

**Town of Winchester
Other Postemployment Benefits Plan**

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2020

As of the Measurement Date:
June 30, 2021

For the Reporting Date:
June 30, 2021

Delivered August 16, 2021



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August 16, 2021

Personal and Confidential

Ms. Stacie Ward
Comptroller
Town of Winchester
3rd Floor, Town Hall 71 Mt. Vernon Street
Winchester, MA 01890

Dear Ms. Ward:

We have performed an actuarial valuation of the Town of Winchester Other Postemployment Benefits Plan for the Reporting Date & fiscal year ending June 30, 2021 with a Measurement Date of June 30, 2021 and a Valuation Date of July 1, 2020. The figures presented in this report reflect the adoption, by the Town of Winchester, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75") effective for the fiscal years ending June 30, 2017 and June 30, 2017 respectively.

The financial results of the actuarial valuation are summarized in the report. The Executive Summaries highlight the results of the valuation. Additional information summarizing census data, actuarial assumptions, claim rates and the methodology for developing them, as well as a glossary of selected terms used in this study, is also included in the report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are reasonable, reflecting the experience of the plan and reasonable expectations and, in combination, represent our best estimate of the anticipated experience under the plan.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Elmore', written over a light blue circular graphic element.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & Actuary

August 16, 2021

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Winchester other postemployment benefit programs with a Valuation Date of July 1, 2020 with a Measurement Date of June 30, 2021 for the Reporting Date & fiscal year ending June 30, 2021 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

The actuarial data is based on the plan of benefits verified by the Town and on participant claims or premium data provided by the Town and/or vendors employed by the Town.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may yield results significantly different than those reported here. As such, additional determinations may be needed for other purposes including determining the benefit security at termination and/or adequacy of the funding of an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion represents the information necessary to comply with GASB Statements Number 74 and 75 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries and other professional actuarial organizations and meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the Town are reasonably related to the experience and expectations of the postemployment benefits programs.



Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & Actuary



Andrew D. Taggart, ASA, EA, ACA, MAAA
Consulting Actuary

EXECUTIVE SUMMARY

How did plan liabilities change from FY 20 to FY 21?

Plan Experience

For the year ending on the Measurement Date of June 30, 2021, experience was largely in line with expectation, with experience loss of \$1,326,228 or 1.18% of the beginning Total OPEB Liability ("TOL"). This was in line with expectations.

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$5.0 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.25% to 5.26% decreasing the disclosed liability by \$120 thousand.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims increasing the disclosed liability by \$5.1 million.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs. This change had no material impact on plan liabilities.

It is important to remember that actuarial assumptions or changes in such do not impact the actual cost of the Plan. Rather, they impact the timing of the recognition of such costs.

Investment Experience

- ✓ During the period there was an investment gain of \$762,656 due to asset performance above the expected rate of return.

Changes in Benefits Terms

- ✓ To the best of our knowledge there have been no material changes in benefit terms that would impact the figures shown in this report.

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.42 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 2.18% as of June 30, 2021.
- ✓ Current Asset Level – The Town had \$5,169,861 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$350,000 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB.
- ✓ Investment Policy - The Town is expected to earn 6.28% on assets based on its investment policy.

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 80.00% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
- ✓ Discount Rate (5.26%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

EXECUTIVE SUMMARY

Medicare Buy-In

The Town currently has 27 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

Recently, some of our clients have seen substantial cost savings by “buying into” Medicare for retirees who would otherwise be ineligible. To buy into Medicare the Town would need to pay the Medicare Part A premium and the Medicare Part A and B penalties. While the cost to buy into Medicare is significant, it is likely still far less than the cost of the claims that the associated retirees are expected to incur. You may wish to review their Medicare eligibility to see if they are already eligible for Medicare or if a “buy-in” is appropriate as this could yield a reduction in your OPEB annual costs and disclosed liabilities. If you are in this situation, we encourage you to talk to your healthcare consultant to see if this might be viable.

Below is an estimate of the liability associated with the 27 retirees who are potential candidates for a Medicare “buy-in” and the potential cost savings associated with such a “buy-in”. Please keep in mind that this is meant as an estimate for informational purposes only.

I. Number of Retirees and Spouses Over 65 in Active Plans	27
II. Current Liability for Retirees and Spouses Over 65 in Active Plans	10,696,000
III. Potential Liability in Medicare Supplement Plan*	4,597,000
IV. Potential Reduction in Liability [II. - III.]	6,099,000

*Reflects estimated Medicare Part A premiums & Medicare Part A & Part B penalties

EXECUTIVE SUMMARY

Key Plan Metrics

While an actuarial valuation under GASB 74/75 can be very complex with many variables, we find it helpful to look at several key metrics (shown below) to better allow you to manage your plan.

Representative Plan Statistics		
Valuation Date	July 1, 2020	July 1, 2018
Measurement Date & Period Ending	June 30, 2021	June 30, 2020
Reporting Date/Fiscal Year End	June 30, 2021	June 30, 2020
Total OPEB Liability	123,791,298	112,706,449
Per Eligible Active Plan Participant	74,801	65,928
Per Retiree/Spouse Plan Participant	93,376	98,394
Total Annual Service Cost (Annual Benefit Accrual)	3,293,019	3,172,839
Per Eligible Active Plan Participant	3,803	3,827
Expected Employer Share of Retiree Costs	4,468,689	4,230,571
Per Retiree/Spouse Plan Participant	7,071	7,170
Net OPEB Liability as a % of Covered Payroll	164.20%	164.00%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

With the growth of medical care costs over time, the nominal accrued liabilities ("TOL") and benefit payments can appear daunting. However, it is important to remember that a dollar paid in the future is worth less than a dollar paid today.

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2021	632	123,791,298	123,791,298	4,468,689	4,468,689
June 30, 2026	739	152,487,600	131,537,143	6,258,846	5,398,936
June 30, 2031	766	184,576,616	137,342,337	7,814,143	5,814,456
June 30, 2036	776	219,321,252	140,773,966	9,578,999	6,148,395
June 30, 2041	753	259,415,839	143,632,260	11,409,221	6,317,009
June 30, 2046	737	307,816,644	147,014,943	13,459,026	6,428,106
June 30, 2051	734	365,460,121	150,564,731	15,942,881	6,568,256

EXECUTIVE SUMMARY

Continuing OPEB Disclosures

In addition to pension benefits, municipal entities may provide retired employees with healthcare and life insurance benefits. The portion of the cost of such benefit paid by these entities is generally provided on a pay-as-you-go basis.

The pay-as-you-go costs to the Town for such benefits for the most recent years is as follows:

<u>Fiscal Year Ending</u>		<u>Cost</u>
June 30, 2022	(budgeted)	4,707,817
June 30, 2021	Actual	4,468,689
June 30, 2020	Actual	4,230,571
June 30, 2019	Actual	3,962,591
June 30, 2018	Actual	2,566,904

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2021 Measurement Date, the Net OPEB Liability ("NOL") was determined to be \$118,621,437 assuming a discount rate of 5.26%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$350,000 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB. The balance of this fund as of June 30, 2021 was \$5,169,861. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Winchester

Assuming Funding - 5.26% discount rate

Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2020	July 1, 2018
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
I. Total OPEB Liability		
A. Actives	64,777,663	54,653,973
B. Retirees/Disabled	<u>59,013,635</u>	<u>58,052,476</u>
C. Total	123,791,298	112,706,449
II. Fiduciary Net Position [Plan Assets]	5,169,861	3,796,787
III. Net OPEB Liability (Asset) [I. - II.]	118,621,437	108,909,662
IV. Funded Ratio [II. / I.]	4.18%	3.37%
V. Number of Eligible Participants		
A. Actives	866	829
B. Retirees/Disabled & Dependents	<u>632</u>	<u>590</u>
C. Total	1,498	1,419
VI. Service Cost	3,293,019	3,172,839
VII. Financial Statement Expense	9,181,659	7,490,934
VIII. Employer Contribution to the OPEB Trust	(350,000)	(350,000)
IX. Deferred Inflow of Resources	(14,992,239)	(17,277,810)
X. Deferred Outflow of Resources	14,216,240	11,153,006
XI. Money Weighted Rate of Return	24.86%	3.00%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.28%	6.30%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	5.26%	5.25%

PRINCIPAL RESULTS OF THE VALUATION

Town of Winchester Plan Liabilities as of the June 30, 2021 Measurement Date

	General Government Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Health & Human Services Employees and Retirees	Library Employees and Retirees	Recreation Enterprise Employees and Retirees	DPW Employees and Retirees	Water & Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability										
A. Actives	2,366,099	43,967,558	5,356,741	5,450,060	471,617	935,910	248,921	4,994,279	986,478	64,777,663
B. Retirees/Disabled	2,989,626	35,526,080	5,667,313	5,412,597	415,615	883,081	387,306	6,535,544	1,196,473	59,013,635
C. Total	5,355,725	79,493,638	11,024,054	10,862,657	887,232	1,818,991	636,227	11,529,823	2,182,951	123,791,298
II. Fiduciary Net Position [Plan Assets]	223,670	3,319,870	460,394	453,654	37,053	75,966	26,571	481,517	91,166	5,169,861
III. Net OPEB Liability (Asset) [I. - II.]	5,132,055	76,173,768	10,563,660	10,409,003	850,179	1,743,025	609,656	11,048,306	2,091,785	118,621,437
IV. Number of Eligible Participants										
A. Actives	35	620	47	46	7	14	10	71	16	866
B. Retirees/Disabled	42	394	49	46	6	16	6	63	10	632
C. Total	77	1,014	96	92	13	30	16	134	26	1,498
For the Reporting Date and Fiscal Year Ending June 30, 2021										
V. Service Cost	99,121	2,409,268	204,660	190,009	18,375	24,148	30,349	262,289	54,800	3,293,019
VI. Financial Statement Expense	351,039	6,204,097	725,705	702,530	60,789	109,157	61,260	808,125	158,957	9,181,659
VII. Employer Share of Costs	(229,418)	(2,878,590)	(382,710)	(392,248)	(26,104)	(94,315)	(34,917)	(388,752)	(41,635)	(4,468,689)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(14,919)	(225,544)	(30,990)	(30,461)	(2,530)	(5,010)	(1,820)	(32,481)	(6,245)	(350,000)
IX. Total Employer Contribution [VII. + VIII.]	(244,337)	(3,104,134)	(413,700)	(422,709)	(28,634)	(99,325)	(36,737)	(421,233)	(47,880)	(4,818,689)

PRINCIPAL RESULTS OF THE VALUATION

Town of Winchester

Assuming Funding - 5.26% discount rate

For the Period Ending on the June 30, 2021 Measurement Date

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
Present Value of Future Benefits							
A. Participants	18,314,935	37,397,813	55,712,748	1,460,870	40,854,217	42,315,087	98,027,835
B. Spouses	<u>12,460,916</u>	<u>26,630,551</u>	<u>39,091,467</u>	<u>1,723,873</u>	<u>14,974,675</u>	<u>16,698,548</u>	<u>55,790,015</u>
C. Total	30,775,851	64,028,364	94,804,215	3,184,743	55,828,892	59,013,635	153,817,850
Total OPEB Liability							
A. Participants	12,732,464	25,179,272	37,911,736	1,460,870	40,854,217	42,315,087	80,226,823
B. Spouses	<u>8,835,590</u>	<u>18,030,337</u>	<u>26,865,927</u>	<u>1,723,873</u>	<u>14,974,675</u>	<u>16,698,548</u>	<u>43,564,475</u>
C. Total	21,568,054	43,209,609	64,777,663	3,184,743	55,828,892	59,013,635	123,791,298
Service Cost							
A. Participants	577,243	1,373,344	1,950,587	0	0	0	1,950,587
B. Spouses	<u>374,429</u>	<u>968,003</u>	<u>1,342,432</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,342,432</u>
C. Total	951,672	2,341,347	3,293,019	0	0	0	3,293,019

PRINCIPAL RESULTS OF THE VALUATION
CURRENT FUNDING POLICY (OPEN GROUP)

Funding - 5.26% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			with an expected 6.28% return	with an expected 6.28% return									
2021	June 30, 2021	123,791,298	5,169,861	118,621,437	4.18%	3,293,019	4,468,689	350,000	4,818,689	4,468,689	0	350,000	
2022	June 30, 2022	129,235,153	5,866,508	123,368,645	4.54%	3,569,886	4,707,817	350,000	5,057,817	4,707,817	0	350,000	
2023	June 30, 2023	135,048,216	6,606,905	128,441,311	4.89%	3,700,333	5,151,797	350,000	5,501,797	5,151,797	0	350,000	
2024	June 30, 2024	140,742,980	7,393,799	133,349,181	5.25%	3,829,912	5,558,805	350,000	5,908,805	5,558,805	0	350,000	
2025	June 30, 2025	146,564,649	8,230,110	138,334,539	5.62%	3,959,788	5,877,777	350,000	6,227,777	5,877,777	0	350,000	
2026	June 30, 2026	152,487,600	9,118,941	143,368,659	5.98%	4,099,526	6,258,846	350,000	6,608,846	6,258,846	0	350,000	
2027	June 30, 2027	158,512,339	10,063,590	148,448,749	6.35%	4,244,191	6,635,609	350,000	6,985,609	6,635,609	0	350,000	
2028	June 30, 2028	164,775,347	11,067,563	153,707,784	6.72%	4,390,962	6,855,424	350,000	7,205,424	6,855,424	0	350,000	
2029	June 30, 2029	171,253,590	12,134,586	159,119,004	7.09%	4,539,310	7,104,979	350,000	7,454,979	7,104,979	0	350,000	
2030	June 30, 2030	177,873,783	19,943,633	157,930,150	11.21%	4,693,275	7,490,966	6,630,594	14,121,560	7,490,966	0	6,630,594	
2031	June 30, 2031	184,576,616	28,243,088	156,333,528	15.30%	4,850,231	7,814,143	6,630,594	14,444,737	7,814,143	0	6,630,594	
2032	June 30, 2032	191,446,853	37,063,749	154,383,104	19.36%	4,990,175	8,022,845	6,630,594	14,653,439	8,022,845	0	6,630,594	
2033	June 30, 2033	198,003,073	46,438,348	151,564,725	23.45%	5,145,432	8,419,344	6,630,594	15,049,938	8,419,344	0	6,630,594	
2034	June 30, 2034	205,093,332	56,401,672	148,691,660	27.50%	5,318,478	8,821,585	6,630,594	15,452,179	8,821,585	0	6,630,594	
2035	June 30, 2035	212,247,681	66,990,692	145,256,989	31.56%	5,496,044	9,150,688	6,630,594	15,781,282	9,150,688	0	6,630,594	
2036	June 30, 2036	219,321,252	78,244,703	141,076,549	35.68%	5,676,412	9,578,999	6,630,594	16,209,593	9,578,999	0	6,630,594	
2037	June 30, 2037	227,051,924	90,205,466	136,846,458	39.73%	5,864,197	10,007,808	6,630,594	16,638,402	10,007,808	0	6,630,594	
2038	June 30, 2038	234,802,494	102,917,365	131,885,129	43.83%	6,070,041	10,385,137	6,630,594	17,015,731	10,385,137	0	6,630,594	
2039	June 30, 2039	242,655,779	116,427,571	126,228,208	47.98%	6,268,003	10,769,383	6,630,594	17,399,977	10,769,383	0	6,630,594	
2040	June 30, 2040	250,879,346	130,786,218	120,093,128	52.13%	6,470,823	11,129,936	6,630,594	17,760,530	11,129,936	0	6,630,594	
2041	June 30, 2041	259,415,839	146,046,588	113,369,251	56.30%	6,695,220	11,409,221	6,630,594	18,039,815	11,409,221	0	6,630,594	
2042	June 30, 2042	268,368,738	162,265,309	106,103,429	60.46%	6,913,036	11,817,608	6,630,594	18,448,202	11,817,608	0	6,630,594	
2043	June 30, 2043	277,736,699	179,502,566	98,234,133	64.63%	7,147,745	12,174,167	6,630,594	18,804,761	12,174,167	0	6,630,594	
2044	June 30, 2044	287,495,382	197,822,322	89,673,060	68.81%	7,395,977	12,539,542	6,630,594	19,170,136	12,539,542	0	6,630,594	
2045	June 30, 2045	297,405,629	217,292,559	80,113,070	73.06%	7,653,570	13,136,985	6,630,594	19,767,579	13,136,985	0	6,630,594	
2046	June 30, 2046	307,816,644	237,985,527	69,831,117	77.31%	7,922,680	13,459,026	6,630,594	20,089,620	13,459,026	0	6,630,594	
2047	June 30, 2047	318,582,036	259,978,013	58,604,023	81.60%	8,206,402	13,888,824	6,630,594	20,519,418	13,888,824	0	6,630,594	
2048	June 30, 2048	329,414,909	283,351,628	46,063,281	86.02%	8,502,544	14,506,430	6,630,594	21,137,024	14,506,430	0	6,630,594	
2049	June 30, 2049	341,103,954	308,193,106	32,910,848	90.35%	8,806,738	14,956,809	6,630,594	21,587,403	14,956,809	0	6,630,594	
2050	June 30, 2050	352,833,236	334,594,628	18,238,608	94.83%	9,134,189	15,427,833	6,630,594	22,058,427	15,427,833	0	6,630,594	
2051	June 30, 2051	365,460,121	362,654,166	2,805,955	99.23%	9,464,502	15,942,881	6,630,594	22,573,475	15,942,881	0	6,630,594	
2052	June 30, 2052	378,856,090	392,475,843	(13,619,753)	103.59%	9,818,572	16,416,018	6,630,594	23,046,612	16,416,018	0	6,630,594	

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions require the following disclosures in the financial statements:

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021	
Description	Amount
I. Service Cost	3,293,019
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	5,974,169
III. Deferred (Inflows)/Outflows from Plan Experience*	699,183
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	(381,098)
V. Projected Earnings on OPEB Plan Investments	(260,418)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(143,196)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	9,181,659
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	9,181,659

* Amortized over 6.42 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability				
		Increase (Decrease)		
		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I.	Balances for the June 30, 2020 Reporting Date	112,706,449	3,796,787	108,909,662
II.	Prior Period Adjustment	0	0	0
III.	Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]	112,706,449	3,796,787	108,909,662
Changes for the year:				
IV.	Service Cost	3,293,019	0	3,293,019
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,974,169	0	5,974,169
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	4,960,122	0	4,960,122
VIII.	Differences Between Actual and Expected Experience **	1,326,228	0	1,326,228
IX.	Net Investment Income	0	1,023,074	(1,023,074)
X.	Employer Contributions to Trust	0	4,818,689	(4,818,689)
XI.	Benefit Payments Withdrawn from Trust	0	(4,468,689)	4,468,689
XII.	Benefit Payments Excluding Implicit Cost	(3,422,451)	0	(3,422,451)
XIII.	Implicit Cost Amount	(1,046,238)	0	(1,046,238)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(4,468,689)	0	(4,468,689)
XV.	Administrative Expense	0	0	0
XVI.	Other Charges	0	0	0
XVII.	Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	11,084,849	1,373,074	9,711,775
XVIII.	Balances for the June 30, 2021 Reporting Date [III.+XVII.]	123,791,298	5,169,861	118,621,437

* Recognized Immediately

** Amortized over 6.42 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	0	5.00	0	0	0				
2019	3,438,391	6.98	1,960,573	492,606	492,606	492,606	492,606	482,755	
2020	0	6.98	0	0	0	0	0	0	0
2021	1,326,228	6.42	1,119,651	206,577	206,577	206,577	206,577	206,577	206,577
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			3,080,224						
Net increase (decrease) in OPEB Expense				699,183	699,183	699,183	699,183	689,332	206,577

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	0	5.00	0	0	0				
2019	12,069,052	6.98	6,881,782	1,729,090	1,729,090	1,729,090	1,729,090	1,694,512	
2020	(20,121,890)	6.98	(14,356,306)	(2,882,792)	(2,882,792)	(2,882,792)	(2,882,792)	(2,882,792)	(2,825,138)
2021	4,960,122	6.42	4,187,518	772,604	772,604	772,604	772,604	772,604	772,604
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(3,287,006)						
Net increase (decrease) in OPEB Expense				(381,098)	(381,098)	(381,098)	(381,098)	(415,676)	(2,052,534)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences Between		Remaining Balance	2021	2022	2023	2024	2025	2026
	Actual & Expected Earnings	Recognition Period (years)							
2017									
2018	0	5.00	0	0	0				
2019	(64,520)	5.00	(25,808)	(12,904)	(12,904)	(12,904)			
2020	111,194	5.00	66,716	22,239	22,239	22,239	22,238		
2021	(762,656)	5.00	(610,125)	(152,531)	(152,531)	(152,531)	(152,531)	(152,532)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(569,217)						
Net increase (decrease) in OPEB Expense				(143,196)	(143,196)	(143,196)	(130,293)	(152,532)	0

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Statement of Outflows & Inflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2021 to be Reported for the Fiscal Year Ending June 30, 2021			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions made subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	3,080,224	0	3,080,224
III. Changes of Assumptions	11,069,300	(14,356,306)	(3,287,006)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>66,716</u>	<u>(635,933)</u>	<u>(569,217)</u>
V. Total [I.+II.+III.+IV.]	14,216,240	(14,992,239)	(775,999)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows)/Outflows

The balance of deferred (inflows)/outflows as of June 30, 2021 will be recognized in future years as shown below.

Year ending June 30:

2022	174,889
2023	174,889
2024	187,792
2025	121,124
2026	(1,845,957)
Thereafter	411,264

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.26% as of June 30, 2021 and 5.25% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 - Year High Grade Index ("SAPIHG"), which was 2.18% as of June 30, 2021. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$4,468,689. The Town also contributed \$350,000 to an OPEB Trust for a total contribution during the measurement period of \$4,818,689 to be reported on the financial statement for the fiscal year ending June 30, 2021.

6. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the Town's Investment Policy.

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	42.50%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	0.00%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	17.25%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	7.75%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	24.50%	Domestic Fixed Income	1.40%
International Fixed Income	2.25%	International Fixed Income	1.30%
Alternatives	2.75%	Alternatives	6.32%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	3.00%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return**	4.03%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.53%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	6.28%

* Mean Geometric Returns based on 2020 Horizon Survey of Capital Market Assumptions

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2021	8,617,644	(4,818,689)	3,798,955	72,223,166	6.67%
June 30, 2020	10,097,210	(4,580,571)	5,516,639	66,420,367	6.90%
June 30, 2019	11,196,214	(7,140,108)	4,056,106	64,485,794	11.07%

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	106,494,399	123,791,298	145,707,136
II. Fiduciary Net Position	<u>5,169,861</u>	<u>5,169,861</u>	<u>5,169,861</u>
III. Net OPEB Liability (Asset) [I.-II.]	101,324,538	118,621,437	140,537,275
IV. Service Cost	2,526,185	3,293,019	4,368,655

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	148,534,352	123,791,298	113,727,556
II. Fiduciary Net Position	<u>5,169,861</u>	<u>5,169,861</u>	<u>5,169,861</u>
III. Net OPEB Liability (Asset) [I.-II.]	143,364,491	118,621,437	108,557,695
IV. Service Cost	4,645,704	3,293,019	2,790,500

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2020	3,796,787	12	1.0000
Monthly net external cash flows:			
July	350,000	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	350,000		
III. Earnings and increase in fair value	1,023,074		
IV. Ending value - June 30, 2021 [I.+II.+III.]	5,169,861		
Money Weighted Rate of Return	24.86%		
Asset Value - June 30, 2021	5,169,861		

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021										Total
	General Government Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Health & Human Services Employees and Retirees	Library Employees and Retirees	Recreation Enterprise Employees and Retirees	DPW Employees and Retirees	Water & Sewer Enterprise Employees and Retirees		
I. Total OPEB Liability as of June 30, 2021	5,355,725	79,493,638	11,024,054	10,862,657	887,232	1,818,991	636,227	11,529,823	2,182,951	123,791,298	
II. Fiduciary Net Position as of June 30, 2021	223,670	3,319,870	460,394	453,654	37,053	75,966	26,571	481,517	91,166	5,169,861	
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	5,132,055	76,173,768	10,563,660	10,409,003	850,179	1,743,025	609,656	11,048,306	2,091,785	118,621,437	
IV. Service Cost	99,121	2,409,268	204,660	190,009	18,375	24,148	30,349	262,289	54,800	3,293,019	
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	255,607	3,849,790	528,654	520,014	43,029	86,259	31,351	553,797	105,668	5,974,169	
VI. Projected Earnings on OPEB Plan Investments	(11,257)	(167,267)	(23,183)	(22,839)	(1,868)	(3,820)	(1,339)	(24,250)	(4,595)	(260,418)	
VII. Net Recognition of Deferred (Inflows)/Outflows	7,568	112,306	15,574	15,346	1,253	2,570	899	16,289	3,084	174,889	
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0	0	0	
IX. Financial Statement Expense [IV. + V. + VII. + VIII.]	351,039	6,204,097	725,705	702,530	60,789	109,157	61,260	808,125	158,957	9,181,659	
X. Employer Share of Costs	(229,418)	(2,878,590)	(382,710)	(392,248)	(26,104)	(94,315)	(34,917)	(388,752)	(41,635)	(4,468,689)	
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(14,919)	(225,544)	(30,990)	(30,461)	(2,530)	(5,010)	(1,820)	(32,481)	(6,245)	(350,000)	
XII. Total Employer Contribution [X. + XI.]	(244,337)	(3,104,134)	(413,700)	(422,709)	(28,634)	(99,325)	(36,737)	(421,233)	(47,880)	(4,818,689)	
XIII. Net OPEB Expense [IX. + XII.]	106,702	3,099,963	312,005	279,821	32,155	9,832	24,523	386,892	111,077	4,362,970	

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2021 Measurement Date)

12. OPEB Liability, OPEB Expense and Deferred Inflow/Outflow

Valuation Date	July 1, 2020
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	3,080,224
II. Deferred (Inflow)/Outflow from Investment Experience	(569,217)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(3,287,006)
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	11,153,006
II. Deferred Outflow created during the period	6,286,350
III. Deferred Outflow recognized during the period	3,223,116
IV. Change in Deferred Outflow (II. - III.)	3,063,234
V. Deferred Outflow at end of the period (I. + IV.)	14,216,240
VI. Deferred Inflow at the beginning of the period	(17,277,810)
VII. Deferred Inflow created during the period	(762,656)
VIII. Deferred Inflow recognized during the period	(3,048,227)
IX. Change in Deferred Inflow (VII. - VIII.)	2,285,571
X. Deferred Inflow at end of the period (VI. + IX.)	(14,992,239)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	108,909,662
II. Service Cost	3,293,019
III. Interest on Total OPEB Liability, Service Cost, and Payments	5,974,169
IV. Projected Investment Income	(260,418)
V. Total Employer Contributions	(4,818,689)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	4,188,081
VIII. Deferred Outflow created during the period	6,286,350
IX. Deferred Inflow created during the period	(762,656)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	118,621,437
Net OPEB Expense	
I. Service Cost	3,293,019
II. Interest on Total OPEB Liability, Service Cost, and Payments	5,974,169
III. Projected Investment Income	(260,418)
IV. Recognition of Deferred (Inflow)/Outflow	174,889
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V.)	9,181,659
VII. Benefit Payments	(4,468,689)
VIII. Contributions to Trust	(350,000)
IX. Total Employer Payments (VII. + VIII.)	(4,818,689)
X. Total Net OPEB Expense under GASB 75 (VI. + IX.)	4,362,970

EXHIBIT A
REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2021 Measurement Date)

The Town's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. For FY 2021 and future years we have used a 30 year amortization increasing by 3.00% per year of the Town's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Town's annual ADC and the amount actually contributed to the plan:

	Actuarially Determined Contribution - Deficiency / (Excess)		
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	For the Fiscal Year Ending:		
I. Service Cost	3,293,019	3,172,839	4,225,561
II. Amortization of NOL	<u>5,324,625</u>	<u>6,924,371</u>	<u>6,970,653</u>
III. Actuarial Determined Contribution [I. + II.]	8,617,644	10,097,210	11,196,214
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(4,818,689)</u>	<u>(4,580,571)</u>	<u>(7,140,108)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>3,798,955</u>	<u>5,516,639</u>	<u>4,056,106</u>
Covered Employee Payroll	72,223,166	66,420,367	64,485,794
Contributions as a % of Covered Employee Payroll	6.67%	6.90%	11.07%
Discount Rate	5.26%	5.25%	4.00%
Money Weighted Rate of Return	24.86%	3.00%	5.48%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2021 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios				
Valuation Date	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2017
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability	123,791,298	112,706,449	128,695,134	86,805,009
I. Service Cost	3,293,019	3,172,839	4,225,561	3,384,223
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,974,169	5,190,937	3,340,032	3,184,347
III. Changes in Benefit Terms	0	0	22,779,680	0
IV. Difference Between Expected & Actual Plan Experience	1,326,228	0	3,438,391	0
V. Changes of Assumptions	4,960,122	(20,121,890)	12,069,052	0
VI. Benefit Payments Excluding Implicit Cost	(3,422,451)	(3,268,413)	(3,057,611)	N/A
VII. Implicit Cost Amount	(1,046,238)	(962,158)	(904,980)	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(4,468,689)	(4,230,571)	(3,962,591)	(2,566,904)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	11,084,849	(15,988,685)	41,890,125	4,001,666
X. Total OPEB Liability - Beginning of Period	112,706,449	128,695,134	86,805,009	82,803,343
XI. Prior Period Adjustment	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	112,706,449	128,695,134	86,805,009	82,803,343
XIII. Total OPEB Liability - End of Period [IX.+XII.]	123,791,298	112,706,449	128,695,134	86,805,009
Plan Fiduciary Net Position	5,169,861	3,796,787	3,336,900	0
XIV. Earning from Plan Investments	1,023,074	109,887	159,383	0
XV. Employer Contribution to Trust	4,818,689	4,580,571	7,140,108	2,566,904
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(4,468,689)	(4,230,571)	(3,962,591)	(2,566,904)
XVII. Administrative Expense	0	0	0	0
XVIII. Other	0	0	0	0
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	1,373,074	459,887	3,336,900	0
XX. Plan Fiduciary Net Position - Beginning of Period	3,796,787	3,336,900	0	0
XXI. Prior Period Adjustment	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	3,796,787	3,336,900	0	0
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	5,169,861	3,796,787	3,336,900	0
XXIV. Net OPEB Liability [XIII.-XXIII.]	118,621,437	108,909,662	125,358,234	86,805,009
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	4.18%	3.37%	2.59%	0.00%
XXVI. Covered Employee Payroll	72,223,166	66,420,367	64,485,794	61,331,430
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	164.24%	163.97%	194.40%	141.53%
Single Discount Rate to calculate Plan Liabilities	5.26%	5.25%	4.00%	3.75%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2020.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2021.

Actuarial Assumptions:

Investment Rate of Return:	6.28%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	5.26%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Plan Membership

At July 1, 2020, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	632
Active Employees:	866
Total:	1,498

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in Assumptions: From June 30, 2020 to June 30, 2021

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.25% to 5.26%
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims
- ✓ Based on recent actuarial research we have adopted the Getzen model for future healthcare cost increases

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$350,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$4,468,689. \$1,046,238 of the \$4,468,689 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

Spouse Sex:	Male participants had female spouses and vice versa.
Spouse Age:	Male spouses were three years older than female spouses and same sex spouses were the same age.
Hire Age:	Participants who were not on the previous valuation were hired halfway between last valuation and the current valuation. If we did not have census data related to the last valuation, the participants were assumed to have been hired at age forty.
Retiree Age:	Retirees had the same birth date as they had the prior valuation. If we did not have census data related to the last valuation, retirees who were enrolled in Active plans were assumed to be age sixty-two and retirees who were enrolled in Medicare Supplement plans were assumed to be age seventy-two. Those not enrolled in a medical plan were assumed to be sixty-seven.
School Demographics:	Two thirds of school participants were teachers.
Other Material Changes:	No other data changes were deemed to be material.

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES

Table 1: Projection of Contributions using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	72,223,166	0	72,223,166	0	4,468,689	0	4,468,689
June 30, 2022	67,311,141	7,078,720	74,389,861	0	4,707,817	0	4,707,817
June 30, 2023	63,290,987	13,330,570	76,621,557	0	5,151,797	0	5,151,797
June 30, 2024	60,006,601	18,913,603	78,920,204	0	5,558,805	0	5,558,805
June 30, 2025	57,065,485	24,222,325	81,287,810	0	5,877,777	0	5,877,777
June 30, 2026	54,276,475	29,449,969	83,726,444	0	6,258,846	0	6,258,846
June 30, 2027	51,671,593	34,566,644	86,238,237	0	6,635,609	0	6,635,609
June 30, 2028	49,189,666	39,635,718	88,825,384	0	6,855,424	0	6,855,424
June 30, 2029	46,774,896	44,715,250	91,490,146	0	7,104,979	0	7,104,979
June 30, 2030	44,382,028	49,852,822	94,234,850	0	7,490,966	0	7,490,966
June 30, 2031	42,166,578	54,895,318	97,061,896	0	7,814,143	0	7,814,143
June 30, 2032	39,840,395	60,133,358	99,973,753	0	7,987,046	35,799	8,022,845
June 30, 2033	37,530,625	65,442,341	102,972,966	0	8,330,100	89,244	8,419,344
June 30, 2034	35,595,120	70,067,035	106,062,155	0	8,659,458	162,127	8,821,585
June 30, 2035	33,853,751	75,390,269	109,244,020	0	8,887,432	263,256	9,150,688
June 30, 2036	32,219,841	80,301,500	112,521,341	0	9,189,066	389,933	9,578,999
June 30, 2037	30,699,383	85,197,598	115,896,981	0	9,524,236	483,572	10,007,808
June 30, 2038	29,453,239	89,920,651	119,373,890	0	9,790,908	594,229	10,385,137
June 30, 2039	28,171,235	94,783,872	122,955,107	0	10,044,941	724,442	10,769,383
June 30, 2040	26,778,322	99,865,438	126,643,760	0	10,296,602	833,334	11,129,936
June 30, 2041	25,570,427	104,872,646	130,443,073	0	10,455,052	954,169	11,409,221
June 30, 2042	24,391,001	109,965,364	134,356,365	0	10,679,229	1,138,379	11,817,608
June 30, 2043	23,219,521	115,167,535	138,387,056	0	10,799,695	1,374,472	12,174,167
June 30, 2044	22,081,737	120,456,931	142,538,668	0	10,878,926	1,660,616	12,539,542
June 30, 2045	20,952,597	125,862,231	146,814,828	0	11,121,823	2,015,162	13,136,985
June 30, 2046	19,839,771	131,379,502	151,219,273	0	11,030,921	2,428,105	13,459,026
June 30, 2047	18,753,393	137,002,458	155,755,851	0	11,107,272	2,781,552	13,888,824
June 30, 2048	17,692,268	142,736,259	160,428,527	0	11,333,327	3,173,103	14,506,430
June 30, 2049	16,513,869	148,727,514	165,241,383	0	11,347,016	3,609,793	14,956,809
June 30, 2050	15,377,432	154,821,192	170,198,624	0	11,420,424	4,007,409	15,427,833
June 30, 2051	14,054,325	161,250,258	175,304,583	0	11,509,823	4,433,058	15,942,881
June 30, 2052	12,875,269	167,688,451	180,563,720	0	11,464,910	4,951,108	16,416,018
June 30, 2053	11,806,400	174,174,232	185,980,632	0	11,384,866	5,522,414	16,907,280
June 30, 2054	10,576,317	180,983,734	191,560,051	0	11,337,911	6,148,168	17,486,079
June 30, 2055	9,437,051	187,869,802	197,306,853	0	11,305,264	6,841,104	18,146,368
June 30, 2056	8,240,604	194,985,455	203,226,059	0	11,148,684	7,584,685	18,733,369
June 30, 2057	7,083,460	202,239,381	209,322,841	0	11,034,215	8,319,117	19,353,332
June 30, 2058	5,914,429	209,688,097	215,602,526	0	10,932,800	9,084,682	20,017,482
June 30, 2059	4,779,835	217,290,767	222,070,602	0	10,780,602	9,891,561	20,672,163
June 30, 2060	3,869,007	224,863,713	228,732,720	0	10,484,050	10,708,829	21,192,879

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	3,001,496	232,593,206	235,594,702	0	10,315,590	11,550,040	21,865,630
June 30, 2062	2,371,799	240,290,744	242,662,543	0	10,145,135	12,489,458	22,634,593
June 30, 2063	1,760,276	248,182,143	249,942,419	0	9,928,423	13,489,042	23,417,465
June 30, 2064	1,264,537	256,176,155	257,440,692	0	9,774,172	14,562,711	24,336,883
June 30, 2065	750,052	264,413,861	265,163,913	0	9,626,929	15,715,218	25,342,147
June 30, 2066	483,062	272,635,768	273,118,830	0	9,458,345	16,929,679	26,388,024
June 30, 2067	274,776	281,037,619	281,312,395	0	9,295,672	18,171,932	27,467,604
June 30, 2068	88,225	289,663,542	289,751,767	0	9,123,445	19,462,240	28,585,685
June 30, 2069	53,098	298,391,222	298,444,320	0	8,947,457	20,810,706	29,758,163
June 30, 2070	32,366	307,365,284	307,397,650	0	8,748,107	22,169,494	30,917,601
June 30, 2071	15,152	316,604,428	316,619,580	0	8,549,484	23,572,927	32,122,411
June 30, 2072	0	326,118,167	326,118,167	0	8,331,274	25,053,055	33,384,329
June 30, 2073	0	335,901,712	335,901,712	0	8,094,913	26,580,776	34,675,689
June 30, 2074	0	345,978,763	345,978,763	0	7,839,789	28,166,731	36,006,520
June 30, 2075	0	356,358,126	356,358,126	0	7,571,492	29,805,787	37,377,279
June 30, 2076	0	367,048,870	367,048,870	0	7,294,634	31,495,663	38,790,297
June 30, 2077	0	378,060,336	378,060,336	0	6,989,690	33,264,332	40,254,022
June 30, 2078	0	389,402,146	389,402,146	0	6,671,919	35,079,984	41,751,903
June 30, 2079	0	401,084,210	401,084,210	0	6,339,047	36,951,048	43,290,095
June 30, 2080	0	413,116,736	413,116,736	0	6,004,265	38,885,007	44,889,272
June 30, 2081	0	425,510,238	425,510,238	0	5,650,996	40,871,103	46,522,099
June 30, 2082	0	438,275,545	438,275,545	0	5,288,305	42,924,822	48,213,127
June 30, 2083	0	451,423,811	451,423,811	0	4,926,658	45,040,578	49,967,236
June 30, 2084	0	464,966,525	464,966,525	0	4,555,284	47,221,075	51,776,359
June 30, 2085	0	478,915,521	478,915,521	0	4,183,486	49,474,050	53,657,536
June 30, 2086	0	493,282,987	493,282,987	0	3,824,124	51,800,210	55,624,334
June 30, 2087	0	508,081,477	508,081,477	0	3,468,787	54,214,630	57,683,417
June 30, 2088	0	523,323,921	523,323,921	0	3,122,232	56,704,140	59,826,372
June 30, 2089	0	539,023,639	539,023,639	0	2,789,309	59,274,908	62,064,217
June 30, 2090	0	555,194,348	555,194,348	0	2,472,027	61,937,754	64,409,781
June 30, 2091	0	571,850,178	571,850,178	0	2,172,108	64,682,891	66,854,999
June 30, 2092	0	589,005,683	589,005,683	0	1,891,098	67,519,142	69,410,240
June 30, 2093	0	606,675,853	606,675,853	0	1,630,290	70,452,061	72,082,351
June 30, 2094	0	624,876,129	624,876,129	0	1,390,682	73,480,469	74,871,151
June 30, 2095	0	643,622,413	643,622,413	0	1,172,978	76,616,262	77,789,240

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2021	3,796,787	4,468,689	350,000	4,818,689	0	4,468,689	4,468,689	1,023,074	5,169,861
June 30, 2022	5,169,861	4,707,817	316,695	5,024,512	0	4,707,817	4,707,817	313,661	5,800,217
June 30, 2023	5,800,217	5,151,797	289,107	5,440,904	0	5,151,797	5,151,797	382,410	6,471,734
June 30, 2024	6,471,734	5,558,805	266,121	5,824,926	0	5,558,805	5,558,805	423,137	7,160,992
June 30, 2025	7,160,992	5,877,777	245,706	6,123,483	0	5,877,777	5,877,777	465,141	7,871,839
June 30, 2026	7,871,839	6,258,846	226,891	6,485,737	0	6,258,846	6,258,846	508,600	8,607,330
June 30, 2027	8,607,330	6,635,609	209,710	6,845,319	0	6,635,609	6,635,609	553,710	9,370,750
June 30, 2028	9,370,750	6,855,424	193,823	7,049,247	0	6,855,424	6,855,424	600,655	10,165,228
June 30, 2029	10,165,228	7,104,979	178,940	7,283,919	0	7,104,979	7,104,979	649,614	10,993,782
June 30, 2030	10,993,782	7,490,966	3,122,828	10,613,794	0	7,490,966	7,490,966	886,523	15,003,133
June 30, 2031	15,003,133	7,814,143	2,880,527	10,694,670	0	7,814,143	7,814,143	1,123,094	19,006,754
June 30, 2032	19,006,754	7,987,046	2,642,348	10,629,394	0	7,987,046	7,987,046	1,359,564	22,972,867
June 30, 2033	22,972,867	8,330,100	2,416,657	10,746,757	0	8,330,100	8,330,100	1,594,462	26,894,742
June 30, 2034	26,894,742	8,659,458	2,225,269	10,884,727	0	8,659,458	8,659,458	1,828,737	30,786,621
June 30, 2035	30,786,621	8,887,432	2,054,762	10,942,194	0	8,887,432	8,887,432	2,062,439	34,640,566
June 30, 2036	34,640,566	9,189,066	1,898,633	11,087,699	0	9,189,066	9,189,066	2,294,662	38,443,928
June 30, 2037	38,443,928	9,524,236	1,756,346	11,280,582	0	9,524,236	9,524,236	2,524,577	42,241,279
June 30, 2038	42,241,279	9,790,908	1,635,973	11,426,881	0	9,790,908	9,790,908	2,755,491	46,038,514
June 30, 2039	46,038,514	10,044,941	1,519,189	11,564,130	0	10,044,941	10,044,941	2,986,624	49,819,885
June 30, 2040	49,819,885	10,296,602	1,402,013	11,698,615	0	10,296,602	10,296,602	3,216,735	53,605,299
June 30, 2041	53,605,299	10,455,052	1,299,779	11,754,831	0	10,455,052	10,455,052	3,448,039	57,398,948
June 30, 2042	57,398,948	10,679,229	1,203,715	11,882,944	0	10,679,229	10,679,229	3,680,247	61,144,531
June 30, 2043	61,144,531	10,799,695	1,112,526	11,912,221	0	10,799,695	10,799,695	3,909,743	64,792,328
June 30, 2044	64,792,328	10,878,926	1,027,195	11,906,121	0	10,878,926	10,878,926	4,133,466	68,292,373
June 30, 2045	68,292,373	11,121,823	946,282	12,068,105	0	11,121,823	11,121,823	4,348,188	71,571,681
June 30, 2046	71,571,681	11,030,921	869,925	11,900,846	0	11,030,921	11,030,921	4,549,333	74,562,834
June 30, 2047	74,562,834	11,107,272	798,340	11,905,612	0	11,107,272	11,107,272	4,732,682	77,312,304
June 30, 2048	77,312,304	11,333,327	731,231	12,064,558	0	11,333,327	11,333,327	4,901,134	79,771,566
June 30, 2049	79,771,566	11,347,016	662,647	12,009,663	0	11,347,016	11,347,016	5,051,269	81,875,689
June 30, 2050	81,875,689	11,420,424	599,074	12,019,498	0	11,420,424	11,420,424	5,179,415	83,646,769
June 30, 2051	83,646,769	11,509,823	531,581	12,041,404	0	11,509,823	11,509,823	5,286,400	85,031,692
June 30, 2052	85,031,692	11,464,910	472,801	11,937,711	0	11,464,910	11,464,910	5,369,682	85,923,067
June 30, 2053	85,923,067	11,384,866	420,923	11,805,789	0	11,384,866	11,384,866	5,422,403	86,243,979
June 30, 2054	86,243,979	11,337,911	366,085	11,703,996	0	11,337,911	11,337,911	5,439,112	85,901,008
June 30, 2055	85,901,008	11,305,264	317,137	11,622,401	0	11,305,264	11,305,264	5,414,500	84,791,541
June 30, 2056	84,791,541	11,148,684	268,864	11,417,548	0	11,148,684	11,148,684	5,341,793	82,817,513
June 30, 2057	82,817,513	11,034,215	224,379	11,258,594	0	11,034,215	11,034,215	5,215,031	79,937,806
June 30, 2058	79,937,806	10,932,800	181,891	11,114,691	0	10,932,800	10,932,800	5,031,517	76,066,532
June 30, 2059	76,066,532	10,780,602	142,717	10,923,319	0	10,780,602	10,780,602	4,785,941	71,103,629
June 30, 2060	71,103,629	10,484,050	112,156	10,596,206	0	10,484,050	10,484,050	4,472,351	64,979,307

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	64,979,307	10,315,590	84,474	10,400,064	0	10,315,590	10,315,590	4,086,005	54,715,773
June 30, 2062	54,715,773	10,145,135	64,808	10,209,943	0	10,145,135	10,145,135	3,440,220	44,604,263
June 30, 2063	44,604,263	9,928,423	46,697	9,975,120	0	9,928,423	9,928,423	2,804,080	34,695,588
June 30, 2064	34,695,588	9,774,172	32,569	9,806,741	0	9,774,172	9,774,172	2,180,928	24,932,129
June 30, 2065	24,932,129	9,626,929	18,756	9,645,685	0	9,626,929	9,626,929	1,566,916	15,309,632
June 30, 2066	15,309,632	9,458,345	11,727	9,470,072	0	9,458,345	9,458,345	962,181	5,852,989
June 30, 2067	5,852,989	9,295,672	6,477	9,302,149	0	9,295,672	9,295,672	367,974	374,451
June 30, 2068	374,451	9,123,445	2,019	9,125,464	0	9,123,445	9,123,445	23,642	25,661
June 30, 2069	25,661	8,947,457	1,180	8,948,637	0	8,947,457	8,947,457	1,686	2,866
June 30, 2070	2,866	8,748,107	698	8,748,805	0	8,748,107	8,748,107	224	922
June 30, 2071	922	8,549,484	317	8,549,801	0	8,549,484	8,549,484	78	395
June 30, 2072	395	8,331,274	0	8,331,274	0	8,331,274	8,331,274	25	25
June 30, 2073	25	8,094,913	0	8,094,913	0	8,094,913	8,094,913	2	2
June 30, 2074	2	7,839,789	0	7,839,789	0	7,839,789	7,839,789	0	0
June 30, 2075	0	7,571,492	0	7,571,492	0	7,571,492	7,571,492	0	0
June 30, 2076	0	7,294,634	0	7,294,634	0	7,294,634	7,294,634	0	0
June 30, 2077	0	6,989,690	0	6,989,690	0	6,989,690	6,989,690	0	0
June 30, 2078	0	6,671,919	0	6,671,919	0	6,671,919	6,671,919	0	0
June 30, 2079	0	6,339,047	0	6,339,047	0	6,339,047	6,339,047	0	0
June 30, 2080	0	6,004,265	0	6,004,265	0	6,004,265	6,004,265	0	0
June 30, 2081	0	5,650,996	0	5,650,996	0	5,650,996	5,650,996	0	0
June 30, 2082	0	5,288,305	0	5,288,305	0	5,288,305	5,288,305	0	0
June 30, 2083	0	4,926,658	0	4,926,658	0	4,926,658	4,926,658	0	0
June 30, 2084	0	4,555,284	0	4,555,284	0	4,555,284	4,555,284	0	0
June 30, 2085	0	4,183,486	0	4,183,486	0	4,183,486	4,183,486	0	0
June 30, 2086	0	3,824,124	0	3,824,124	0	3,824,124	3,824,124	0	0
June 30, 2087	0	3,468,787	0	3,468,787	0	3,468,787	3,468,787	0	0
June 30, 2088	0	3,122,232	0	3,122,232	0	3,122,232	3,122,232	0	0
June 30, 2089	0	2,789,309	0	2,789,309	0	2,789,309	2,789,309	0	0
June 30, 2090	0	2,472,027	0	2,472,027	0	2,472,027	2,472,027	0	0
June 30, 2091	0	2,172,108	0	2,172,108	0	2,172,108	2,172,108	0	0
June 30, 2092	0	1,891,098	0	1,891,098	0	1,891,098	1,891,098	0	0
June 30, 2093	0	1,630,290	0	1,630,290	0	1,630,290	1,630,290	0	0
June 30, 2094	0	1,390,682	0	1,390,682	0	1,390,682	1,390,682	0	0
June 30, 2095	0	1,172,978	0	1,172,978	0	1,172,978	1,172,978	0	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.28%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.26%]	
June 30, 2021	3,796,787	4,468,689	3,796,787	671,902	3,796,787	671,902	4,468,689	Sum of Column V.
June 30, 2022	5,169,861	4,707,817	4,707,817	0	4,429,636	0	4,472,397	127,699,938
June 30, 2023	5,800,217	5,151,797	5,151,797	0	4,560,954	0	4,649,436	
June 30, 2024	6,471,734	5,558,805	5,558,805	0	4,630,488	0	4,765,886	Sum of Column VI.
June 30, 2025	7,160,992	5,877,777	5,877,777	0	4,606,880	0	4,787,360	29,475,391
June 30, 2026	7,871,839	6,258,846	6,258,846	0	4,615,689	0	4,842,816	
June 30, 2027	8,607,330	6,635,609	6,635,609	0	4,604,384	0	4,877,590	Sum of Column VII.
June 30, 2028	9,370,750	6,855,424	6,855,424	0	4,475,829	0	4,787,178	[V. + VI.]
June 30, 2029	10,165,228	7,104,979	7,104,979	0	4,364,660	0	4,713,340	157,175,329
June 30, 2030	10,993,782	7,490,966	7,490,966	0	4,329,861	0	4,720,897	
June 30, 2031	15,003,133	7,814,143	7,814,143	0	4,249,775	0	4,678,308	
June 30, 2032	19,006,754	7,987,046	7,987,046	0	4,087,137	0	4,542,703	
June 30, 2033	22,972,867	8,330,100	8,330,100	0	4,010,806	0	4,500,898	
June 30, 2034	26,894,742	8,659,458	8,659,458	0	3,923,021	0	4,444,884	
June 30, 2035	30,786,621	8,887,432	8,887,432	0	3,788,390	0	4,333,779	
June 30, 2036	34,640,566	9,189,066	9,189,066	0	3,685,515	0	4,256,793	
June 30, 2037	38,443,928	9,524,236	9,524,236	0	3,594,226	0	4,191,429	
June 30, 2038	42,241,279	9,790,908	9,790,908	0	3,476,536	0	4,093,319	
June 30, 2039	46,038,514	10,044,941	10,044,941	0	3,355,982	0	3,989,521	
June 30, 2040	49,819,885	10,296,602	10,296,602	0	3,236,790	0	3,884,974	
June 30, 2041	53,605,299	10,455,052	10,455,052	0	3,092,397	0	3,747,495	
June 30, 2042	57,398,948	10,679,229	10,679,229	0	2,972,059	0	3,636,433	
June 30, 2043	61,144,531	10,799,695	10,799,695	0	2,827,987	0	3,493,557	
June 30, 2044	64,792,328	10,878,926	10,878,926	0	2,680,405	0	3,343,206	
June 30, 2045	68,292,373	11,121,823	11,121,823	0	2,578,332	0	3,246,937	
June 30, 2046	71,571,681	11,030,921	11,030,921	0	2,406,152	0	3,059,359	
June 30, 2047	74,562,834	11,107,272	11,107,272	0	2,279,645	0	2,926,488	
June 30, 2048	77,312,304	11,333,327	11,333,327	0	2,188,596	0	2,836,727	
June 30, 2049	79,771,566	11,347,016	11,347,016	0	2,061,761	0	2,698,128	
June 30, 2050	81,875,689	11,420,424	11,420,424	0	1,952,484	0	2,579,787	
June 30, 2051	83,646,769	11,509,823	11,509,823	0	1,851,494	0	2,469,966	
June 30, 2052	85,031,692	11,464,910	11,464,910	0	1,735,293	0	2,337,296	
June 30, 2053	85,923,067	11,384,866	11,384,866	0	1,621,356	0	2,204,915	
June 30, 2054	86,243,979	11,337,911	11,337,911	0	1,519,260	0	2,086,016	
June 30, 2055	85,901,008	11,305,264	11,305,264	0	1,425,372	0	1,975,996	
June 30, 2056	84,791,541	11,148,684	11,148,684	0	1,322,573	0	1,851,184	
June 30, 2057	82,817,513	11,034,215	11,034,215	0	1,231,646	0	1,740,557	
June 30, 2058	79,937,806	10,932,800	10,932,800	0	1,148,218	0	1,638,321	
June 30, 2059	76,066,532	10,780,602	10,780,602	0	1,065,330	0	1,534,728	
June 30, 2060	71,103,629	10,484,050	10,484,050	0	974,807	0	1,417,876	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.28%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.26%]
June 30, 2061	64,979,307	10,315,590	10,315,590	0	902,469	0	1,325,329
June 30, 2062	54,715,773	10,145,135	10,145,135	0	835,111	0	1,238,250
June 30, 2063	44,604,263	9,928,423	9,928,423	0	768,981	0	1,151,202
June 30, 2064	34,695,588	9,774,172	9,774,172	0	712,301	0	1,076,644
June 30, 2065	24,932,129	9,626,929	9,626,929	0	660,115	0	1,007,397
June 30, 2066	15,309,632	9,458,345	9,458,345	0	610,233	0	940,262
June 30, 2067	5,852,989	9,295,672	9,226,501	69,171	560,100	25,672	877,880
June 30, 2068	374,451	9,123,445	3,694,710	5,428,735	211,037	1,971,825	818,529
June 30, 2069	25,661	8,947,457	3,291,085	5,656,372	176,874	2,010,710	762,597
June 30, 2070	2,866	8,748,107	3,195,826	5,552,281	161,606	1,931,634	708,322
June 30, 2071	922	8,549,484	3,121,386	5,428,098	148,515	1,848,175	657,623
June 30, 2072	395	8,331,274	3,043,411	5,287,863	136,249	1,762,047	608,793
June 30, 2073	25	8,094,913	2,953,798	5,141,115	124,423	1,676,627	561,941
June 30, 2074	2	7,839,789	2,856,548	4,983,241	113,216	1,590,497	517,016
June 30, 2075	0	7,571,492	2,753,405	4,818,087	102,680	1,505,004	474,353
June 30, 2076	0	7,294,634	2,646,388	4,648,246	92,858	1,421,000	434,155
June 30, 2077	0	6,989,690	2,529,305	4,460,385	83,505	1,334,502	395,202
June 30, 2078	0	6,671,919	2,405,993	4,265,926	74,741	1,249,114	358,371
June 30, 2079	0	6,339,047	2,276,549	4,062,498	66,541	1,164,190	323,465
June 30, 2080	0	6,004,265	2,147,743	3,856,522	59,066	1,081,604	291,061
June 30, 2081	0	5,650,996	2,011,237	3,639,759	52,044	999,050	260,237
June 30, 2082	0	5,288,305	1,872,566	3,415,739	45,592	917,574	231,357
June 30, 2083	0	4,926,658	1,735,720	3,190,938	39,763	838,912	204,757
June 30, 2084	0	4,555,284	1,596,127	2,959,157	34,405	761,392	179,855
June 30, 2085	0	4,183,486	1,458,142	2,725,344	29,573	686,283	156,916
June 30, 2086	0	3,824,124	1,326,575	2,497,549	25,315	615,514	136,264
June 30, 2087	0	3,468,787	1,198,362	2,270,425	21,517	547,612	117,421
June 30, 2088	0	3,122,232	1,074,423	2,047,809	18,152	483,390	100,405
June 30, 2089	0	2,789,309	956,536	1,832,773	15,205	423,407	85,213
June 30, 2090	0	2,472,027	845,376	1,626,651	12,644	367,778	71,744
June 30, 2091	0	2,172,108	740,957	1,431,151	10,428	316,679	59,887
June 30, 2092	0	1,891,098	643,798	1,247,300	8,525	270,114	49,532
June 30, 2093	0	1,630,290	554,182	1,076,108	6,905	228,073	40,566
June 30, 2094	0	1,390,682	472,185	918,497	5,535	190,518	32,873
June 30, 2095	0	1,172,978	398,016	774,962	4,390	157,319	26,341

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2021 Non-Medicare Plans: effective July 1, 2021 Dental Plans: N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical Insurance & \$4,000 of Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	The Town reimburses 50% of Medicare Part B Premiums. Medicare Part B Penalty reimbursements have been reflected.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

Hire Date	Eligibility
Before April 2, 2012	<ul style="list-style-type: none"> • Age 55 with 10 years of creditable service • 20 years of service regardless of age
On or after April 2, 2012	<ul style="list-style-type: none"> • Age 60 with 10 years of creditable service

Participant Contributions

Group	Individual	Two-Person / Family
Medical	<ul style="list-style-type: none"> • 30% of premiums for Medicare Supplement Plans • 50% for the Non-Medicare PPO plan • 25% for the Non-Medicare HMO plan. 	<ul style="list-style-type: none"> • 30% of premiums for Medicare Supplement Plans • 50% for the Non-Medicare PPO plan • 25% for the Non-Medicare HMO plan.
Dental	N/A	N/A
Life	50%	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females

Post-Retirement Mortality

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Disabled Mortality

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year
Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Assumption Experience Study

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Discount Rate

5.26% per annum (previously 5.25%)

Net Long Term Rate of Return

6.28% (based on investment policy)

Municipal Bond Rate

2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

Market Value of Assets as of the Measurement Date, June 30, 2021

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

It was assumed that employees would terminate employment in accordance with the sample rates shown in the following table:

Non-Public Safety Employees

Service	Male	Female
0	15.00%	15.00%
5	7.60%	7.60%
10	5.40%	5.40%
15	3.30%	3.30%
20	2.00%	2.00%

Public Safety Employees

Service	Male	Female
0	9.00%	9.00%
5	6.00%	6.00%
10	3.50%	3.50%
15	2.00%	2.00%
20	1.50%	1.50%
25	1.50%	1.50%
30	1.50%	1.50%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

Age	Standard Male	Standard Female	Male Teachers	Female Teachers	Public Safety
45 - 49	0.00%	0.00%	0.00%	0.00%	6.00%
50 - 51	3.00%	3.00%	2.00%	1.50%	6.00%
52	3.00%	3.00%	2.00%	1.50%	6.00%
53	3.00%	3.00%	2.00%	1.50%	7.50%
54	3.00%	3.50%	2.00%	2.00%	15.00%
55	3.50%	5.00%	6.00%	5.00%	25.00%
56	3.50%	5.00%	20.00%	15.00%	15.00%
57	4.00%	5.50%	40.00%	35.00%	15.00%
58	5.00%	6.00%	50.00%	35.00%	15.00%
59	6.00%	6.50%	50.00%	35.00%	15.00%
60	9.00%	7.50%	40.00%	35.00%	20.00%
61	11.00%	10.00%	40.00%	35.00%	20.00%
62	15.00%	15.00%	35.00%	35.00%	20.00%
63	15.00%	15.00%	35.00%	35.00%	20.00%
64	16.00%	15.00%	35.00%	35.00%	30.00%
65	20.00%	20.00%	35.00%	35.00%	50.00%
66	20.00%	20.00%	40.00%	35.00%	25.00%
67	20.00%	20.00%	40.00%	30.00%	25.00%
68	20.00%	20.00%	40.00%	30.00%	25.00%
69	20.00%	20.00%	40.00%	30.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%	100.00%	100.00%

Permanent Disability Rates

Age	Standard	Teachers	Public Safety
20	0.01%	0.05%	0.20%
30	0.01%	0.07%	0.21%
40	0.07%	0.21%	0.71%
50	0.13%	0.42%	1.10%
60	0.12%	0.50%	0.80%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

Medicare Part A & B Premiums & Penalties: Assumed to rise at the same rates as our Medical Plan trend assumption.

Medical Plans: Rates were developed using the SOA Getzen Model of Long-Run Medical Cost Trends with the following model input variables:

Inflation (CPI):	2.50%
Real GDP (per capita):	1.10%
Excess Medical Cost Growth:	1.10%
Expected Health Share of GDP in 2029:	20%
Health Share of GDP Resistance Point:	22.5%
Year for Limiting Cost Growth to GDP Growth:	2060

See below for a table of trend rates for select years:

Year	Rate
2020 - 2023	4.50%
2024	4.54%
2025	4.59%
2026	4.63%
2027	4.68%
2028	4.72%
2029 - 2040	4.77%
2045	4.53%
2050	4.43%
2055	4.00%
2060	3.63%
2061+	3.60%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.

Spouse Participation Rate

It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement.

Medicare Eligibility

It was assumed that retirees who were over age 66 on the valuation date and were enrolled in an Active plan were ineligible for Medicare and all other participants would be eligible for Medicare at age 65, absent any information to the contrary.

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

We recognize that COVID-19 may impact plan experience. We have reviewed the assumptions used in this report. Based on the data that is currently available, we have not made any adjustments to these assumptions to reflect the impact of COVID-19. We will continue to monitor the impact of COVID-19 to determine if adjustments to valuation assumptions are warranted.

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

The implicit subsidy arises because retirees who are not eligible for Medicare are charged the same premium as active employees, even though their actual medical costs are higher on average. Consequently, a portion of the premiums being paid for active employees are being used to “subsidize” the premiums of retirees. Actuarial Standards of Practice and GASB standards require the liability associated with this implicit subsidy to be valued. The chart below shows a breakdown of how implicit cost impacts reported cash flows and liabilities. Actuarial Standard of Practice No. 6 (“ASOP 6”) requires us to recognize this implicit subsidy while the plan sponsor may only pay the premiums billed by an insurance provider.

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Total OPEB Liability	123,791,298	112,706,449
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>96,491,270</u>	<u>95,274,790</u>
III. Liability from Implicit Subsidy [I. - II.]	27,300,028	17,431,659

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2021</u>	<u>June 30, 2020</u>
IV. Employer Payments (Including Implicit Subsidy)	4,468,689	4,230,571
V. Actual Employer Payments	<u>3,422,451</u>	<u>3,268,413</u>
VI. Implicit Subsidy [IV. - V.]	1,046,238	962,158

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-65 and post-65 per capita costs were developed using fully insured premium rates.

ANNUAL PER CAPITA CLAIMS*

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,750	2,994	44 & Under	9,757	6,393	65 to 69	3,469	3,562
25 to 29	7,008	3,116	45 to 49	10,717	8,072	70 to 74	4,092	4,269
30 to 34	8,856	3,911	50 to 54	12,607	10,631	75 to 79	4,748	5,041
35 to 39	9,122	4,910	55 to 59	14,574	13,821	80 to 84	5,445	5,795
40 to 44	9,337	6,118	60 to 64	17,343	17,736	85 to 89	6,087	6,455
45 to 49	10,256	7,724	65 to 69	20,790	22,123	90 & Over	6,087	6,455
50 to 54	12,064	10,173	70 to 74	24,516	26,512			
55 to 59	13,946	13,226	75 to 79	28,472	31,312			
60 to 64	16,596	16,972	80 to 84	32,645	35,991			
65 to 69	19,895	21,170	85 to 89	37,263	41,197			
70 & Over	23,460	25,370	90 & Over	37,263	41,197			

*Based on SOA 'Health Care Costs--From Birth to Death' study published in 2013

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

For the projection of plan liabilities in future years, it was assumed that the number of active employees will remain constant and those who terminate employment or retire will be replaced with new employees with the demographics below:

Open Group Forecast Population Demographics		
Age	Male	Female
20	8.0%	5.0%
30	7.0%	14.0%
40	20.0%	19.0%
50	10.0%	10.0%
60	<u>3.0%</u>	<u>4.0%</u>
Total	48.0%	52.0%

Additional Comments

The liabilities being reported as of the Measurement Date of June 30, 2021 reflect a closed group and do not reflect any new entrants after the valuation date.

To the best of our knowledge all employees who are eligible on the valuation date are included in the actuarial valuation.

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2020	July 1, 2018
A. Average Age at Hire	35.35	35.10
B. Average Service	<u>9.61</u>	<u>10.03</u>
C. Average Current Age	44.96	45.13

Retired Employees & Spouses

Valuation Date	July 1, 2020	July 1, 2018
A. Under Age 65	63	66
B. Age 65 & Over	<u>569</u>	<u>524</u>
C. Total	632	590

Average Service Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	32									32
25-29	87	3								90
30-34	71	35	4							110
35-39	36	30	27	2						95
40-44	37	16	21	24	2					100
45-49	32	18	16	23	10	1				100
50-54	33	21	19	11	13	9	4			110
55-59	31	22	24	23	10	7	15	5		137
60-64	10	6	11	9	11	6	2	7		62
65-69	2	1	7	5	4	1	2			22
70+		2	1	2	2		1			8
Total	371	154	130	99	52	24	24	12		866

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HPHC Choice Net PPO	7		6	13
HPHC Choice Net HMO	295	22	290	607
HPHC Choice Net HMO FOCUS	7	6	1	14
Tufts Medicare Preferred	7	2		9
HPHC Medicare Enhanced	204	157		361
Total	520	187	297	1,004

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HPHC Choice Net PPO	1,165.78		3,147.55
HPHC Choice Net HMO	923.61	1,847.22	2,493.71
HPHC Choice Net HMO FOCUS	883.85	1,767.69	2,386.35
Tufts Medicare Preferred	342.00	684.00	
HPHC Medicare Enhanced	400.66	801.32	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HPHC Choice Net PPO	7		6	19	324,549.12	265,797.84
HPHC Choice Net HMO	295	22	290	919	12,435,356.28	10,185,571.08
HPHC Choice Net HMO FOCUS	7	6	1	21	230,153.28	222,730.20
Total	309	28	297	959	12,990,058.68	10,674,099.12
Blended Average Monthly Rate:						\$ 927.54

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Tufts Medicare Preferred	7	2		11	45,144.00	45,144.00
HPHC Medicare Enhanced	204	157		518	2,490,502.56	2,490,502.56
Total	211	159	0	529	2,535,646.56	2,535,646.56
Blended Average Monthly Rate:						\$ 399.42

APPENDIX V – OVERVIEW OF GASB 74 & 75

Before Statements 74 and 75, GASB statement 45 established the reporting standards for Other Postemployment Benefit (“OPEB”) plans. It was designed to recognize the Other Postemployment Benefits earned by employees throughout their working career vs. when they are paid in retirement – accrual accounting vs. “pay-as-you-go” accounting. Additionally, each eligible active employee earns benefits each year representing benefits to be paid in retirement or a “Service Cost”. These amounts are reflected in your financial statement each year so that OPEB benefits for an eligible employee shall be fully charged to the financial statement when that eligible employee terminates employment.

In 2012 GASB issued GASB Statements 67 and 68 to update and standardize the financial reporting of pension liabilities. This increased the transparency of pension liabilities by moving them to the balance sheet and made financial statement disclosures of pension liabilities more comparable between municipal entities. GASB Statements 74 and 75 are designed to have the same effect on OPEB plans.

GASB 74 and 75 require retiree medical plans to disclose information about asset and liability levels and show historical contribution information. GASB 74 only applies in situations where a separate trust is established to prefund these benefits. GASB 75 requires employers to perform periodic actuarial valuations to determine annual accounting costs and to keep a running tally of the extent to which these amounts are over or under funded.

GASB 74 and 75 apply to those benefits provided after retirement, except for pension benefits, such as medical, dental and life insurance. The philosophy behind the accounting standard is that these postemployment benefits are part of the compensation earned by employees in return for their services, and the cost of these benefits should be recognized while employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 74 and 75 extend this practice to all other postemployment benefits.

APPENDIX V – OVERVIEW OF GASB 74 & 75

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates – How likely is it that an employee will qualify for postemployment benefits and when will they start?

Medical inflation and claims cost assumptions – When an employee starts receiving postemployment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption – How long is a retiree likely to receive benefits?

Discount rate assumption – What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the Town, the present value is divided into three pieces: the part that is attributed to past years (the "Total OPEB Liability" or "Past Service Liability"), the part that is being earned this year (the "Service Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Service Cost have been calculated, the next step is to determine an actuarially determined contribution. This is an amount that if paid annually would fully prefund the benefits for current active and retired employees. This consists of two pieces:

- ✓ Service Cost – because the benefits earned by active employees each year should be paid for each year
- ✓ Past Service Cost – a catch-up payment to fund the Accrued Liability over a period of time determined by an actuary

The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the Town's financial statements as the Net OPEB Liability (NOL). If you decide to fully fund the NOL this will appear in the financial statement as a Net OPEB Asset. In addition, the Discount Rate used to calculate the liabilities must reflect the expected investment income of whatever funds are set aside to prefund the benefits; if there is no prefunding then the Discount Rate will be much lower and the liabilities significantly higher than if the benefits are prefunded.

APPENDIX VI – ASOP 41 DISCLOSURES

The Actuarial Standards Board (the “ASB”), vested by the U.S.-based actuarial organizations¹, promulgates actuarial standards of practice (“ASOPs”) for use by actuaries when providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct², to observe the ASOPs of the ASB when practicing in the United States.

The ASOPs are not narrowly prescriptive and neither dictate a single approach nor mandate a particular outcome. ASOPs are intended to provide actuaries with a framework for performing professional assignments and to offer guidance on relevant issues, recommended practices, documentation, and disclosure. Each ASOP articulates a process of analysis, documentation, and disclosure that, in the ASB’s judgment, constitutes appropriate practice within the scope and purpose of the ASOP.

ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in this Appendix.

Identification of the Responsible Actuary

The responsible actuary is Parker Elmore, ASA, EA, FCA, MAAA of Odyssey Advisors. This actuary is available to provide supplementary information and explanation.

Identification of Actuarial Documents

The date of this document is August 16, 2021 and its subject is the Town of Winchester’s GASB 75 OPEB liabilities.

¹The American Academy of Actuaries (the “Academy”), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

² These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

- ✓ The contents of this report are intended for the use of the officers, employees, and elected officials of the Town and the Town's appointed auditor. The Town may distribute this report to those parties that have a legal right to require the Town to provide it, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Town notify Odyssey Advisors to whom it was distributed.
- ✓ The purpose of this engagement was to provide the Town with analysis of the GASB 75 OPEB liabilities.
- ✓ The responsible actuary identified above is qualified as specified in the *Qualification Standards* of the American Academy of Actuaries.
- ✓ Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
- ✓ Actuarial computations under GASB 75 are for purposes of fulfilling financial accounting requirements of the Town. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. These communications should not be relied upon for any other purpose.
- ✓ The Town of Winchester has agreed to pay Odyssey Advisors a fee for preparing this report. Other than with regard to that contract, we are financially and organizationally independent from the Town and any entity or individual related to the Town. There is nothing in our relationship with the Town that would impair or seem to impair the objectivity of our work.
- ✓ The Town provided the employee/retiree data, premium rates and other information used to prepare our report. We have reviewed the data for reasonableness but have not audited it. To the extent that there are material inaccuracies in the data, our results may be accordingly affected.
- ✓ The date through which data or other information has been considered in developing the findings included in this report is June 30, 2021.
- ✓ The various documents comprising the actuarial report are contained within the document to which these disclosures are attached.

APPENDIX VI – ASOP 41 DISCLOSURES

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Actuarial Findings

The actuarial findings of the report can be found in the report to which these disclosures are attached.

Methods, Procedures, Assumptions, and Data

The methods, procedures, assumptions and data used by the actuary can be found in the report to which these disclosures are attached.

Assumptions or Methods Prescribed by Law

While not legally binding, our determinations were made in accordance with our understanding of Statement No. 75 of the Governmental Accounting Standards Board. Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. Determinations for purposes other than meeting such requirements may be significantly different from these results. Accordingly, additional determinations may be needed for other purposes.

Responsibility for Assumptions and Methods

The actuary does not disclaim responsibility for any material assumption(s) or method(s).

Deviation from the Guidance of an ASOP

The actuary has not deviated materially from the guidance set forth in an applicable ASOP.

Rounding

Results in this report are shown to the nearest dollar. Due to the predictive nature of these results, no implication is made as to the degree of precision in these unrounded figures. Clients should work with their auditors to decide if it would be prudent to round these results when applying them to the financial statements.

GLOSSARY

Accrual Accounting – A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Actuarially Determined Contribution – Amount of funding required annually to fully fund plan benefits. Determined by the actuary using a consistent methodology.

Amortization – Allows the recognition of liability over a fixed period of time.

Cash Basis Accounting – A system of accounting in which revenues are recorded when received and outlays are recorded when payment is made.

Deferred Inflows/Outflows of Resources – Amounts arising from experience gains and losses that have not been recognized into the OPEB Expense but will be recognized in the future.

Discount Rate – The interest rate used to calculate the present value of future cash flows. Under GASB 75, the rate should be the expected long-term rate of return on investments for a plan that is being fully funded, the 20-year municipal bond index for a pay-as-you-go plan, and a blend of the two rates for a plan that is being partially funded.

Entry Age Normal – Under this method, the annual service cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. The annual service cost for each active member is a level percent of payroll. The total OPEB liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination.

Fiduciary Net Position – The value of cash, investments, other assets and property belonging to an OPEB trust.

GLOSSARY

Government Accounting Standards Board (GASB) – “The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.”

Implicit Subsidy – The liability that arises because retirees who are not eligible for Medicare are charged the same premium as active employees even though their actual medical costs are higher on average.

Irrevocable Contribution – The transfer of assets to a qualified trust in which assets may only be withdrawn for the purpose of providing retiree other postemployment benefits.

Net OPEB Liability (NOL) – Total OPEB Liability less the Fiduciary Net Position.

Other Postemployment Benefits (OPEB) – Benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

OPEB Trust – An entity which holds assets for the sole purpose of funding OPEB. All contributions and earnings within this entity must be irrevocable and protected from creditors.

Pay-as-you-go funding – Paying benefits (such as pensions or OPEB) on a cash basis, with no money set aside for future liabilities which are already incurred.

Service Cost – The actuarially determined present value contribution needed to fund benefits which are earned for employee service rendered during the current year. Service cost depends on many factors, including the interest rate used to discount future cashflows, and expected inflation.

Total OPEB Liability (TOL) – That portion, as determined by the Individual Entry Age Normal Actuarial Cost Method, of the Actuarial Present Value of benefits and expenses which are not provided for by future Service Costs.