



INTERIM GASB 45 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2016

Foster-Glocester Regional School District

Nyhart Actuary & Employee Benefits

8415 Allison Pointe Blvd., Suite 300

Indianapolis, IN 46250

(317) 845-3500 - www.nyhart.com



November 04, 2016

**Foster-Glocester Regional School District
Bridget Almon
91 Anan Wade Road
North Scituate, RI 02857**

This report summarizes the GASB 45 actuarial valuation for the Foster-Glocester Regional School District 2015/16 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. 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

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

The discount rate and other economic assumptions have been selected by the Plan Sponsor. 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.

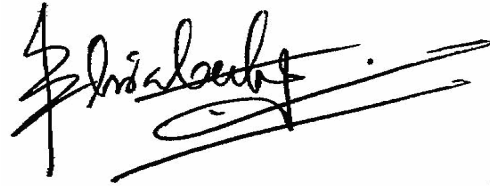
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Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code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

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



Randy Gomez, FSA, MAAA
Consulting Actuary



Evi Laksana, ASA, MAAA
Valuation Actuary

Summary of Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2016 projected from the prior fiscal year valuation.

	<i>As of July 1, 2014</i>		<i>As of July 1, 2015</i>	
Actuarial Accrued Liability	\$	1,726,316	\$	1,530,296
Actuarial Value of Assets	\$	0	\$	0
Unfunded Actuarial Accrued Liability	\$	1,726,316	\$	1,530,296
Funded Ratio		0.0%		0.0%

	<i>FY 2014/15</i>		<i>FY 2015/16</i>	
Annual Required Contribution	\$	219,201	\$	238,929
Annual OPEB Cost	\$	213,469	\$	232,967
Annual Employer Contribution	\$	219,201	\$	238,929

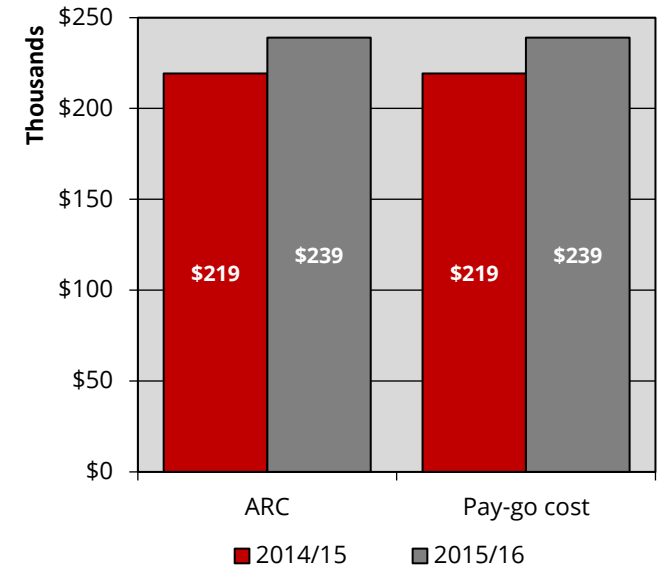
	<i>As of June 30, 2015</i>		<i>As of June 30, 2016</i>	
Net OPEB Obligation	\$	109,058	\$	103,096

Development of Annual Required Contribution (ARC)

Required Supplementary Information	FY 2014/15	FY 2015/16
Actuarial Accrued Liability as of beginning of year	\$ 1,726,316	\$ 1,530,296
Actuarial Value of Assets as of beginning of year	0	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,726,316	\$ 1,530,296
Covered payroll ¹	\$ 9,101,175	\$ 9,374,210
UAAL as a % of covered payroll	19.0%	16.3%

Annual Required Contribution	FY 2014/15	FY 2015/16
Normal cost as of beginning of year	\$ 47,950	\$ 47,000
Amortization of the UAAL	149,295	139,300
Total normal cost and amortization payment	\$ 197,245	\$ 186,300
Interest to end of year	7,890	7,452
Total Annual Required Contribution (ARC)	\$ 205,135	\$ 193,752
Final ARC²	\$ 219,201	\$ 238,929

Cash vs Accrual Accounting



Annual Required Contribution (ARC) is the annual expense recorded in the income statement under GASB 45 accrual accounting. It replaces the cash basis method of accounting recognition with an accrual method. The GASB 45 ARC is higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

¹ 2015/16 covered payroll is based on 2014/15 covered payroll increased by the payroll growth assumption (3.0%).

² Total Annual Required Contribution for both 2014/15 and 2015/16 fiscal years have been limited to be no less than the expected pay-go cost.

Development of Annual OPEB Cost and Net OPEB Obligation

Annual employer contributions for pay-go cost are estimated figures for FY 2014/15 and FY 2015/16.

Net OPEB Obligation (NOO)	FY 2014/15	FY 2015/16
ARC as of end of year	\$ 219,201	\$ 238,929
Interest on NOO to end of year	4,592	4,362
NOO amortization adjustment to the ARC	(10,324)	(10,324)
Annual OPEB cost	\$ 213,469	\$ 232,967
Annual employer contribution for pay-go cost	(219,201)	(238,929)
Annual employer contribution for pre-funding	0	0
Change in NOO	\$ (5,732)	\$ (5,962)
NOO as of beginning of year	114,790	109,058
NOO as of end of year	\$ 109,058	\$ 103,096

Pay-as-you-go Cost is the expected total employer cash cost for the coming period based on all explicit and implicit subsidies. It is also the amount recognized as expense on the Income Statement under pay-as-you-go accounting.

Net OPEB Obligation is the cumulative difference between the annual OPEB cost and employer contributions. This obligation will be created if cash contributions are less than the current year expense under GASB 45 accrual rules.

The net obligation is recorded as a liability on the employer's balance sheet which will reduce the net fund balance.

The value of implicit subsidies is considered as part of cash contributions for the current period. Other cash expenditures that meet certain conditions are also considered as contributions for GASB 45 purposes.

Summary of GASB 45 Financial Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2016 compared to the prior fiscal year as shown in the Schools's Notes Financial Statement.

Schedule of Funding Progress

<i>As of</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Actuarial Value of Assets (AVA)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as % of Covered Payroll</i>
	<i>A</i>	<i>B</i>	<i>C = A + B</i>	<i>D = B / A</i>	<i>E</i>	<i>F = C / E</i>
July 1, 2015	\$ 1,530,296	\$ 0	\$ 1,530,296	0.0%	\$ 9,374,210	16.3%
July 1, 2014	\$ 1,726,316	\$ 0	\$ 1,726,316	0.0%	\$ 9,101,175	19.0%
July 1, 2013	\$ 1,928,036	\$ 0	\$ 1,928,036	0.0%	\$ 9,422,720	20.5%

Schedule of Employer Contributions

<i>FYE</i>	<i>Employer Contributions</i>	<i>Annual Required Contribution (ARC)</i>	<i>% of ARC Contributed</i>
	<i>A</i>	<i>B</i>	<i>C = A / B</i>
June 30, 2016	\$ 238,929	\$ 238,929	100.0%
June 30, 2015	\$ 219,201	\$ 219,201	100.0%
June 30, 2014	\$ 239,395	\$ 239,395	100.0%

Historical Annual OPEB Cost

<i>As of</i>	<i>Annual OPEB Cost</i>	<i>% of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
June 30, 2016	\$ 232,967	102.6%	\$ 103,096
June 30, 2015	\$ 213,469	102.7%	\$ 109,058
June 30, 2014	\$ 233,883	102.4%	\$ 114,790

Summary of Key Actuarial Assumptions

For a more complete summary of assumptions, refer to the GASB 45 Financial Report for fiscal year ending June 30, 2015.

Discount Rate	4.0%
Inflation Rate	3.0% per year
Payroll Growth	3.0% per year
Cost Method	Projected Unit Credit with linear proration to decrement
Amortization	Level dollar based on a closed group; the amortization period as of June 30, 2016 is 14 years.
Health Care Trend Rates	Annual trend rates are as shown below:

FYE	Medical / Rx	Dental
2017	8.5%	3.0%
2018	8.0%	3.0%
2019	7.5%	3.0%
2020	7.0%	3.0%
2021	6.5%	3.0%
2022	6.0%	3.0%
2023	5.5%	3.0%
2024+	5.0%	3.0%

Actuary's Notes

Adjustments have been made to the Actuarial Accrued Liability, normal cost, and expected benefit payments for actual premium increases from 2015/16 to 2016/17, which caused a decrease in the School District's liabilities.

Premium rates

Comparison of monthly premium rates are as shown below.

Medical/Rx	Eff. 7/1/2015		Eff. 7/1/2016	
	Single	Family	Single	Family
Classic	\$ 672.58	\$ 1,703.70	\$ 686.03	\$ 1,737.78
Healthmate	\$ 564.59	\$ 1,415.02	\$ 575.89	\$ 1,703.70

Dental	Eff. 7/1/2015		Eff. 7/1/2016	
	Single	Family	Single	Family
Certified	\$ 32.30	\$ 86.88	\$ 33.53	\$ 90.19
Non-Certified	\$ 32.30	\$ 85.47	\$ 33.53	\$ 88.73

GASB Results by Group

Below is the summary of the GASB results for fiscal year ending June 30, 2016 based on the Projected Unit Credit cost method.

<i>Group</i>	<i>Actuarial Accrued Liability (AAL) As of July 1, 2015</i>	<i>Annual Required Contribution (ARC) For 2015/16</i>	<i>Net OPEB Obligation (NOO) As of June 30, 2016</i>
Administrators	\$ 23,887	\$ 4,003	\$ 59,601
Certified Teachers	\$ 679,127	\$ 116,683	\$ 908,170
Non-Certified Employees	\$ 400,571	\$ 68,426	\$ 300,474
Retirees	\$ 426,711	\$ 49,817	\$ (1,165,149)
Total	\$ 1,530,296	\$ 238,929	\$ 103,096