

Town of Georgetown 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 September 16, 2021



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September 16, 2021

Personal and Confidential

Mr. Alexander Williams
Treasurer/Collector
Town of Georgetown
1 Library Street
Georgetown, MA 01833

Dear Mr. Williams:

We have performed an actuarial valuation of the Town of Georgetown 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 Georgetown, 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 horizontal line.

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

September 16, 2021

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Georgetown 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.

A handwritten signature in black ink, appearing to read 'P. Elmore', with a long horizontal flourish extending to the right.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & 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, the Plan saw an experience loss of \$1,735,871 or 4.45% of the beginning Total OPEB Liability ("TOL"). This was mainly due to the identification of 5 retirees who are ineligible for Medicare. This was somewhat offset by premiums increasing 3% rather than the expected 9% increase over the 2-year period.

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$13.0 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 3.00% to 2.25% increasing the disclosed liability by \$6.8 million.
- ✓ 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 \$6.5 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 \$42,843 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 5.61 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 \$352,690 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is not expected to make trust contributions beyond its pay-as-you-go costs.
- ✓ Investment Policy - The Town is expected to earn 6.04% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Recommended Trust Contributions

We recommend a Fiscal 2022 contribution to an OPEB Trust of \$290,000 beyond pay-as-you-go costs which would increase by 3.00% per year thereafter. We have provided a projection of the Plan's funded status on page 5.

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 72.79% 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 (2.25%) – 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 10 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 10 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	10
II. Current Liability for Retirees and Spouses Over 65 in Active Plans	6,355,000
III. Potential Liability in Medicare Supplement Plan*	2,104,000
IV. Potential Reduction in Liability [II. - III.]	4,251,000

*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	55,782,423	39,002,378
Per Eligible Active Plan Participant	99,299	71,643
Per Retiree/Spouse Plan Participant	140,469	105,400
Total Annual Service Cost (Annual Benefit Accrual)	1,712,313	1,646,775
Per Eligible Active Plan Participant	6,019	5,799
Expected Employer Share of Retiree Costs	1,150,365	1,101,730
Per Retiree/Spouse Plan Participant	5,869	6,224
Net OPEB Liability as a % of Covered Payroll	318.40%	190.80%

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	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	196	55,782,423	55,782,423	1,150,365	1,150,365
June 30, 2026	240	66,501,295	57,364,601	1,735,979	1,497,471
June 30, 2031	253	78,382,643	58,324,048	2,210,847	1,645,078
June 30, 2036	257	91,911,146	58,994,267	2,548,397	1,635,719
June 30, 2041	249	107,786,990	59,679,043	2,977,299	1,648,458
June 30, 2046	243	126,115,109	60,233,278	3,630,525	1,733,959
June 30, 2051	237	147,313,773	60,691,324	3,947,896	1,626,481

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)	1,448,290
June 30, 2021	Actual	1,150,365
June 30, 2020	Actual	1,101,730
June 30, 2019	Actual	1,031,811
June 30, 2018	Actual	908,153
June 30, 2017	Actual	843,045

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 \$55,429,733 assuming a discount rate of 2.25%. The Town has established an OPEB Trust and plans to fund this liability. The Town is not expected to make trust contributions beyond its pay-as-you-go costs. The balance of this fund as of June 30, 2021 was \$352,690. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Georgetown Assuming Funding - 2.25% 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	28,250,504	20,346,559
B. Retirees/Disabled	<u>27,531,919</u>	<u>18,655,819</u>
C. Total	55,782,423	39,002,378
II. Fiduciary Net Position [Plan Assets]	352,690	243,643
III. Net OPEB Liability (Asset) [I. - II.]	55,429,733	38,758,735
IV. Funded Ratio [II. / I.]	0.63%	0.62%
V. Number of Eligible Participants		
A. Actives	285	284
B. Retirees/Disabled & Dependents	<u>196</u>	<u>177</u>
C. Total	481	461
VI. Service Cost	1,712,313	1,646,775
VII. Financial Statement Expense/(Income)	6,491,681	4,020,696
VIII. Employer Contribution to the OPEB Trust	(50,000)	(175,000)
IX. Deferred Inflow of Resources	(1,893,400)	(2,541,412)
X. Deferred Outflow of Resources	18,129,162	7,397,492
XI. Money Weighted Rate of Return	22.08%	1.54%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.04%	6.86%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	2.25%	3.00%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Total
I. Total OPEB Liability					
A. Actives	5,245,094	22,572,074	405,995	27,341	28,250,504
B. Retirees/Disabled	<u>7,277,031</u>	<u>19,344,381</u>	<u>910,507</u>	<u>0</u>	<u>27,531,919</u>
C. Total	12,522,125	41,916,455	1,316,502	27,341	55,782,423
II. Fiduciary Net Position [Plan Assets]	79,172	265,021	8,324	173	352,690
III. Net OPEB Liability (Asset) [I. - II.]	12,442,953	41,651,434	1,308,178	27,168	55,429,733
IV. Number of Eligible Participants					
A. Actives	60	216	7	2	285
B. Retirees/Disabled	<u>55</u>	<u>136</u>	<u>5</u>	<u>0</u>	<u>196</u>
C. Total	115	352	12	2	481
For the Reporting Date and Fiscal Year Ending June 30, 2021					
V. Service Cost	336,979	1,330,828	37,490	7,016	1,712,313
VI. Financial Statement Expense/(Income)	1,407,867	4,923,884	150,238	9,692	6,491,681
VII. Employer Share of Costs	(319,183)	(783,798)	(47,384)	0	(1,150,365)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(11,224)	(37,571)	(1,180)	(25)	(50,000)
IX. Total Employer Contribution [VII. + VIII.]	(330,407)	(821,369)	(48,564)	(25)	(1,200,365)

PRINCIPAL RESULTS OF THE VALUATION

Town of Georgetown
Assuming Funding - 2.25% 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	13,555,398	19,245,529	32,800,927	2,484,463	20,794,663	23,279,126	56,080,053
B. Spouses	<u>7,698,849</u>	<u>13,965,064</u>	<u>21,663,913</u>	<u>1,310,459</u>	<u>2,942,334</u>	<u>4,252,793</u>	<u>25,916,706</u>
C. Total	21,254,247	33,210,593	54,464,840	3,794,922	23,736,997	27,531,919	81,996,759
Total OPEB Liability							
A. Participants	7,279,393	9,779,242	17,058,635	2,484,463	20,794,663	23,279,126	40,337,761
B. Spouses	<u>4,103,846</u>	<u>7,088,023</u>	<u>11,191,869</u>	<u>1,310,459</u>	<u>2,942,334</u>	<u>4,252,793</u>	<u>15,444,662</u>
C. Total	11,383,239	16,867,265	28,250,504	3,794,922	23,736,997	27,531,919	55,782,423
Service Cost							
A. Participants	378,529	650,336	1,028,865	0	0	0	1,028,865
B. Spouses	<u>213,250</u>	<u>470,198</u>	<u>683,448</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>683,448</u>
C. Total	591,779	1,120,534	1,712,313	0	0	0	1,712,313

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

Funding - 2.25% 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 with an expected 6.04% return	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.]
2021	June 30, 2021	55,782,423	352,690	55,429,733	0.63%	1,712,313	1,150,365	50,000	1,200,365	1,150,365	0	50,000
2022	June 30, 2022	57,808,802	373,992	57,434,810	0.65%	2,186,569	1,448,290	0	1,448,290	1,448,290	0	0
2023	June 30, 2023	59,881,751	396,581	59,485,170	0.66%	2,274,613	1,567,578	0	1,567,578	1,567,578	0	0
2024	June 30, 2024	62,012,216	420,534	61,591,682	0.68%	2,362,558	1,616,750	0	1,616,750	1,616,750	0	0
2025	June 30, 2025	64,220,304	445,934	63,774,370	0.69%	2,432,984	1,668,846	0	1,668,846	1,668,846	0	0
2026	June 30, 2026	66,501,295	472,868	66,028,427	0.71%	2,523,689	1,735,979	0	1,735,979	1,735,979	0	0
2027	June 30, 2027	68,803,508	501,429	68,302,079	0.73%	2,606,336	1,831,897	0	1,831,897	1,831,897	0	0
2028	June 30, 2028	71,146,151	531,715	70,614,436	0.75%	2,688,876	1,921,180	0	1,921,180	1,921,180	0	0
2029	June 30, 2029	73,545,108	563,831	72,981,277	0.77%	2,773,583	1,996,444	0	1,996,444	1,996,444	0	0
2030	June 30, 2030	75,979,400	597,886	75,381,514	0.79%	2,862,734	2,088,986	0	2,088,986	2,088,986	0	0
2031	June 30, 2031	78,382,643	633,998	77,748,645	0.81%	2,943,026	2,210,847	0	2,210,847	2,210,847	0	0
2032	June 30, 2032	80,968,542	672,291	80,296,251	0.83%	3,027,864	2,238,477	0	2,238,477	2,238,477	0	0
2033	June 30, 2033	83,592,682	712,897	82,879,785	0.85%	3,118,496	2,327,450	0	2,327,450	2,327,450	0	0
2034	June 30, 2034	86,247,534	755,956	85,491,578	0.88%	3,213,998	2,397,506	0	2,397,506	2,397,506	0	0
2035	June 30, 2035	89,031,102	801,616	88,229,486	0.90%	3,310,444	2,464,253	0	2,464,253	2,464,253	0	0
2036	June 30, 2036	91,911,146	850,034	91,061,112	0.92%	3,415,960	2,548,397	0	2,548,397	2,548,397	0	0
2037	June 30, 2037	94,963,705	901,376	94,062,329	0.95%	3,526,870	2,626,553	0	2,626,553	2,626,553	0	0
2038	June 30, 2038	98,026,565	955,819	97,070,746	0.98%	3,637,684	2,708,693	0	2,708,693	2,708,693	0	0
2039	June 30, 2039	101,218,198	1,013,550	100,204,648	1.00%	3,753,939	2,833,226	0	2,833,226	2,833,226	0	0
2040	June 30, 2040	104,450,818	1,074,768	103,376,050	1.03%	3,880,110	2,927,347	0	2,927,347	2,927,347	0	0
2041	June 30, 2041	107,786,990	1,139,684	106,647,306	1.06%	4,007,970	2,977,299	0	2,977,299	2,977,299	0	0
2042	June 30, 2042	111,249,571	1,208,521	110,041,050	1.09%	4,136,850	3,083,308	0	3,083,308	3,083,308	0	0
2043	June 30, 2043	114,786,432	1,281,516	113,504,916	1.12%	4,279,423	3,237,435	0	3,237,435	3,237,435	0	0
2044	June 30, 2044	118,430,131	1,358,920	117,071,211	1.15%	4,428,594	3,331,943	0	3,331,943	3,331,943	0	0
2045	June 30, 2045	122,300,426	1,440,999	120,859,427	1.18%	4,589,929	3,473,891	0	3,473,891	3,473,891	0	0
2046	June 30, 2046	126,115,109	1,528,035	124,587,074	1.21%	4,757,383	3,630,525	0	3,630,525	3,630,525	0	0
2047	June 30, 2047	129,888,891	1,620,328	128,268,563	1.25%	4,935,692	3,738,492	0	3,738,492	3,738,492	0	0
2048	June 30, 2048	134,084,344	1,718,196	132,366,148	1.28%	5,123,433	3,789,885	0	3,789,885	3,789,885	0	0
2049	June 30, 2049	138,500,240	1,821,975	136,678,265	1.32%	5,322,558	3,870,348	0	3,870,348	3,870,348	0	0
2050	June 30, 2050	142,977,920	1,932,022	141,045,898	1.35%	5,529,986	3,924,082	0	3,924,082	3,924,082	0	0
2051	June 30, 2051	147,313,773	2,048,716	145,265,057	1.39%	5,747,594	3,947,896	0	3,947,896	3,947,896	0	0
2052	June 30, 2052	152,067,775	2,172,458	149,895,317	1.43%	5,975,182	3,999,815	0	3,999,815	3,999,815	0	0

PRINCIPAL RESULTS OF THE VALUATION
ALTERNATIVE FUNDING SCENARIO (OPEN GROUP)

Alternative Funding Scenario - 3.75% 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 with expected 6.04% return	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 [VII. - VIII. - IX.]
2021	June 30, 2021	43,763,629	352,690	43,410,939	0.81%	1,712,313	1,150,365	50,000	1,200,365	1,150,365	0	1,200,365
2022	June 30, 2022	45,408,971	672,622	44,736,349	1.48%	1,425,929	1,448,290	290,000	1,738,290	1,448,290	0	1,738,290
2023	June 30, 2023	47,054,078	1,020,837	46,033,241	2.17%	1,483,345	1,567,578	298,700	1,866,278	1,567,578	0	1,866,278
2024	June 30, 2024	48,651,302	1,399,312	47,251,990	2.88%	1,540,697	1,616,750	307,661	1,924,411	1,616,750	0	1,924,411
2025	June 30, 2025	50,383,685	1,810,151	48,573,534	3.59%	1,586,624	1,668,846	316,891	1,985,737	1,668,846	0	1,985,737
2026	June 30, 2026	52,173,263	2,255,595	49,917,668	4.32%	1,645,775	1,735,979	326,398	2,062,377	1,735,979	0	2,062,377
2027	June 30, 2027	53,979,495	2,738,027	51,241,468	5.07%	1,699,671	1,831,897	336,190	2,168,087	1,831,897	0	2,168,087
2028	June 30, 2028	55,817,449	3,259,984	52,557,465	5.84%	1,753,499	1,921,180	346,276	2,267,456	1,921,180	0	2,267,456
2029	June 30, 2029	57,699,583	3,824,164	53,875,419	6.63%	1,808,739	1,996,444	356,664	2,353,108	1,996,444	0	2,353,108
2030	June 30, 2030	59,609,443	4,433,439	55,176,004	7.44%	1,866,876	2,088,986	367,364	2,456,350	2,088,986	0	2,456,350
2031	June 30, 2031	61,494,951	5,090,863	56,404,088	8.28%	1,919,237	2,210,847	378,385	2,589,232	2,210,847	0	2,589,232
2032	June 30, 2032	63,523,749	5,799,686	57,724,063	9.13%	1,974,563	2,238,477	389,737	2,628,214	2,238,477	0	2,628,214
2033	June 30, 2033	65,582,549	6,563,361	59,019,188	10.01%	2,033,667	2,327,450	401,429	2,728,879	2,327,450	0	2,728,879
2034	June 30, 2034	67,665,442	7,385,564	60,279,878	10.91%	2,095,947	2,397,506	413,472	2,810,978	2,397,506	0	2,810,978
2035	June 30, 2035	69,849,313	8,270,201	61,579,112	11.84%	2,158,842	2,464,253	425,876	2,890,129	2,464,253	0	2,890,129
2036	June 30, 2036	72,108,875	9,221,426	62,887,449	12.79%	2,227,652	2,548,397	438,652	2,987,049	2,548,397	0	2,987,049
2037	June 30, 2037	74,503,781	10,243,657	64,260,124	13.75%	2,299,980	2,626,553	451,812	3,078,365	2,626,553	0	3,078,365
2038	June 30, 2038	76,906,771	11,341,588	65,565,183	14.75%	2,372,245	2,708,693	465,366	3,174,059	2,708,693	0	3,174,059
2039	June 30, 2039	79,410,795	12,520,210	66,890,585	15.77%	2,448,058	2,833,226	479,327	3,312,553	2,833,226	0	3,312,553
2040	June 30, 2040	81,946,979	13,784,829	68,162,150	16.82%	2,530,339	2,927,347	493,707	3,421,054	2,927,347	0	3,421,054
2041	June 30, 2041	84,564,399	15,141,083	69,423,316	17.90%	2,613,720	2,977,299	508,518	3,485,817	2,977,299	0	3,485,817
2042	June 30, 2042	87,280,995	16,594,964	70,686,031	19.01%	2,697,767	3,083,308	523,774	3,607,082	3,083,308	0	3,607,082
2043	June 30, 2043	90,055,881	18,152,840	71,903,041	20.16%	2,790,742	3,237,435	539,487	3,776,922	3,237,435	0	3,776,922
2044	June 30, 2044	92,914,586	19,821,479	73,093,107	21.33%	2,888,021	3,331,943	555,672	3,887,615	3,331,943	0	3,887,615
2045	June 30, 2045	95,951,073	21,608,070	74,343,003	22.52%	2,993,234	3,473,891	572,342	4,046,233	3,473,891	0	4,046,233
2046	June 30, 2046	98,943,950	23,520,252	75,423,698	23.77%	3,102,435	3,630,525	589,512	4,220,037	3,630,525	0	4,220,037
2047	June 30, 2047	101,904,744	25,566,141	76,338,603	25.09%	3,218,716	3,738,492	607,197	4,345,689	3,738,492	0	4,345,689
2048	June 30, 2048	105,196,350	27,754,359	77,441,991	26.38%	3,341,147	3,789,885	625,413	4,415,298	3,789,885	0	4,415,298
2049	June 30, 2049	108,660,901	30,094,066	78,566,835	27.70%	3,471,003	3,870,348	644,175	4,514,523	3,870,348	0	4,514,523
2050	June 30, 2050	112,173,919	32,594,992	79,578,927	29.06%	3,606,274	3,924,082	663,500	4,587,582	3,924,082	0	4,587,582
2051	June 30, 2051	115,575,654	35,267,471	80,308,183	30.51%	3,748,182	3,947,896	683,405	4,631,301	3,947,896	0	4,631,301
2052	June 30, 2052	119,305,430	38,122,480	81,182,950	31.95%	3,896,599	3,999,815	703,907	4,703,722	3,999,815	0	4,703,722
2053	June 30, 2053	123,256,114	41,171,677	82,084,437	33.40%	4,055,851	4,046,980	725,024	4,772,004	4,046,980	0	4,772,004
2054	June 30, 2054	127,555,889	44,427,443	83,128,446	34.83%	4,222,638	4,113,051	746,775	4,859,826	4,113,051	0	4,859,826
2055	June 30, 2055	131,952,953	47,902,927	84,050,026	36.30%	4,398,078	4,184,021	769,178	4,953,199	4,184,021	0	4,953,199
2056	June 30, 2056	136,684,913	51,612,092	85,072,821	37.76%	4,579,777	4,290,766	792,253	5,083,019	4,290,766	0	5,083,019
2057	June 30, 2057	141,425,822	55,569,766	85,856,056	39.29%	4,766,907	4,443,928	816,021	5,259,949	4,443,928	0	5,259,949

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	1,712,313
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	1,204,313
III. Deferred (Inflows)/Outflows from Plan Experience*	(23,599)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	3,621,064
V. Projected Earnings on OPEB Plan Investments	(16,204)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(6,206)
VII. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	6,491,681
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense/(Income) [VII. + VIII.]	6,491,681

* Amortized over 5.61 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	39,002,378	243,643	38,758,735
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]	39,002,378	243,643	38,758,735
Changes for the year:			
IV. Service Cost	1,712,313	0	1,712,313
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	1,204,313	0	1,204,313
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	13,277,913	0	13,277,913
VIII. Differences Between Actual and Expected Experience **	1,735,871	0	1,735,871
IX. Net Investment Income	0	59,047	(59,047)
X. Employer Contributions to Trust	0	1,200,365	(1,200,365)
XI. Benefit Payments Withdrawn from Trust	0	(1,150,365)	1,150,365
XII. Benefit Payments Excluding Implicit Cost	(920,066)	0	(920,066)
XIII. Implicit Cost Amount	(230,299)	0	(230,299)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,150,365)	0	(1,150,365)
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.]	16,780,045	109,047	16,670,998
XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]	55,782,423	352,690	55,429,733

* Recognized Immediately

** Amortized over 5.61 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	6.09	0	0	0	0	0		
2019	(1,792,460)	5.72	(847,430)	(315,010)	(315,010)	(315,010)	(217,410)		
2020	(101,053)	5.61	(65,027)	(18,013)	(18,013)	(18,013)	(18,013)	(10,988)	
2021	1,735,871	5.61	1,426,447	309,424	309,424	309,424	309,424	309,424	188,751
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			513,990						
Net increase (decrease) in OPEB Expense				(23,599)	(23,599)	(23,599)	74,001	298,436	188,751

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	6.09	0	0	0	0	0		
2019	(1,986,715)	5.72	(944,734)	(347,327)	(347,327)	(347,327)	(250,080)		
2020	8,984,765	5.61	5,781,641	1,601,562	1,601,562	1,601,562	1,601,562	976,955	
2021	13,277,913	5.61	10,911,084	2,366,829	2,366,829	2,366,829	2,366,829	2,366,829	1,443,768
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			15,747,991						
Net increase (decrease) in OPEB Expense				3,621,064	3,621,064	3,621,064	3,718,311	3,343,784	1,443,768

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 Actual & Expected Earnings	Recognition Period (years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	(9,679)	5.00	(1,935)	(1,936)	(1,935)				
2019	13,592	5.00	5,342	2,750	2,750	2,592			
2020	7,746	5.00	4,648	1,549	1,549	1,549	1,550		
2021	(42,843)	5.00	(34,274)	(8,569)	(8,569)	(8,569)	(8,569)	(8,567)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(26,219)						
Net increase (decrease) in OPEB Expense				(6,206)	(6,205)	(4,428)	(7,019)	(8,567)	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	1,426,447	(912,457)	513,990
III. Changes of Assumptions	16,692,725	(944,734)	15,747,991
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>9,990</u>	<u>(36,209)</u>	<u>(26,219)</u>
V. Total [I.+II.+III.+IV.]	18,129,162	(1,893,400)	16,235,762

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	3,591,260
2023	3,593,037
2024	3,785,293
2025	3,633,653
2026	1,632,519
Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 2.25% as of June 30, 2021 and 3.00% 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 \$1,150,365. The Town also contributed \$50,000 to an OPEB Trust for a total contribution during the measurement period of \$1,200,365 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	23.50%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	16.75%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	10.00%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	5.00%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	32.50%	Domestic Fixed Income	1.40%
International Fixed Income	6.50%	International Fixed Income	1.30%
Alternatives	5.50%	Alternatives	6.32%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.25%	Cash & Cash Equivalents	0.00%
Total	100.00%		
		I. Real Rate of Return	3.79%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.29%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	6.04%

* 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	3,370,874	(1,200,365)	2,170,509	17,406,139	6.90%
June 30, 2020	3,566,622	(1,276,730)	2,289,892	20,316,740	6.28%
June 30, 2019	2,956,932	(1,169,907)	1,787,025	20,316,739	5.76%
June 30, 2018	3,103,709	(1,046,249)	2,057,460	19,745,428	5.30%
June 30, 2017	2,954,975	(981,141)	1,973,834	18,611,959	5.27%

EXHIBIT A

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	47,060,158	55,782,423	67,366,879
II. Fiduciary Net Position	<u>352,690</u>	<u>352,690</u>	<u>352,690</u>
III. Net OPEB Liability (Asset) [I.-II.]	46,707,468	55,429,733	67,014,189
IV. Service Cost	1,306,997	1,712,313	2,304,256

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	66,820,122	55,782,423	47,267,376
II. Fiduciary Net Position	<u>352,690</u>	<u>352,690</u>	<u>352,690</u>
III. Net OPEB Liability (Asset) [I.-II.]	66,467,432	55,429,733	46,914,686
IV. Service Cost	2,317,602	1,712,313	1,282,455

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	243,643	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	50,000	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>	<u>0</u>	<u>0.0000</u>
II. Total net external cash flow	50,000		
III. Earnings and increase in fair value	59,047		
IV. Ending value - June 30, 2021 [I.+II.+III.]	352,690		
Money Weighted Rate of Return	22.08%		
Asset Value - June 30, 2021	352,690		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021				
	Town Employees and Retirees	School Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2021	12,522,125	41,916,455	1,316,502	27,341	55,782,423
II. Fiduciary Net Position as of June 30, 2021	79,172	265,021	8,324	173	352,690
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	12,442,953	41,651,434	1,308,178	27,168	55,429,733
IV. Service Cost	336,979	1,330,828	37,490	7,016	1,712,313
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	268,353	906,661	28,375	924	1,204,313
VI. Projected Earnings on OPEB Plan Investments	(3,637)	(12,176)	(383)	(8)	(16,204)
VII. Net Recognition of Deferred (Inflows)/Outflows	806,172	2,698,571	84,756	1,760	3,591,259
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0
IX. Financial Statement Expense/(Income) [IV. + V. + VI. + VII. + VIII.]	1,407,867	4,923,884	150,238	9,692	6,491,681
X. Employer Share of Costs	(319,183)	(783,798)	(47,384)	0	(1,150,365)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(11,224)	(37,571)	(1,180)	(25)	(50,000)
XII. Total Employer Contribution [X. + XI.]	(330,407)	(821,369)	(48,564)	(25)	(1,200,365)
XIII. Net OPEB Expense/(Income) [IX. + XII.]	1,077,460	4,102,515	101,674	9,667	5,291,316

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	513,990
II. Deferred (Inflow)/Outflow from Investment Experience	(26,219)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	15,747,991
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	7,397,492
II. Deferred Outflow created during the period	15,013,784
III. Deferred Outflow recognized during the period	4,282,114
IV. Change in Deferred Outflow (II. - III.)	10,731,670
V. Deferred Outflow at end of the period (I. + IV.)	18,129,162
VI. Deferred Inflow at the beginning of the period	(2,541,412)
VII. Deferred Inflow created during the period	(42,843)
VIII. Deferred Inflow recognized during the period	(690,855)
IX. Change in Deferred Inflow (VII. - VIII.)	648,012
X. Deferred Inflow at end of the period (VI. + IX.)	(1,893,400)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	38,758,735
II. Service Cost	1,712,313
III. Interest on Total OPEB Liability, Service Cost, and Payments	1,204,313
IV. Projected Investment Income	(16,204)
V. Total Employer Contributions	(1,200,365)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	1,700,057
VIII. Deferred Outflow created during the period	15,013,784
IX. Deferred Inflow created during the period	(42,843)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	55,429,733
Net OPEB Expense	
I. Service Cost	1,712,313
II. Interest on Total OPEB Liability, Service Cost, and Payments	1,204,313
III. Projected Investment Income	(16,204)
IV. Recognition of Deferred (Inflow)/Outflow	3,591,259
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V.)	6,491,681
VII. Benefit Payments	(1,150,365)
VIII. Contributions to Trust	(50,000)
IX. Total Employer Payments (VII. + VIII.)	(1,200,365)
X. Total Net OPEB Expense/(Income) under GASB 75 (VI. + IX.)	5,291,316

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>	<u>For the Fiscal Year Ending: June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	1,712,313	1,646,775	1,006,059	1,338,305	1,325,660
II. Amortization of NOL	<u>1,658,561</u>	<u>1,291,958</u>	<u>1,950,873</u>	<u>1,765,404</u>	<u>1,629,315</u>
III. Actuarial Determined Contribution [I. + II.]	3,370,874	3,566,622	2,956,932	3,103,709	2,954,975
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(1,200,365)</u>	<u>(1,276,730)</u>	<u>(1,169,907)</u>	<u>(1,046,249)</u>	<u>(981,141)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>2,170,509</u>	<u>2,289,892</u>	<u>1,787,025</u>	<u>2,057,460</u>	<u>1,973,834</u>
Covered Employee Payroll	17,406,139	20,316,740	20,316,739	19,745,428	18,611,959
Contributions as a % of Covered Employee Payroll	6.90%	6.28%	5.76%	5.30%	5.27%
Discount Rate	2.25%	3.00%	5.00%	4.50%	4.25%
Money Weighted Rate of Return	22.08%	1.54%	6.06%	5.54%	8.20%

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, 2016	July 1, 2016
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	55,782,423	39,002,378	29,586,335	31,964,213	31,261,647
I. Service Cost	1,712,313	1,646,775	1,006,059	1,338,305	1,325,660
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	1,204,313	1,460,774	1,623,033	1,446,799	1,291,821
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	1,735,871	(101,053)	(1,988,444)	0	0
V. Changes of Assumptions	13,277,913	8,984,765	(1,986,715)	(1,174,385)	0
VI. Benefit Payments Excluding Implicit Cost	(920,066)	(815,493)	(782,786)	(780,158)	(720,538)
VII. Implicit Cost Amount	(230,299)	(286,237)	(249,025)	(127,995)	(122,507)
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(1,150,365)	(1,101,730)	(1,031,811)	(908,153)	(843,045)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	16,780,045	10,889,531	(2,377,878)	702,566	1,774,436
X. Total OPEB Liability - Beginning of Period	39,002,378	29,586,335	31,964,213	31,261,647	29,487,211
XI. Prior Period Adjustment	0	(1,473,488)	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	39,002,378	28,112,847	31,964,213	31,261,647	29,487,211
XIII. Total OPEB Liability - End of Period [IX.+XII.]	55,782,423	39,002,378	29,586,335	31,964,213	31,261,647
Plan Fiduciary Net Position	352,690	243,643	1,648,046	1,420,057	1,211,357
XIV. Earning from Plan Investments	59,047	2,682	89,893	70,604	86,023
XV. Employer Contribution to Trust	1,200,365	1,276,730	1,169,907	1,046,249	981,141
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,150,365)	(1,101,730)	(1,031,811)	(908,153)	(843,045)
XVII. Administrative Expense	0	0	0	0	0
XVIII. Other	0	0	0	0	0
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	109,047	177,682	227,989	208,700	224,119
XX. Plan Fiduciary Net Position - Beginning of Period	243,643	1,648,046	1,420,057	1,211,357	987,238
XXI. Prior Period Adjustment	0	(1,582,085)	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	243,643	65,961	1,420,057	1,211,357	987,238
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	352,690	243,643	1,648,046	1,420,057	1,211,357
XXIV. Net OPEB Liability [XIII.-XXIII.]	55,429,733	38,758,735	27,938,289	30,544,156	30,050,290
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	0.63%	0.62%	5.57%	4.44%	3.87%
XXVI. Covered Employee Payroll	17,406,139	20,316,740	20,316,739	19,745,428	18,611,959
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	318.45%	190.77%	137.51%	154.69%	161.46%
Single Discount Rate to calculate Plan Liabilities	2.25%	3.00%	5.00%	4.50%	4.25%

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:	6.04%, 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:	2.25%, 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:	196
Active Employees:	<u>285</u>
Total:	481

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 3.00% to 2.25%
- ✓ 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 \$50,000 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 \$1,150,365. \$230,299 of the \$1,150,365 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	17,406,139	0	17,406,139	0	1,150,365	0	1,150,365
June 30, 2022	16,291,590	1,636,733	17,928,323	0	1,448,290	0	1,448,290
June 30, 2023	15,228,045	3,238,128	18,466,173	0	1,567,578	0	1,567,578
June 30, 2024	14,365,935	4,654,223	19,020,158	0	1,616,750	0	1,616,750
June 30, 2025	13,527,280	6,063,483	19,590,763	0	1,668,846	0	1,668,846
June 30, 2026	12,789,377	7,389,109	20,178,486	0	1,735,979	0	1,735,979
June 30, 2027	12,167,990	8,615,851	20,783,841	0	1,831,897	0	1,831,897
June 30, 2028	11,525,302	9,882,054	21,407,356	0	1,921,180	0	1,921,180
June 30, 2029	10,930,124	11,119,453	22,049,577	0	1,996,444	0	1,996,444
June 30, 2030	10,431,413	12,279,651	22,711,064	0	2,088,986	0	2,088,986
June 30, 2031	9,837,691	13,554,705	23,392,396	0	2,210,847	0	2,210,847
June 30, 2032	9,222,804	14,871,364	24,094,168	0	2,228,785	9,692	2,238,477
June 30, 2033	8,744,129	16,072,864	24,816,993	0	2,302,361	25,089	2,327,450
June 30, 2034	8,319,832	17,241,671	25,561,503	0	2,350,808	46,698	2,397,506
June 30, 2035	7,909,726	18,418,622	26,328,348	0	2,387,165	77,088	2,464,253
June 30, 2036	7,548,197	19,570,001	27,118,198	0	2,432,831	115,566	2,548,397
June 30, 2037	7,220,863	20,710,881	27,931,744	0	2,488,420	138,133	2,626,553
June 30, 2038	6,916,175	21,853,521	28,769,696	0	2,542,931	165,762	2,708,693
June 30, 2039	6,601,710	23,031,077	29,632,787	0	2,635,586	197,640	2,833,226
June 30, 2040	6,303,220	24,218,551	30,521,771	0	2,709,097	218,250	2,927,347
June 30, 2041	6,069,595	25,367,829	31,437,424	0	2,737,042	240,257	2,977,299
June 30, 2042	5,844,840	26,535,707	32,380,547	0	2,800,918	282,390	3,083,308
June 30, 2043	5,584,636	27,767,327	33,351,963	0	2,898,394	339,041	3,237,435
June 30, 2044	5,302,114	29,050,408	34,352,522	0	2,922,390	409,553	3,331,943
June 30, 2045	5,021,110	30,361,988	35,383,098	0	2,971,185	502,706	3,473,891
June 30, 2046	4,766,338	31,678,253	36,444,591	0	3,017,874	612,651	3,630,525
June 30, 2047	4,474,828	33,063,101	37,537,929	0	3,048,755	689,737	3,738,492
June 30, 2048	4,122,681	34,541,386	38,664,067	0	3,011,263	778,622	3,789,885
June 30, 2049	3,809,969	36,014,020	39,823,989	0	2,992,808	877,540	3,870,348
June 30, 2050	3,457,761	37,560,948	41,018,709	0	2,972,113	951,969	3,924,082
June 30, 2051	3,100,293	39,148,977	42,249,270	0	2,918,016	1,029,880	3,947,896
June 30, 2052	2,699,519	40,817,229	43,516,748	0	2,865,317	1,134,498	3,999,815
June 30, 2053	2,342,052	42,480,198	44,822,250	0	2,794,954	1,252,026	4,046,980
June 30, 2054	1,974,486	44,192,432	46,166,918	0	2,731,664	1,381,387	4,113,051
June 30, 2055	1,622,116	45,929,810	47,551,926	0	2,650,517	1,533,504	4,184,021
June 30, 2056	1,302,627	47,675,857	48,978,484	0	2,590,505	1,700,261	4,290,766
June 30, 2057	1,018,617	49,429,222	50,447,839	0	2,595,458	1,848,470	4,443,928
June 30, 2058	759,099	51,202,175	51,961,274	0	2,527,049	2,006,511	4,533,560
June 30, 2059	547,380	52,972,732	53,520,112	0	2,498,213	2,174,701	4,672,914
June 30, 2060	368,510	54,757,205	55,125,715	0	2,475,665	2,335,637	4,811,302

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	241,643	56,537,843	56,779,486	0	2,405,317	2,499,623	4,904,940
June 30, 2062	154,557	58,328,314	58,482,871	0	2,340,165	2,689,302	5,029,467
June 30, 2063	95,055	60,142,302	60,237,357	0	2,319,565	2,891,162	5,210,727
June 30, 2064	58,811	61,985,667	62,044,478	0	2,256,458	3,111,471	5,367,929
June 30, 2065	27,010	63,878,802	63,905,812	0	2,215,541	3,354,630	5,570,171
June 30, 2066	9,635	65,813,351	65,822,986	0	2,192,787	3,616,848	5,809,635
June 30, 2067	4,024	67,793,652	67,797,676	0	2,166,614	3,874,962	6,041,576
June 30, 2068	3,062	69,828,544	69,831,606	0	2,139,927	4,144,418	6,284,345
June 30, 2069	0	71,926,554	71,926,554	0	2,110,327	4,427,808	6,538,135
June 30, 2070	0	74,084,351	74,084,351	0	2,074,068	4,701,747	6,775,815
June 30, 2071	0	76,306,882	76,306,882	0	2,037,108	4,982,033	7,019,141
June 30, 2072	0	78,596,088	78,596,088	0	1,993,413	5,277,375	7,270,788
June 30, 2073	0	80,953,971	80,953,971	0	1,944,776	5,578,023	7,522,799
June 30, 2074	0	83,382,590	83,382,590	0	1,889,901	5,892,072	7,781,973
June 30, 2075	0	85,884,068	85,884,068	0	1,830,462	6,219,536	8,049,998
June 30, 2076	0	88,460,590	88,460,590	0	1,764,387	6,557,533	8,321,920
June 30, 2077	0	91,114,408	91,114,408	0	1,690,447	6,915,110	8,605,557
June 30, 2078	0	93,847,840	93,847,840	0	1,612,221	7,282,517	8,894,738
June 30, 2079	0	96,663,275	96,663,275	0	1,529,806	7,660,838	9,190,644
June 30, 2080	0	99,563,173	99,563,173	0	1,441,480	8,050,409	9,491,889
June 30, 2081	0	102,550,068	102,550,068	0	1,352,476	8,449,863	9,802,339
June 30, 2082	0	105,626,570	105,626,570	0	1,260,808	8,859,865	10,120,673
June 30, 2083	0	108,795,367	108,795,367	0	1,164,095	9,278,966	10,443,061
June 30, 2084	0	112,059,228	112,059,228	0	1,071,032	9,713,254	10,784,286
June 30, 2085	0	115,421,005	115,421,005	0	976,571	10,163,022	11,139,593
June 30, 2086	0	118,883,635	118,883,635	0	882,261	10,628,893	11,511,154
June 30, 2087	0	122,450,144	122,450,144	0	790,716	11,118,638	11,909,354
June 30, 2088	0	126,123,648	126,123,648	0	702,674	11,624,353	12,327,027
June 30, 2089	0	129,907,357	129,907,357	0	618,864	12,147,870	12,766,734
June 30, 2090	0	133,804,578	133,804,578	0	539,975	12,692,694	13,232,669
June 30, 2091	0	137,818,715	137,818,715	0	466,547	13,254,112	13,720,659
June 30, 2092	0	141,953,276	141,953,276	0	398,991	13,831,529	14,230,520
June 30, 2093	0	146,211,874	146,211,874	0	337,519	14,426,172	14,763,691
June 30, 2094	0	150,598,230	150,598,230	0	282,318	15,041,755	15,324,073
June 30, 2095	0	155,116,177	155,116,177	0	233,344	15,677,911	15,911,255

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	243,643	1,150,365	50,000	1,200,365	0	1,150,365	1,150,365	59,047	352,690
June 30, 2022	352,690	1,448,290	0	1,448,290	0	1,448,290	1,448,290	19,357	372,047
June 30, 2023	372,047	1,567,578	0	1,567,578	0	1,567,578	1,567,578	22,472	394,519
June 30, 2024	394,519	1,616,750	0	1,616,750	0	1,616,750	1,616,750	23,829	418,348
June 30, 2025	418,348	1,668,846	0	1,668,846	0	1,668,846	1,668,846	25,268	443,616
June 30, 2026	443,616	1,735,979	0	1,735,979	0	1,735,979	1,735,979	26,794	470,410
June 30, 2027	470,410	1,831,897	0	1,831,897	0	1,831,897	1,831,897	28,413	498,823
June 30, 2028	498,823	1,921,180	0	1,921,180	0	1,921,180	1,921,180	30,129	528,952
June 30, 2029	528,952	1,996,444	0	1,996,444	0	1,996,444	1,996,444	31,949	560,901
June 30, 2030	560,901	2,088,986	0	2,088,986	0	2,088,986	2,088,986	33,878	594,779
June 30, 2031	594,779	2,210,847	0	2,210,847	0	2,210,847	2,210,847	35,925	630,704
June 30, 2032	630,704	2,228,785	0	2,228,785	0	2,228,785	2,228,785	38,095	659,107
June 30, 2033	659,107	2,302,361	0	2,302,361	0	2,302,361	2,302,361	39,810	673,828
June 30, 2034	673,828	2,350,808	0	2,350,808	0	2,350,808	2,350,808	40,699	667,829
June 30, 2035	667,829	2,387,165	0	2,387,165	0	2,387,165	2,387,165	40,337	631,078
June 30, 2036	631,078	2,432,831	0	2,432,831	0	2,432,831	2,432,831	38,117	553,629
June 30, 2037	553,629	2,488,420	0	2,488,420	0	2,488,420	2,488,420	33,439	448,935
June 30, 2038	448,935	2,542,931	0	2,542,931	0	2,542,931	2,542,931	27,116	310,289
June 30, 2039	310,289	2,635,586	0	2,635,586	0	2,635,586	2,635,586	18,741	131,390
June 30, 2040	131,390	2,709,097	0	2,709,097	0	2,709,097	2,709,097	7,936	7,936
June 30, 2041	7,936	2,737,042	0	2,737,042	0	2,737,042	2,737,042	479	479
June 30, 2042	479	2,800,918	0	2,800,918	0	2,800,918	2,800,918	29	29
June 30, 2043	29	2,898,394	0	2,898,394	0	2,898,394	2,898,394	2	2
June 30, 2044	2	2,922,390	0	2,922,390	0	2,922,390	2,922,390	0	0
June 30, 2045	0	2,971,185	0	2,971,185	0	2,971,185	2,971,185	0	0
June 30, 2046	0	3,017,874	0	3,017,874	0	3,017,874	3,017,874	0	0
June 30, 2047	0	3,048,755	0	3,048,755	0	3,048,755	3,048,755	0	0
June 30, 2048	0	3,011,263	0	3,011,263	0	3,011,263	3,011,263	0	0
June 30, 2049	0	2,992,808	0	2,992,808	0	2,992,808	2,992,808	0	0
June 30, 2050	0	2,972,113	0	2,972,113	0	2,972,113	2,972,113	0	0
June 30, 2051	0	2,918,016	0	2,918,016	0	2,918,016	2,918,016	0	0
June 30, 2052	0	2,865,317	0	2,865,317	0	2,865,317	2,865,317	0	0
June 30, 2053	0	2,794,954	0	2,794,954	0	2,794,954	2,794,954	0	0
June 30, 2054	0	2,731,664	0	2,731,664	0	2,731,664	2,731,664	0	0
June 30, 2055	0	2,650,517	0	2,650,517	0	2,650,517	2,650,517	0	0
June 30, 2056	0	2,590,505	0	2,590,505	0	2,590,505	2,590,505	0	0
June 30, 2057	0	2,595,458	0	2,595,458	0	2,595,458	2,595,458	0	0
June 30, 2058	0	2,527,049	0	2,527,049	0	2,527,049	2,527,049	0	0
June 30, 2059	0	2,498,213	0	2,498,213	0	2,498,213	2,498,213	0	0
June 30, 2060	0	2,475,665	0	2,475,665	0	2,475,665	2,475,665	0	0

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	0	2,405,317	0	2,405,317	0	2,405,317	2,405,317	0	0
June 30, 2062	0	2,340,165	0	2,340,165	0	2,340,165	2,340,165	0	0
June 30, 2063	0	2,319,565	0	2,319,565	0	2,319,565	2,319,565	0	0
June 30, 2064	0	2,256,458	0	2,256,458	0	2,256,458	2,256,458	0	0
June 30, 2065	0	2,215,541	0	2,215,541	0	2,215,541	2,215,541	0	0
June 30, 2066	0	2,192,787	0	2,192,787	0	2,192,787	2,192,787	0	0
June 30, 2067	0	2,166,614	0	2,166,614	0	2,166,614	2,166,614	0	0
June 30, 2068	0	2,139,927	0	2,139,927	0	2,139,927	2,139,927	0	0
June 30, 2069	0	2,110,327	0	2,110,327	0	2,110,327	2,110,327	0	0
June 30, 2070	0	2,074,068	0	2,074,068	0	2,074,068	2,074,068	0	0
June 30, 2071	0	2,037,108	0	2,037,108	0	2,037,108	2,037,108	0	0
June 30, 2072	0	1,993,413	0	1,993,413	0	1,993,413	1,993,413	0	0
June 30, 2073	0	1,944,776	0	1,944,776	0	1,944,776	1,944,776	0	0
June 30, 2074	0	1,889,901	0	1,889,901	0	1,889,901	1,889,901	0	0
June 30, 2075	0	1,830,462	0	1,830,462	0	1,830,462	1,830,462	0	0
June 30, 2076	0	1,764,387	0	1,764,387	0	1,764,387	1,764,387	0	0
June 30, 2077	0	1,690,447	0	1,690,447	0	1,690,447	1,690,447	0	0
June 30, 2078	0	1,612,221	0	1,612,221	0	1,612,221	1,612,221	0	0
June 30, 2079	0	1,529,806	0	1,529,806	0	1,529,806	1,529,806	0	0
June 30, 2080	0	1,441,480	0	1,441,480	0	1,441,480	1,441,480	0	0
June 30, 2081	0	1,352,476	0	1,352,476	0	1,352,476	1,352,476	0	0
June 30, 2082	0	1,260,808	0	1,260,808	0	1,260,808	1,260,808	0	0
June 30, 2083	0	1,164,095	0	1,164,095	0	1,164,095	1,164,095	0	0
June 30, 2084	0	1,071,032	0	1,071,032	0	1,071,032	1,071,032	0	0
June 30, 2085	0	976,571	0	976,571	0	976,571	976,571	0	0
June 30, 2086	0	882,261	0	882,261	0	882,261	882,261	0	0
June 30, 2087	0	790,716	0	790,716	0	790,716	790,716	0	0
June 30, 2088	0	702,674	0	702,674	0	702,674	702,674	0	0
June 30, 2089	0	618,864	0	618,864	0	618,864	618,864	0	0
June 30, 2090	0	539,975	0	539,975	0	539,975	539,975	0	0
June 30, 2091	0	466,547	0	466,547	0	466,547	466,547	0	0
June 30, 2092	0	398,991	0	398,991	0	398,991	398,991	0	0
June 30, 2093	0	337,519	0	337,519	0	337,519	337,519	0	0
June 30, 2094	0	282,318	0	282,318	0	282,318	282,318	0	0
June 30, 2095	0	233,344	0	233,344	0	233,344	233,344	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 [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.04%]	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 [2.29%]	
June 30, 2021	243,643	1,150,365	243,643	906,722	243,643	906,722	1,150,365	Sum of Column V.
June 30, 2022	352,690	1,448,290	352,690	1,095,600	332,601	1,072,245	1,415,880	5,617,035
June 30, 2023	372,047	1,567,578	372,047	1,195,531	330,871	1,145,103	1,498,203	
June 30, 2024	394,519	1,616,750	394,519	1,222,231	330,871	1,145,721	1,510,620	Sum of Column VI.
June 30, 2025	418,348	1,668,846	418,348	1,250,498	330,871	1,147,230	1,524,402	72,290,486
June 30, 2026	443,616	1,735,979	443,616	1,292,363	330,871	1,160,363	1,550,238	
June 30, 2027	470,410	1,831,897	470,410	1,361,487	330,871	1,196,368	1,599,285	Sum of Column VII.
June 30, 2028	498,823	1,921,180	498,823	1,422,357	330,871	1,223,213	1,639,697	[V. + VI.]
June 30, 2029	528,952	1,996,444	528,952	1,467,492	330,871	1,235,125	1,665,802	77,907,521
June 30, 2030	560,901	2,088,986	560,901	1,528,085	330,871	1,258,707	1,704,012	
June 30, 2031	594,779	2,210,847	594,779	1,616,068	330,871	1,302,808	1,763,058	
June 30, 2032	630,704	2,228,785	630,704	1,598,081	330,871	1,260,839	1,737,588	
June 30, 2033	659,107	2,302,361	659,107	1,643,254	326,076	1,268,842	1,754,781	
June 30, 2034	673,828	2,350,808	673,828	1,676,980	314,371	1,267,280	1,751,610	
June 30, 2035	667,829	2,387,165	667,829	1,719,336	293,825	1,271,591	1,738,896	
June 30, 2036	631,078	2,432,831	631,078	1,801,753	261,841	1,304,139	1,732,503	
June 30, 2037	553,629	2,488,420	553,629	1,934,791	216,622	1,370,581	1,732,433	
June 30, 2038	448,935	2,542,931	448,935	2,093,996	165,653	1,451,738	1,730,765	
June 30, 2039	310,289	2,635,586	310,289	2,325,297	107,972	1,577,730	1,753,685	
June 30, 2040	131,390	2,709,097	131,390	2,577,707	43,116	1,711,708	1,762,259	
June 30, 2041	7,936	2,737,042	7,936	2,729,106	2,456	1,773,612	1,740,594	
June 30, 2042	479	2,800,918	479	2,800,439	140	1,781,173	1,741,354	
June 30, 2043	29	2,898,394	29	2,898,365	8	1,804,160	1,761,631	
June 30, 2044	2	2,922,390	2	2,922,388	1	1,780,335	1,736,467	
June 30, 2045	0	2,971,185	0	2,971,185	0	1,771,477	1,725,952	
June 30, 2046	0	3,017,874	0	3,017,874	0	1,760,957	1,713,843	
June 30, 2047	0	3,048,755	0	3,048,755	0	1,741,053	1,692,635	
June 30, 2048	0	3,011,263	0	3,011,263	0	1,682,985	1,634,407	
June 30, 2049	0	2,992,808	0	2,992,808	0	1,637,013	1,588,039	
June 30, 2050	0	2,972,113	0	2,972,113	0	1,591,038	1,541,766	
June 30, 2051	0	2,918,016	0	2,918,016	0	1,528,780	1,479,829	
June 30, 2052	0	2,865,317	0	2,865,317	0	1,469,169	1,420,585	
June 30, 2053	0	2,794,954	0	2,794,954	0	1,402,541	1,354,691	
June 30, 2054	0	2,731,664	0	2,731,664	0	1,341,560	1,294,385	
June 30, 2055	0	2,650,517	0	2,650,517	0	1,273,959	1,227,828	
June 30, 2056	0	2,590,505	0	2,590,505	0	1,218,572	1,173,174	
June 30, 2057	0	2,595,458	0	2,595,458	0	1,194,876	1,149,113	
June 30, 2058	0	2,527,049	0	2,527,049	0	1,138,582	1,093,788	
June 30, 2059	0	2,498,213	0	2,498,213	0	1,101,595	1,057,109	
June 30, 2060	0	2,475,665	0	2,475,665	0	1,068,381	1,024,125	

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 [6.04%]	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 [2.29%]
June 30, 2061	0	2,405,317	0	2,405,317	0	1,015,894	972,757
June 30, 2062	0	2,340,165	0	2,340,165	0	967,308	925,229
June 30, 2063	0	2,319,565	0	2,319,565	0	938,354	896,561
June 30, 2064	0	2,256,458	0	2,256,458	0	893,366	852,651
June 30, 2065	0	2,215,541	0	2,215,541	0	858,467	818,455
June 30, 2066	0	2,192,787	0	2,192,787	0	831,538	791,922
June 30, 2067	0	2,166,614	0	2,166,614	0	804,099	764,959
June 30, 2068	0	2,139,927	0	2,139,927	0	777,264	738,629
June 30, 2069	0	2,110,327	0	2,110,327	0	750,173	712,111
June 30, 2070	0	2,074,068	0	2,074,068	0	721,567	684,214
June 30, 2071	0	2,037,108	0	2,037,108	0	693,601	656,983
June 30, 2072	0	1,993,413	0	1,993,413	0	664,255	628,504
June 30, 2073	0	1,944,776	0	1,944,776	0	634,233	599,447
June 30, 2074	0	1,889,901	0	1,889,901	0	603,198	569,497
June 30, 2075	0	1,830,462	0	1,830,462	0	571,773	539,242
June 30, 2076	0	1,764,387	0	1,764,387	0	539,385	508,145
June 30, 2077	0	1,690,447	0	1,690,447	0	505,765	475,955
June 30, 2078	0	1,612,221	0	1,612,221	0	472,077	443,772
June 30, 2079	0	1,529,806	0	1,529,806	0	438,396	411,664
June 30, 2080	0	1,441,480	0	1,441,480	0	404,279	379,215
June 30, 2081	0	1,352,476	0	1,352,476	0	371,231	347,838
June 30, 2082	0	1,260,808	0	1,260,808	0	338,692	317,006
June 30, 2083	0	1,164,095	0	1,164,095	0	306,046	286,139
June 30, 2084	0	1,071,032	0	1,071,032	0	275,577	257,373
June 30, 2085	0	976,571	0	976,571	0	245,915	229,422
June 30, 2086	0	882,261	0	882,261	0	217,431	202,628
June 30, 2087	0	790,716	0	790,716	0	190,716	177,539
June 30, 2088	0	702,674	0	702,674	0	165,868	154,240
June 30, 2089	0	618,864	0	618,864	0	142,970	132,803
June 30, 2090	0	539,975	0	539,975	0	122,086	113,281
June 30, 2091	0	466,547	0	466,547	0	103,235	95,687
June 30, 2092	0	398,991	0	398,991	0	86,405	80,000
June 30, 2093	0	337,519	0	337,519	0	71,534	66,160
June 30, 2094	0	282,318	0	282,318	0	58,560	54,101
June 30, 2095	0	233,344	0	233,344	0	47,369	43,716

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Medicare Supplement Plans: effective January 1, 2021

Active Plans: effective July 1, 2021

Dental Plans: effective July 1, 2021

Creditable Service

Elapsed time from date of hire to termination of service date.

Benefits Offered

Comprehensive Medical & Dental Insurance as well as \$2,000 of Group Term Life Insurance.

Medicare Part A

To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.

Medicare Part B

Medicare Part B Premium reimbursements by the Town were not reflected in this valuation.

Medicare Part B Penalty reimbursements by the Town were not reflected in this valuation.

Surviving Spouse Coverage

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"> • Medicare Supplement & PPO Plans - 40% • All other Plans - 35% 	<ul style="list-style-type: none"> • Medicare Supplement & PPO Plans - 40% • All other Plans - 35%
Dental	50%	50%
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

2.25% per annum (previously 3.00%)

Net Long Term Rate of Return

6.04% (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: N/A

Medical & Dental 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 and dental 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	55,782,423	39,002,378
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>39,624,369</u>	<u>32,445,389</u>
III. Liability from Implicit Subsidy [I. - II.]	16,158,054	6,556,989

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2021</u>	<u>June 30, 2020</u>
IV. Employer Payments (Including Implicit Subsidy)	1,150,365	1,101,730
V. Actual Employer Payments	<u>920,066</u>	<u>815,493</u>
VI. Implicit Subsidy [IV. - V.]	230,299	286,237

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	5,450	3,435	44 & Under	11,194	7,335	65 to 69	2,973	3,052
25 to 29	8,040	3,575	45 to 49	12,296	9,261	70 to 74	3,507	3,659
30 to 34	10,160	4,487	50 to 54	14,464	12,197	75 to 79	4,069	4,320
35 to 39	10,466	5,633	55 to 59	16,721	15,858	80 to 84	4,667	4,965
40 to 44	10,712	7,019	60 to 64	19,898	20,349	85 to 89	5,217	5,532
45 to 49	11,767	8,862	65 to 69	23,852	25,382	90 & Over	5,217	5,532
50 to 54	13,841	11,672	70 to 74	28,128	30,418			
55 to 59	16,001	15,175	75 to 79	32,666	35,925			
60 to 64	19,041	19,473	80 to 84	37,454	41,294			
65 to 69	22,825	24,289	85 to 89	42,753	47,266			
70 & Over	26,917	29,108	90 & Over	42,753	47,266			

*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	36.13	36.54
B. Average Service	<u>9.24</u>	<u>8.90</u>
C. Average Current Age	45.37	45.44

Retired Employees & Spouses

Valuation Date	July 1, 2020	July 1, 2018
A. Under Age 65	37	35
B. Age 65 & Over	<u>159</u>	<u>141</u>
C. Total	196	176

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	3	1								4
25-29	21	4								25
30-34	26	15	2	1						44
35-39	16	18	7	1						42
40-44	7	5	5	4						21
45-49	9	9	5	7	4	1				35
50-54	10	8	10	6	5	1				40
55-59	12	5	6	12	6	2				43
60-64	3	2	5	3	6	2	1			22
65-69	1	1	3		1					6
70+				1			2			3
Total	108	68	43	35	22	6	3			285

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue NE	85		93	178
HMO Select	2			2
PPO Blue	8		6	14
Medex 2	102	25		127
Total	197	25	99	321

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue NE	1,017.04		2,518.48
HMO Select	945.86		2,342.20
PPO Blue	1,217.74		3,015.30
Medex 2	342.36	684.72	
Dental Plan	46.80		113.27

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Blue NE	85		93	271	3,848,004.48	3,307,414.08
HMO Select	2			2	22,700.64	22,700.64
PPO Blue	8		6	20	334,004.64	292,257.60
Total	95	0	99	293	4,204,709.76	3,622,372.32
Blended Average Monthly Rate:						\$ 1,030.25

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex 2	102	25		152	624,464.64	624,464.64
Total	102	25	0	152	624,464.64	624,464.64
Blended Average Monthly Rate:						\$ 342.33

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 September 16, 2021 and its subject is the Town of Georgetown’s GASB 75 OPEB liabilities.

¹ The 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 Georgetown 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.