal to the change in the net OPEB liability from the beginning of the year to the end of the year, and reflects annual service costs, interest costs and includes adjustments for deferred recognition of the liability and investment experience.

OPEB plans that prepare their own stand-alone financial statements are required to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position in accordance with GASB Statement No. 74. The statement of fiduciary net position presents the asset and liabilities of the OPEB plan at the end of the OPEB plan's reporting period. The statement of changes in fiduciary net position presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expense and net increase or decrease in the fiduciary net position.

Notes to Financial Statements

GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets and deferred outflows and inflows of resources related to OPEBs.

GASB Statements Nos. 74 and 75 require the notes of the financial statements for the employers' OPEB plan include:

- A description of benefits provided by the plan
- The type of employees and number of members covered by the OPEB plan
- A description of the plan's funding policy, which includes member and employer contribution requirements
- The OPEB plan's investment policies
- The OPEB plan's fiduciary net position, net OPEB liability and the OPEB plan's fiduciary net position as a percentage of the total OPEB liability
- Significant assumptions and methods used to calculate the total OPEB liability
- Inputs to the discount rates
- Certain information about mortality assumptions and the date of experience studies

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 74:

- The compositions of the OPEB plan's board and the authority under which benefit terms may be amended
- A description of how fair value is determined
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets

Required Supplementary Information

GASB Statement No. 74 requires a 10-year fiscal history* of:

- Sources of changes in the net OPEB liability
- Information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability and the net OPEB liability as a percent of covered employee payroll
- Comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy

*These tables may be built prospectively as information becomes available.

Calculation of the Single Discount Rate

GASB Statements Nos. 74 /75 include a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a risk free rate is required, such as a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating.

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 4.06% per year, and the municipal bond rate, if applicable, is 2.37% at March 1, 2022 and 4.06% at February 28, 2023.

Contribution Policy

The single discount rate is determined based upon the projection of assets, investment return, benefit payments and contributions. The contribution policy assumed for this valuation is pay as you go.

Measurement of the Net OPEB Liability

The net OPEB liability is to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net positions. Using more familiar actuarial terms, this will be the accrued liability less the market value of assets.

Timing of the Valuation

An actuarial valuation to determine the total OPEB liability is required to be performed at least once every two years. The net OPEB liability and OPEB expense should be measured as of the OPEB plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. If the actuarial valuation used to determine the total OPEB liability is calculated as of the beginning of the year, the results are required to be rolled forward from the actuarial valuation date to the measurement date.

The total OPEB liability shown in this report is based on the census data and financial information provided for the actuarial valuation performed as of February 28, 2022 and updated to the measurement date.

Financial Reporting Under GASB 74/75

Schedules of Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios Multiyear

Fiscal Year Ending	2/28/2023	2/28/2022
Total OPEB Liability		
Service Cost including Administrative Expenses	$ 9,889,268	$ 9,443,056
Interest on the Total OPEB Liability	6,266,699	6,251,391
Benefit Changes	0	0
Differences Between Expected and Actual Experience	0	(4,520,885)
Assumption Changes	(73,845,029)	3,648,851
Benefit Payments	(6,786,156)	(6,432,375)
Refunds	0	0
OPEB Plan Administrative Expense	0	0
Net Change in Total OPEB Liability	$ (64,475,218)	$ 8,390,038
Total OPEB Liability - Beginning	$ 267,810,759	$ 259,420,721
Total OPEB Liability - Ending	$ 203,335,541	$ 267,810,759
Plan Fiduciary Net Position		
Employer Contributions	$ 6,786,156	$ 6,432,375
Employee Contributions	0	0
OPEB Plan Net Investment Income	0	0
Benefit Payments, Including Refunds of Member Contributions	(6,786,156)	(6,432,375)
Other	0	0
Administrative Expense	0	0
Net Change in Plan Fiduciary Net Position	$ 0	$ 0
Plan Fiduciary Net Position - Beginning	$ 0	$ 0
Plan Fiduciary Net Position - Ending	$ 0	$ 0
Net OPEB Liability - Ending	$ 203,335,541	$ 267,810,759
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered-employee payroll	$ 100,322,671	$ 103,548,885
Net OPEB Liability as a Percentage of Covered-Employee Payroll	202.68%	258.63%
Notes to Schedule	10 fiscal years to be built prospectively	

The additional exhibits and information needed to comply with the GASB 75 disclosure requirements for the 2023 fiscal year end are included here.

NET OPEB LIABILITY AND RELATED RATIOS

Item	2/28/2023
Total OPEB Liability	$ 203,335,541
Plan Fiduciary Net Position	0
Net OPEB Liability	$ 203,335,541
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%

GASB 74/75 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY

GASB Statements Nos. 74/75 requires a 10-year schedule of changes in the net OPEB liability. The statement provides that the required supplementary information should be presented for as many years for which information measured in conformity with the requirements of the Statement is available and that the schedules should not include information that is not measured in conformity with the requirements of the Statement.

The information prior to 2019 necessary to provide a schedule of changes in net OPEB liability measured in conformity with the requirements of GASB Statement No. 74 is not available. The 10-year schedule will be built prospectively.

Fiscal Year Ending 2/28	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Employee Payroll	Net OPEB Liability as a % of Covered Payroll
2023	$203,335,541	$0	$203,335,541	0.00%	$100,322,671	202.68%
2022	267,810,759	0	267,810,759	0.00%	103,548,885	258.63%
2021	259,420,721	0	259,420,721	0.00%	107,817,774	240.61%
2020	260,080,588	0	260,080,588	0.00%	110,300,306	235.79%
2019	240,897,471	0	240,897,471	0.00%	103,670,858	232.37%

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

GASB Statements Nos. 74/75 requires a disclosure of measures of the net OPEB liability calculated using

- a discount rate that is 1 percentage point higher than the discount rate used for the actuarial valuation; and
- a discount rate that is 1 percentage point lower than the discount rate used for the actuarial valuation.

The sensitivity of the net OPEB liability to changes in the Single Discount rate is presented in the below table. The table presents the plan's net OPEB liability, calculated using a Single Discount Rate of 4.06%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower or 1-percentage point higher:

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE (Continued)

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% Increase (5.06%)
Police	$57,904,821	$48,444,604	$41,110,952
Fire	60,654,838	50,745,336	43,063,395
Municipal	124,483,056	104,145,601	88,379,809
Total	$243,042,715	$203,335,541	$172,554,156

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND

GASB Statements Nos. 74/75 requires a disclosure of measures of the net OPEB liability calculated using:

- healthcare trend rates that are 1 percentage point higher than the trend rates used for the actuarial valuation; and
- healthcare trend rates that are 1 percentage point lower than the trend rates used for the actuarial valuation.

	1% Decrease 4.5% Decr. to 4.0%	Current Trend Rates 5.5% Decr. to 5.0%	1% Increase 6.5% Decr. to 6.0%
Police	$40,528,151	$48,444,604	$58,853,437
Fire	42,452,915	50,745,336	61,648,506
Municipal	87,126,911	104,145,601	126,522,379
Total	$170,107,977	$203,335,541	$247,024,322

TEN YEAR SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

GASB Statements Nos. 74/75 requires a schedule presenting a comparison of the actual employer contributions with the actuarially determined contributions over the past 10 fiscal years. The 10-year schedule is shown below.

Fiscal Year Ending 2/28	Actuarially Determined Contribution*	Employer Contribution in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Employer Contribution as a % of Covered Employee Payroll
2023	$6,786,156	$6,786,156	$0	$100,322,671	6.76%
2022	6,432,375	6,432,375	0	103,548,885	6.21%
2021	7,783,175	7,783,175	0	107,817,774	7.22%
2020	7,622,628	7,622,628	0	110,300,306	6.91%
2019	7,798,950	7,798,950	0	103,670,858	7.52%

* Pay-as-you-go

Financial Reporting Under GASB 74/75
OPEB Expense Fiscal Year Ending February 28, 2023

Fiscal Year Ending	2/28/2023	2/28/2022
Expense		
Service Cost	$ 9,889,268	$ 9,443,056
Administrative Expense	0	0
Interest on the Total OPEB Liability	6,266,699	6,251,391
Current-Period Benefit Changes	0	0
Employee Contributions	0	0
Projected Earnings on Plan Investments	0	0
Other Changes in Plan Fiduciary Net Position	0	0
Recognition of Outflow (Inflow) of Resources due to Liabilities	(23,134,706)	(14,548,774)
Recognition of Outflow (Inflow) of Resources due to Assets	0	0
Total OPEB Expense	**$ (6,978,739)**	**$ 1,145,673**
Reconciliation of Net OPEB Liability		
Net OPEB Liability Beginning of Year	**$ 267,810,759**	**$ 259,420,721**
OPEB Expense	(6,978,739)	1,145,673
Employer Contributions	(6,786,156)	(6,432,375)
Deferred Investment Experience (inflows)/outflows	0	0
Deferred Liability Experience (inflows)/outflows	1,319,680	(3,201,205)
Deferred Assumption Changes (inflows)/outflows	(52,030,003)	16,877,945
Net OPEB Liability End of Year	**$ 203,335,541**	**$ 267,810,759**

OPEB Expense Fiscal Year Ending February 28, 2023
Schedule of Outflows and Inflows of Resources

A. Change in Outflows and (Inflows) of Resources during Current Plan Year

Experience (Gain) / Loss	Initial Balance	Amortization Factor	Amortization	Balance at End of Year
1. Difference between expected and actual non-investment experience	$ 0	8.6007	$ 0	$ 0
2. Assumption Changes	(73,845,029)	8.6007	(8,585,932)	(65,259,097)
3. Difference between expected and actual investment earnings	0	5.0000	0	0
4. Total	$ (73,845,029)		$ (8,585,932)	$ (65,259,097)

B. Outflows and Inflows of Resources by Source to be recognized in Current OPEB Expense

	Outflows of Resources	Inflows of Resources	Net Outflows (Inflows) of Resources
1. Difference between expected and actual non-investment experience	$ 0	$ (1,319,680)	$ (1,319,680)
2. Assumption Changes	2,502,505	(24,317,531)	(21,815,026)
3. Difference between expected and actual investment earnings	0	0	0
4. Total	$ 2,502,505	$ (25,637,211)	$ (23,134,706)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future OPEB Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
1. Difference between expected and actual non-investment experience	$ 0	$ (6,502,823)	$ (6,502,823)
2. Assumption Changes	10,739,279	(108,490,792)	(97,751,513)
3. Difference between expected and actual investment earnings	0	0	0
4. Total	$ 10,739,279	$ (114,993,615)	$ (104,254,336)

D. Deferred Outflows and Inflows of Resource by Year to be recognized in Future OPEB Expenses

Year Ending February 28	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2024	$ 2,502,505	$ (25,637,211)
2025	2,502,505	(25,637,211)
2026	2,502,505	(19,547,536)
2027	2,128,413	(10,641,433)
2028	424,250	(9,990,325)
Thereafter	679,101	(23,539,899)
Total	$ 10,739,279	$ (114,993,615)

Actuarial Assumption Item	Annual Actuarial Valuation
Actuarial Cost Method	The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.
Discount (Interest) Rate	A discount rate of 2.37% was used as of March 1, 2022 and 4.06% was used as of February 28, 2023.
Salary Increase	Salaries are assumed to increase at the rate of 2.75% per annum.
Retiree Contributions	**Pre-65 and Post-65 Coverage** Retirees pay for coverage based on the rates described in the below tables. Coverage is secondary to Medicare once eligible.

	PPO		POS		HDHP	
3/1/2021-2/28/2022	EO	EE+SP	EO	EE+SP	EO	EE+SP
% City Pays	52.7%	51.8%	53.9%	54.3%	39.6%	47.5%
% Retiree Pays	47.3%	48.2%	46.1%	45.7%	60.4%	52.5%

Actuarial Assumption Item	Annual Actuarial Valuation
Mortality	Active, Retiree, and Spousal IMRF Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are then Improved Generationally using MP-2016 Improvement Rates. Active Police and Firefighter Mortality follows the Sex Distinct Raw Rates as Developed in the PubS-2010(A) Study Improved to 2017 using MP-2019 Improvement Rates. These Rates are then Improved Generationally using MP-2019 Improvement Rates. Retiree Firefighter Mortality follows the L&A Assumption Study for Firefighters 2020. These Rates are Experience Weighted with the Sex Distinct Raw Rates as Developed in the PubS-2010(A) Study Improved to 2017 using MP-2019 Improvement Rates. These Rates are then Improved Generationally using MP-2019 Improvement Rates. Retiree Police Mortality follows the L&A Assumption Study for Police 2020. These Rates are Experience Weighted with the Sex Distinct Raw Rates as Developed in the PubS-2010(A) Study Improved to 2017 using MP-2019 Improvement Rates. These Rates are then Improved Generationally using MP-2019 Improvement Rates. Disabled Firefighter Mortality follows the L&A Assumption Study for Disabled Firefighters 2020. These Rates are Experience Weighted with the Sex Distinct Raw Rates as Developed in the PubS-2010 Study for Disabled Participants Improved to 2017 using MP-2019 Improvement Rates. These Rates are then Improved Generationally using MP-2019 Improvement Rates. Disabled Police Mortality follows the Sex Distinct Raw Rates as Developed in the PubS-2010 Study for Disabled Participants Improved to 2017 using MP-2019 Improvement Rates. These Rates are then Improved Generationally using MP-2019 Improvement Rates. Spouse Police and Firefighter Mortality follows the Sex Distinct Raw Rates as Developed in the PubS-2010(A) Study for Contingent Survivors. For all Rates not Provided there (Ages 45 and Younger) the PubG-2010 Study for General Employees was used. Mortality Improvement uses MP-2019 Improvement Rates applied on a Fully Generational Basis.

Actuarial Assumption Item	Annual Actuarial Valuation
Retirement	Representative Retirement rates by Age:

Age	Police	Fire	Age	Police	Fire
50	0.1100	0.0700	58	0.1625	0.1715
51	0.1155	0.0700	59	0.1625	0.1715
52	0.1213	0.0700	60	0.1625	0.2000
53	0.1273	0.0700	61	0.1625	0.2000
54	0.1337	0.0700	62	0.1800	0.2000
55	0.1404	0.1715	63	0.2000	0.2500
56	0.1474	0.1715	64	0.2000	0.2500
57	0.1548	0.1715	65	1.0000	1.0000

IMRF 2017 for IMRF Employees

Age	Tier 1				Age	Tier 2			
	Reduced Early		Normal Ret.			Reduced Early		Normal Ret.	
	Male	Female	Male	Female		Male	Female	Male	Female
55	0.071	0.06	0.37	0.26	55				
56	0.071	0.06	0.28	0.20	56				
57	0.071	0.06	0.21	0.17	57				
58	0.071	0.06	0.21	0.17	58				
59	0.071	0.06	0.23	0.19	59				
60			0.13	0.11	60				
61			0.13	0.10	61				
62			0.21	0.18	62	0.15	0.13	0.75	0.75
63			0.19	0.18	63	0.15	0.13	0.75	0.75
64			0.18	0.17	64	0.15	0.13	0.75	0.75
65			0.25	0.26	65	0.15	0.13	0.75	0.75
66			0.31	0.28	66	0.15	0.13	0.75	0.75
67			0.26	0.26	67			0.75	0.75
68			0.24	0.22	68			0.75	0.75
69			0.22	0.23	69			0.75	0.75
70			0.22	0.23	70			0.75	0.75
71			0.22	0.21	71			0.75	0.75
72			0.19	0.21	72			0.75	0.75
73			0.20	0.23	73			0.75	0.75
74			0.21	0.21	74			0.75	0.75
75			0.21	0.22	75			0.75	0.75
76			0.21	0.22	76			0.75	0.75
77			0.21	0.22	77			0.75	0.75
78			0.21	0.22	78			0.75	0.75
79			0.21	0.22	79			0.75	0.75
80			1.00	1.00	80			1.00	1.00

Actuarial Assumption Item	Annual Actuarial Valuation

Disability*

Representative Disability rates by Age and Sex:

Age	Police	Fire	IMRF	
			Male	Female
25	0.0000	0.0007	0.0000	0.0000
35	0.0018	0.0027	0.0001	0.0000
45	0.0053	0.0075	0.0003	0.0001
55	0.0048	0.0127	0.0007	0.0003
65	0.0122	0.0097	0.0009	0.0006

** 60% of Police and Fire disabilities are assumed to occur in the line of duty.*

Withdrawal

Representative Withdrawal rates by Age, Sex and Service:

Age	Police	Fire
25	0.0678	0.0781
35	0.0217	0.0266
45	0.0027	0.0131
55	0.0000	0.0000

IMRF		
Service	Male	Female
0	0.245	0.285
1	0.195	0.222
2	0.150	0.178
3	0.130	0.145
4	0.103	0.118
5	0.088	0.103
6	0.073	0.085
7	0.070	0.080

Age	8 or More Years of Service	
25	0.000	0.080
35	0.035	0.058
45	0.023	0.036
55	0.015	0.025

Coverage Participation Elections at Retirement

Group	Coverage Election Rate
IMRF	60%
Firefighters	60%
Police	60%
IMRF - Currently Waiving	20%
Firefighters - Currently Waiving	20%
Police - Currently Waiving	20%

Plan Participation Rates

Plan	Participation Rate
PPO	10%
POS	90%
HDHP	0%

Actuarial Assumption Item	Annual Actuarial Valuation
Retiree Lapse Rates	see table below
Spouse Information	50% of employees were assumed to have participating spouses. Females were assumed to be three years younger than males.
Health Care Cost Inflation Rates	see table below
Annual Health Plan Premium Costs	see tables below

Retiree Lapse Rates

Group	Lapse Rate
IMRF	35%
Firefighters	35%
Police	35%

Health Care Cost Inflation Rates

Period	Rates
2022	5.50%
2023	5.50%
2024	5.00%
2025 and after	5.00%

Annual Health Plan Premium Costs

PPO

	Retiree		Spouse	
Age	Male	Female	Male	Female
50	$7,711	$9,225	$13,267	$13,413
55	$9,787	$10,518	$13,248	$12,737
60	$12,249	$12,657	$14,055	$13,442
64	$14,494	$15,145	$15,198	$15,507
65	$5,481	$5,726	$5,746	$5,863
70	$6,551	$6,845	$6,869	$7,009
75	$7,113	$7,433	$7,341	$7,610
80	$7,625	$7,968	$7,853	$8,158
85	$7,975	$8,333	$8,202	$8,532
90+	$8,135	$8,500	$8,363	$8,704

POS

	Retiree		Spouse	
Age	Male	Female	Male	Female
50	$10,940	$13,089	$18,823	$19,030
55	$13,886	$14,923	$18,796	$18,071
60	$17,378	$17,958	$19,940	$19,071
64	$20,564	$21,487	$21,562	$22,001
65	$7,776	$8,125	$8,153	$8,319
70	$9,295	$9,712	$9,746	$9,944
75	$10,092	$10,545	$10,415	$10,798
80	$10,819	$11,304	$11,142	$11,575
85	$11,314	$11,822	$11,637	$12,105
90+	$11,542	$12,060	$11,865	$12,349

Actuarial Assumption Item	Annual Actuarial Valuation
Annual Health Plan Premium Costs (Cont.)	**HDHP**

	Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**
50	$7,351	$8,795	$12,648	$12,787
55	$9,331	$10,028	$12,630	$12,143
60	$11,677	$12,067	$13,399	$12,815
64	$13,818	$14,438	$14,489	$14,784
65	$5,225	$5,459	$5,478	$5,590
70	$6,246	$6,526	$6,549	$6,682
75	$6,782	$7,086	$6,998	$7,255
80	$7,270	$7,596	$7,487	$7,778
85	$7,603	$7,944	$7,820	$8,134
90+	$7,756	$8,104	$7,973	$8,298

Section Five: Participant Data

PARTICIPANT SUMMARY AS OF FEBRUARY 28, 2022

Status	Police	Fire	Municipal	Total
Active Participants	228	200	825	1253
PSEBA Participants	1	14	0	15
Retired Participants	100	93	323	516
Total	**329**	**307**	**1148**	**1784**

ACTIVE PARTICIPANT AGE AND SERVICE DISTRIBUTIONS AS OF FEBRUARY 28, 2022

POLICE

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20 - 24	19									19
25 - 29	27	4								31
30 - 34	16	19								35
35 - 39	5	15	8	5						33
40 - 44	1	5	6	22	5					39
45 - 49		2		20	22	4				48
50 - 54				4	13	6				23
55 - 59										0
60 - 64										0
65 & Over										0
Total	**68**	**45**	**14**	**51**	**40**	**10**	**0**	**0**	**0**	**228**

Average Age: 38.50 years
Average Length of Service: 11.73 years

FIRE

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20 - 24										0
25 - 29	5									5
30 - 34	10	15	4							29
35 - 39	6	17	15	2						40
40 - 44		10	17	18	3					48
45 - 49			5	19	19					43
50 - 54				8	22	2	1			33
55 - 59					1	1				2
60 - 64										0
65 & Over										0
Total	**21**	**42**	**41**	**47**	**45**	**3**	**1**	**0**	**0**	**200**

Average Age: 42.49 years
Average Length of Service: 13.85 years

ACTIVE PARTICIPANT AGE AND SERVICE DISTRIBUTIONS AS OF FEBRUARY 28, 2022
MUNICIPAL

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20 - 24	15									15
25 - 29	45	6								51
30 - 34	43	29	4							76
35 - 39	33	31	14	15	2					95
40 - 44	33	33	23	25	27					141
45 - 49	20	22	13	23	22	6				106
50 - 54	19	20	15	19	31	34	16			154
55 - 59	12	16	10	13	23	16	19	5		114
60 - 64	5	9	10	12	12	5	5	3		61
65 & Over	1	4	4	1	1	1				12
Total	**226**	**170**	**93**	**108**	**118**	**62**	**40**	**8**	**0**	**825**

Average Age:	46.20 years
Average Length of Service:	13.07 years

SECTION SIX: SUMMARY OF PRINCIPAL PLAN PROVISIONS

Item	Provision
Eligibility	Employees are eligible to retire from the City of Springfield, Illinois and continue their health coverage after meeting the age and service requirements for retirement. <u>Police</u> Tier 1: Age 50 and 20 years of service. Tier 2: Age 55 and 10 years of service. <u>Fire</u> Tier 1: Age 50 and 20 years of service. Tier 2: Age 55 and 10 years of service. **<u>PSEBA Disability Benefits</u>** Police and Fire officers that become disabled in the line of duty are eligible for PSEBA disability benefits after 1 year of service. <u>IMRF:</u> Tier 1: Age 55 and 8 years of service. Tier 2: Age 62 and 10 years of service.
Benefit Amount	The City of Springfield, Illinois provides the continuation of health care benefits to employees who retire from the City. **<u>Medical Coverage</u>:** Basic Select (PPO) Point of Service (POS) HDHP with Health Savings Account **<u>Coverage Provisions for all Full-Time Employees</u>** *Pre-65 and Post-65 Coverage:* Retirees pay for coverage based on the rates described in the below table. Coverage is secondary to Medicare once eligible. **<u>PSEBA Duty Disability Benefits</u>** The City pays 100% of the cost of coverage for Duty Disabled officers eligible for PSEBA benefits.

	PPO		**POS**		**HDHP**	
3/1/2021-2/28/2022	EO	EE+SP	EO	EE+SP	EO	EE+SP
% City Pays	52.7%	51.8%	53.9%	54.3%	39.6%	47.5%
% Retiree Pays	47.3%	48.2%	46.1%	45.7%	60.4%	52.5%