

February 16, 2022

Personal and Confidential

Ms. Melanie Rajaniemi
Treasurer Collector
Town of Leicester
3 Washburn Square
Leicester, MA 01524

Re: GASB 74/75 – Summary of Results

Dear Ms. Rajaniemi:

The purpose of this letter is to summarize our actuarial valuation of the Town of Leicester Other Postemployment Benefits Plan (the “Plan”) for the Reporting Date and fiscal year ending June 30, 2021 with a Valuation Date of July 1, 2019 and a Measurement Date of June 30, 2021 in accordance with Statement Nos. 74 and 75 of the Governmental Accounting Standards Board (“GASB 74/75”).

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

The Total OPEB Liability (“TOL”) went from \$33,909,121 for the June 30, 2020 Reporting Date to \$38,417,769 for the June 30, 2021 Reporting Date for an increase of \$4,508,648. Below is an exhibit detailing the change.

Change in Total OPEB Liability	
I. TOL Balance for the June 30, 2020 Reporting Date	33,909,121
II. Passage of Time (Service Cost, Interest and Payments)	1,340,047
III. Plan Benefit Changes	0
IV. Assumption Changes	3,168,601
V. Prior Period Adjustment	0
VI. Expected TOL Balance for June 30, 2021 [I.+II.+III.+IV.+V.]	38,417,769
VII. Plan Experience	0
VIII. TOL Balance for the June 30, 2021 Reporting Date [VI.+VII.]	38,417,769

As seen above, various factors cause the liabilities to change over the year. The main factors are:

- ✓ **Plan Experience** – There was no Plan Experience because this was an interim valuation.
- ✓ **Assumption Changes** - Increased plan liabilities by \$3,168,601. For details please see the attached report.
- ✓ **Plan Benefit Changes** - To the best of our knowledge there were no Plan Benefit Changes.

Under MGL, you are required to provide a copy of this report to PERAC no later than 90 days from receipt. We've provided this to you in PDF format to facilitate its transmission.

If you or your auditors have questions on this report, feel free to give us a call.

Sincerely,



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

**Town of Leicester
Other Postemployment Benefits Plan**

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2019

As of the Measurement Date:
June 30, 2021

For the Reporting Date:
June 30, 2021

Delivered February 16, 2022



TABLE OF CONTENTS

	<u>PAGE</u>
<u>EXECUTIVE SUMMARY</u>	I
<u>PRINCIPAL RESULTS OF THE VALUATION</u>	1
<u>EXHIBITS</u>	
A FINANCIAL STATEMENT DISCLOSURES	6
B REQUIRED SUPPLEMENTARY INFORMATION	18
<u>APPENDIX</u>	
I LIABILITIES, ASSETS, & CASH FLOWS	24
II PLAN PROVISIONS	29
III ACTUARIAL METHODS & ASSUMPTIONS	32
IV PLAN DEMOGRAPHICS	39
V OVERVIEW OF GASB 74 & 75	42
VI ASOP 41 DISCLOSURES	44
<u>GLOSSARY</u>	47



East Coast
11 Hayward Ave, Building 4
Colchester, CT 06415
(860) 537-9080

West Coast
1350 E. Flamingo Road, Suite 254
Las Vegas, NV 89119
(702) 979-2880

February 16, 2022

Personal and Confidential

Ms. Melanie Rajaniemi
Treasurer Collector
Town of Leicester
3 Washburn Square
Leicester, MA 01524

Dear Ms. Rajaniemi:

We have performed an actuarial valuation of the Town of Leicester 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, 2019. The figures presented in this report reflect the adoption, by the Town of Leicester, 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, 2018 respectively.

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

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

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

Very truly yours,

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

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

February 16, 2022

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Leicester other postemployment benefit programs with a Valuation Date of July 1, 2019 with a Measurement Date of June 30, 2021 for the Reporting Date & fiscal year ending June 30, 2021 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

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

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

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



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

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, there was no plan experience because this was an interim valuation.

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$3.2 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 3.00% to 2.50% increasing the disclosed liability by \$3.2 million.

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 \$26,986 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 5.00 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 \$186,850 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$70,000 in FY22 and \$35,000 annually thereafter.
- ✓ Investment Policy - The Town is expected to earn 6.09% on assets based on its investment policy.

EXECUTIVE SUMMARY

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 75.15% 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 at 4.50% per year for Active plans and 4.50% per year for Medicare supplement plans.
- ✓ Discount Rate (2.50%) – 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

Medicare Buy-In

The Town currently has 9 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.

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, 2019	July 1, 2019
Measurement Date & Period Ending	June 30, 2021	June 30, 2020
Reporting Date/Fiscal Year End	June 30, 2021	June 30, 2020
Total OPEB Liability	38,417,769	33,909,121
Per Eligible Active Plan Participant	82,492	68,187
Per Retiree/Spouse Plan Participant	85,841	82,289
Total Annual Service Cost (Annual Benefit Accrual)	1,142,387	1,079,340
Per Eligible Active Plan Participant	4,263	4,027
Expected Employer Share of Retiree Costs	841,358	808,535
Per Retiree/Spouse Plan Participant	4,428	4,255
Net OPEB Liability as a % of Covered Payroll	226.20%	205.80%

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	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2021	190	38,417,769	38,417,769	841,358	841,358
June 30, 2026	238	46,753,742	40,330,189	1,194,676	1,030,538
June 30, 2031	264	54,836,748	40,803,690	1,678,675	1,249,092
June 30, 2036	267	63,086,839	40,493,041	1,977,423	1,269,233
June 30, 2041	263	73,981,005	40,961,489	2,181,251	1,207,706
June 30, 2046	251	87,421,140	41,752,823	2,485,003	1,186,851
June 30, 2051	240	105,543,354	43,482,464	2,665,375	1,098,099

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)	906,343
June 30, 2021	Actual	841,358
June 30, 2020	Actual	808,535
June 30, 2019	Actual	772,299
June 30, 2018	Actual	719,907
June 30, 2017	Actual	794,727

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 \$38,230,919 assuming a discount rate of 2.50%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$70,000 in FY22 and \$35,000 annually thereafter. The balance of this fund as of June 30, 2021 was \$186,850. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Leicester

Assuming Funding - 2.50% discount rate

Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2019	July 1, 2019
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	22,107,933	18,274,123
B. Retirees/Disabled	<u>16,309,836</u>	<u>15,634,998</u>
C. Total	38,417,769	33,909,121
II. Fiduciary Net Position [Plan Assets]	186,850	150,687
III. Net OPEB Liability (Asset) [I. - II.]	38,230,919	33,758,434
IV. Funded Ratio [II. / I.]	0.49%	0.44%
V. Number of Eligible Participants		
A. Actives	268	268
B. Retirees/Disabled & Dependents	<u>190</u>	<u>190</u>
C. Total	458	458
VI. Service Cost	1,142,387	1,079,340
VII. Financial Statement Expense	3,044,794	2,336,652
VIII. Employer Contribution to the OPEB Trust	0	(35,000)
IX. Deferred Inflow of Resources	(2,255,096)	(3,053,537)
X. Deferred Outflow of Resources	5,657,301	4,186,693
XI. Money Weighted Rate of Return	24.00%	3.01%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.09%	6.28%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	2.50%	3.00%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Total
I. Total OPEB Liability				
A. Actives	1,463,394	18,166,534	2,478,005	22,107,933
B. Retirees/Disabled	<u>2,489,654</u>	<u>13,820,182</u>	<u>0</u>	<u>16,309,836</u>
C. Total	3,953,048	31,986,716	2,478,005	38,417,769
II. Fiduciary Net Position [Plan Assets]	19,226	155,572	12,052	186,850
III. Net OPEB Liability (Asset) [I. - II.]	3,933,822	31,831,144	2,465,953	38,230,919
IV. Number of Eligible Participants				
A. Actives	37	211	20	268
B. Retirees/Disabled	<u>33</u>	<u>157</u>	<u>0</u>	<u>190</u>
C. Total	70	368	20	458
For the Reporting Date and Fiscal Year Ending June 30, 2021				
V. Service Cost	139,218	876,055	127,114	1,142,387
VI. Financial Statement Expense	507,276	2,297,944	239,574	3,044,794
VII. Employer Share of Costs	(130,094)	(702,229)	(9,035)	(841,358)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	0	0	0	0
IX. Total Employer Contribution [VII. + VIII.]	(130,094)	(702,229)	(9,035)	(841,358)

PRINCIPAL RESULTS OF THE VALUATION

Town of Leicester

Assuming Funding - 2.50% 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	9,427,051	13,667,345	23,094,396	767,359	14,402,674	15,170,033	38,264,429
B. Spouses	<u>4,329,163</u>	<u>9,179,053</u>	<u>13,508,216</u>	<u>236,148</u>	<u>903,655</u>	<u>1,139,803</u>	<u>14,648,019</u>
C. Total	13,756,214	22,846,398	36,602,612	1,003,507	15,306,329	16,309,836	52,912,448
Total OPEB Liability							
A. Participants	5,900,302	8,136,964	14,037,266	767,359	14,402,674	15,170,033	29,207,299
B. Spouses	<u>2,641,868</u>	<u>5,428,799</u>	<u>8,070,667</u>	<u>236,148</u>	<u>903,655</u>	<u>1,139,803</u>	<u>9,210,470</u>
C. Total	8,542,170	13,565,763	22,107,933	1,003,507	15,306,329	16,309,836	38,417,769
Service Cost							
A. Participants	256,263	455,549	711,812	0	0	0	711,812
B. Spouses	<u>123,195</u>	<u>307,380</u>	<u>430,575</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>430,575</u>
C. Total	379,458	762,929	1,142,387	0	0	0	1,142,387

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

Funding - 2.50% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			with an expected 6.09% return	with an expected 6.09% return									
2021	June 30, 2021	38,417,769	186,850	38,230,919	0.49%	1,142,387	841,358	0	841,358	841,358	0	0	
2022	June 30, 2022	40,120,595	270,329	39,850,266	0.67%	1,395,476	906,343	70,000	976,343	906,343	0	70,000	
2023	June 30, 2023	41,739,818	322,842	41,416,976	0.77%	1,459,842	965,901	35,000	1,000,901	965,901	0	35,000	
2024	June 30, 2024	43,405,381	378,553	43,026,828	0.87%	1,524,461	1,020,642	35,000	1,055,642	1,020,642	0	35,000	
2025	June 30, 2025	45,091,260	437,657	44,653,603	0.97%	1,585,871	1,094,000	35,000	1,129,000	1,094,000	0	35,000	
2026	June 30, 2026	46,753,742	500,360	46,253,382	1.07%	1,652,894	1,194,676	35,000	1,229,676	1,194,676	0	35,000	
2027	June 30, 2027	48,431,817	566,882	47,864,935	1.17%	1,719,137	1,276,416	35,000	1,311,416	1,276,416	0	35,000	
2028	June 30, 2028	50,094,696	637,455	49,457,241	1.27%	1,782,085	1,369,675	35,000	1,404,675	1,369,675	0	35,000	
2029	June 30, 2029	51,682,225	712,326	50,969,899	1.38%	1,845,384	1,501,799	35,000	1,536,799	1,501,799	0	35,000	
2030	June 30, 2030	53,256,255	791,757	52,464,498	1.49%	1,925,647	1,596,394	35,000	1,631,394	1,596,394	0	35,000	
2031	June 30, 2031	54,836,748	876,025	53,960,723	1.60%	1,979,768	1,678,675	35,000	1,713,675	1,678,675	0	35,000	
2032	June 30, 2032	56,353,145	965,425	55,387,720	1.71%	2,060,085	1,793,383	35,000	1,828,383	1,793,383	0	35,000	
2033	June 30, 2033	57,864,973	1,060,269	56,804,704	1.83%	2,134,778	1,877,682	35,000	1,912,682	1,877,682	0	35,000	
2034	June 30, 2034	59,501,917	1,160,889	58,341,028	1.95%	2,214,172	1,922,491	35,000	1,957,491	1,922,491	0	35,000	
2035	June 30, 2035	61,269,120	1,267,637	60,001,483	2.07%	2,294,649	1,920,833	35,000	1,955,833	1,920,833	0	35,000	
2036	June 30, 2036	63,086,839	1,380,886	61,705,953	2.19%	2,378,834	1,977,423	35,000	2,012,423	1,977,423	0	35,000	
2037	June 30, 2037	65,066,168	1,501,032	63,565,136	2.31%	2,468,951	2,005,467	35,000	2,040,467	2,005,467	0	35,000	
2038	June 30, 2038	67,193,290	1,628,495	65,564,795	2.42%	2,561,561	1,995,713	35,000	2,030,713	1,995,713	0	35,000	
2039	June 30, 2039	69,418,513	1,763,720	67,654,793	2.54%	2,660,180	2,055,510	35,000	2,090,510	2,055,510	0	35,000	
2040	June 30, 2040	71,607,846	1,907,181	69,700,665	2.66%	2,760,394	2,120,005	35,000	2,155,005	2,120,005	0	35,000	
2041	June 30, 2041	73,981,005	2,059,378	71,921,627	2.78%	2,865,494	2,181,251	35,000	2,216,251	2,181,251	0	35,000	
2042	June 30, 2042	76,477,929	2,220,844	74,257,085	2.90%	2,979,699	2,277,675	35,000	2,312,675	2,277,675	0	35,000	
2043	June 30, 2043	79,035,529	2,392,143	76,643,386	3.03%	3,102,109	2,343,036	35,000	2,378,036	2,343,036	0	35,000	
2044	June 30, 2044	81,772,816	2,573,875	79,198,941	3.15%	3,236,986	2,370,387	35,000	2,405,387	2,370,387	0	35,000	
2045	June 30, 2045	84,513,845	2,766,674	81,747,171	3.27%	3,378,241	2,471,327	35,000	2,506,327	2,471,327	0	35,000	
2046	June 30, 2046	87,421,140	2,971,214	84,449,926	3.40%	3,524,705	2,485,003	35,000	2,520,003	2,485,003	0	35,000	
2047	June 30, 2047	90,654,914	3,188,211	87,466,703	3.52%	3,681,126	2,491,779	35,000	2,526,779	2,491,779	0	35,000	
2048	June 30, 2048	94,124,770	3,418,423	90,706,347	3.63%	3,848,118	2,528,961	35,000	2,563,961	2,528,961	0	35,000	
2049	June 30, 2049	97,783,429	3,662,655	94,120,774	3.75%	4,021,423	2,574,393	35,000	2,609,393	2,574,393	0	35,000	
2050	June 30, 2050	101,543,979	3,921,761	97,622,218	3.86%	4,205,348	2,641,162	35,000	2,676,162	2,641,162	0	35,000	
2051	June 30, 2051	105,543,354	4,196,646	101,346,708	3.98%	4,394,662	2,665,375	35,000	2,700,375	2,665,375	0	35,000	
2052	June 30, 2052	109,628,090	4,488,272	105,139,818	4.09%	4,600,850	2,772,913	35,000	2,807,913	2,772,913	0	35,000	

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 6.09% 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	31,547,737	186,850	31,360,887	0.59%	798,374	841,358	0	841,358	841,358	0	841,358	
2022	June 30, 2022	32,819,418	383,629	32,435,789	1.17%	975,250	906,343	180,000	1,086,343	906,343	0	1,086,343	
2023	June 30, 2023	34,124,793	597,954	33,526,839	1.75%	1,020,233	965,901	185,400	1,151,301	965,901	0	1,151,301	
2024	June 30, 2024	35,533,301	831,060	34,702,241	2.34%	1,065,392	1,020,642	190,962	1,211,604	1,020,642	0	1,211,604	
2025	June 30, 2025	36,913,360	1,084,263	35,829,097	2.94%	1,108,310	1,094,000	196,691	1,290,691	1,094,000	0	1,290,691	
2026	June 30, 2026	38,274,265	1,358,964	36,915,301	3.55%	1,155,150	1,194,676	202,592	1,397,268	1,194,676	0	1,397,268	
2027	June 30, 2027	39,647,929	1,656,655	37,991,274	4.18%	1,201,444	1,276,416	208,670	1,485,086	1,276,416	0	1,485,086	
2028	June 30, 2028	41,009,151	1,978,923	39,030,228	4.83%	1,245,437	1,369,675	214,930	1,584,605	1,369,675	0	1,584,605	
2029	June 30, 2029	42,308,688	2,327,459	39,981,229	5.50%	1,289,674	1,501,799	221,378	1,723,177	1,501,799	0	1,723,177	
2030	June 30, 2030	43,597,171	2,704,061	40,893,110	6.20%	1,345,768	1,596,394	228,019	1,824,413	1,596,394	0	1,824,413	
2031	June 30, 2031	44,890,939	3,110,644	41,780,295	6.93%	1,383,591	1,678,675	234,860	1,913,535	1,678,675	0	1,913,535	
2032	June 30, 2032	46,132,235	3,549,245	42,582,990	7.69%	1,439,722	1,793,383	241,906	2,035,289	1,793,383	0	2,035,289	
2033	June 30, 2033	47,369,787	4,022,032	43,347,755	8.49%	1,491,921	1,877,682	249,163	2,126,845	1,877,682	0	2,126,845	
2034	June 30, 2034	48,709,754	4,531,311	44,178,443	9.30%	1,547,408	1,922,491	256,638	2,179,129	1,922,491	0	2,179,129	
2035	June 30, 2035	50,156,345	5,079,535	45,076,810	10.13%	1,603,649	1,920,833	264,337	2,185,170	1,920,833	0	2,185,170	
2036	June 30, 2036	51,644,282	5,669,314	45,974,968	10.98%	1,662,484	1,977,423	272,267	2,249,690	1,977,423	0	2,249,690	
2037	June 30, 2037	53,264,508	6,303,423	46,961,085	11.83%	1,725,464	2,005,467	280,435	2,285,902	2,005,467	0	2,285,902	
2038	June 30, 2038	55,005,709	6,984,815	48,020,894	12.70%	1,790,185	1,995,713	288,848	2,284,561	1,995,713	0	2,284,561	
2039	June 30, 2039	56,827,213	7,716,629	49,110,584	13.58%	1,859,107	2,055,510	297,513	2,353,023	2,055,510	0	2,353,023	
2040	June 30, 2040	58,619,332	8,502,203	50,117,129	14.50%	1,929,143	2,120,005	306,438	2,426,443	2,120,005	0	2,426,443	
2041	June 30, 2041	60,561,926	9,345,087	51,216,839	15.43%	2,002,593	2,181,251	315,631	2,496,882	2,181,251	0	2,496,882	
2042	June 30, 2042	62,605,831	10,249,056	52,356,775	16.37%	2,082,408	2,277,675	325,100	2,602,775	2,277,675	0	2,602,775	
2043	June 30, 2043	64,699,402	11,218,122	53,481,280	17.34%	2,167,955	2,343,036	334,853	2,677,889	2,343,036	0	2,677,889	
2044	June 30, 2044	66,940,059	12,256,552	54,683,507	18.31%	2,262,216	2,370,387	344,899	2,715,286	2,370,387	0	2,715,286	
2045	June 30, 2045	69,183,779	13,368,879	55,814,900	19.32%	2,360,935	2,471,327	355,246	2,826,573	2,471,327	0	2,826,573	
2046	June 30, 2046	71,563,598	14,559,924	57,003,674	20.35%	2,463,292	2,485,003	365,903	2,850,906	2,485,003	0	2,850,906	
2047	June 30, 2047	74,210,667	15,834,810	58,375,857	21.34%	2,572,610	2,491,779	376,880	2,868,659	2,491,779	0	2,868,659	
2048	June 30, 2048	77,050,988	17,198,982	59,852,006	22.32%	2,689,315	2,528,961	388,186	2,917,147	2,528,961	0	2,917,147	
2049	June 30, 2049	80,045,859	18,658,227	61,387,632	23.31%	2,810,432	2,574,393	399,832	2,974,225	2,574,393	0	2,974,225	
2050	June 30, 2050	83,124,134	20,218,695	62,905,439	24.32%	2,938,971	2,641,162	411,827	3,052,989	2,641,162	0	3,052,989	
2051	June 30, 2051	86,397,908	21,886,921	64,510,987	25.33%	3,071,275	2,665,375	424,182	3,089,557	2,665,375	0	3,089,557	
2052	June 30, 2052	89,741,556	23,669,849	66,071,707	26.38%	3,215,374	2,772,913	436,907	3,209,820	2,772,913	0	3,209,820	
2053	June 30, 2053	93,247,204	25,574,857	67,672,347	27.43%	3,368,010	2,876,911	450,014	3,326,925	2,876,911	0	3,326,925	
2054	June 30, 2054	96,980,268	27,609,785	69,370,483	28.47%	3,531,383	2,949,335	463,514	3,412,849	2,949,335	0	3,412,849	
2055	June 30, 2055	100,857,008	29,782,962	71,074,046	29.53%	3,703,890	3,067,822	477,419	3,545,241	3,067,822	0	3,545,241	
2056	June 30, 2056	104,984,154	32,103,239	72,880,915	30.58%	3,883,468	3,162,205	491,742	3,653,947	3,162,205	0	3,653,947	
2057	June 30, 2057	109,287,068	34,580,015	74,707,053	31.64%	4,074,064	3,247,805	506,494	3,754,299	3,247,805	0	3,754,299	

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	1,142,387
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	1,039,018
III. Deferred (Inflows)/Outflows from Plan Experience*	(612,606)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	1,488,973
V. Projected Earnings on OPEB Plan Investments	(9,177)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(3,801)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	3,044,794
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	3,044,794

* Amortized over 5.00 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	33,909,121	150,687	33,758,434
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]	33,909,121	150,687	33,758,434
Changes for the year:			
IV. Service Cost	1,142,387	0	1,142,387
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	1,039,018	0	1,039,018
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	3,168,601	0	3,168,601
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	36,163	(36,163)
X. Employer Contributions to Trust	0	841,358	(841,358)
XI. Benefit Payments Withdrawn from Trust	0	(841,358)	841,358
XII. Benefit Payments Excluding Implicit Cost	(611,179)	0	(611,179)
XIII. Implicit Cost Amount	(230,179)	0	(230,179)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(841,358)	0	(841,358)
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.]	4,508,648	36,163	4,472,485
XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]	38,417,769	186,850	38,230,919

* Recognized Immediately

** Amortized over 5.00 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			2021	2022	2023	2024	2025	2026
	Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	19,412	5.89	6,232	3,295	3,295	2,937			
2019	0	5.89	0	0	0	0	0		
2020	(3,079,505)	5.00	(1,847,703)	(615,901)	(615,901)	(615,901)	(615,901)		
2021	0	5.00	0	0	0	0	0	0	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(1,841,471)						
Net increase (decrease) in OPEB Expense				(612,606)	(612,606)	(612,964)	(615,901)	0	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from			2021	2022	2023	2024	2025	2026
	Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	(1,202,320)	5.89	(385,804)	(204,129)	(204,129)	(181,675)			
2019	3,487,267	5.89	1,711,072	592,065	592,065	592,065	526,942		
2020	2,336,583	5.00	1,401,949	467,317	467,317	467,317	467,315		
2021	3,168,601	5.00	2,534,881	633,720	633,720	633,720	633,720	633,721	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			5,262,098						
Net increase (decrease) in OPEB Expense				1,488,973	1,488,973	1,511,427	1,627,977	633,721	0

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			2021	2022	2023	2024	2025	2026
	Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	3,897	5.00	781	779	781				
2019	326	5.00	131	65	65	66			
2020	3,759	5.00	2,255	752	752	752	751		
2021	(26,986)	5.00	(21,589)	(5,397)	(5,397)	(5,397)	(5,397)	(5,398)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(18,422)						
Net increase (decrease) in OPEB Expense				(3,801)	(3,799)	(4,579)	(4,646)	(5,398)	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	6,232	(1,847,703)	(1,841,471)
III. Changes of Assumptions	5,647,902	(385,804)	5,262,098
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>3,167</u>	<u>(21,589)</u>	<u>(18,422)</u>
V. Total [I.+II.+III.+IV.]	5,657,301	(2,255,096)	3,402,205

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	872,568
2023	893,884
2024	1,007,430
2025	628,323
2026	0
Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 2.50% 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 \$841,358. The Town also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$841,358 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	18.25%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	15.00%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	10.75%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	7.25%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	33.00%	Domestic Fixed Income	1.40%
International Fixed Income	6.25%	International Fixed Income	1.30%
Alternatives	9.00%	Alternatives	6.32%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.50%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return**	<u>3.84%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.34%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	<u>6.09%</u>

* 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	2,328,878	(841,358)	1,487,520	16,899,688	4.98%
June 30, 2020	2,204,621	(843,535)	1,361,086	16,407,464	5.14%
June 30, 2019	2,869,453	(807,299)	2,062,154	16,620,202	4.86%
June 30, 2018	2,446,174	(754,907)	1,691,267	16,136,118	4.68%
June 30, 2017	2,708,031	(829,727)	1,878,304	15,209,838	5.46%

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	32,027,780	38,417,769	46,816,451
II. Fiduciary Net Position	<u>186,850</u>	<u>186,850</u>	<u>186,850</u>
III. Net OPEB Liability (Asset) [I.-II.]	31,840,930	38,230,919	46,629,601
IV. Service Cost	858,305	1,142,387	1,550,758

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	45,804,374	38,417,769	32,759,913
II. Fiduciary Net Position	<u>186,850</u>	<u>186,850</u>	<u>186,850</u>
III. Net OPEB Liability (Asset) [I.-II.]	45,617,524	38,230,919	32,573,063
IV. Service Cost	1,546,889	1,142,387	861,460

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 - July 1, 2020	150,687	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	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	0		
III. Earnings and increase in fair value	36,163		
IV. Ending value - June 30, 2021 [I.+II.+III.]	186,850		
Money Weighted Rate of Return	24.00%		
Asset Value - June 30, 2021	186,850		

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	Police Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2021	3,953,048	31,986,716	2,478,005	38,417,769
II. Fiduciary Net Position as of June 30, 2021	19,226	155,572	12,052	186,850
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	3,933,822	31,831,144	2,465,953	38,230,919
IV. Service Cost	139,218	876,055	127,114	1,142,387
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	279,218	703,026	56,774	1,039,018
VI. Projected Earnings on OPEB Plan Investments	(944)	(7,637)	(596)	(9,177)
VII. Net Recognition of Deferred (Inflows)/Outflows	89,784	726,500	56,282	872,566
VIII. Expense Related to Change in Benefit Terms	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VII. + VIII.]	507,276	2,297,944	239,574	3,044,794
X. Employer Share of Costs	(130,094)	(702,229)	(9,035)	(841,358)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	0	0	0	0
XII. Total Employer Contribution [X. + XI.]	(130,094)	(702,229)	(9,035)	(841,358)
XIII. Net OPEB Expense [IX. + XII.]	377,182	1,595,715	230,539	2,203,436

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, 2019
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	(1,841,471)
II. Deferred (Inflow)/Outflow from Investment Experience	(18,422)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	5,262,098
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	4,186,693
II. Deferred Outflow created during the period	3,168,601
III. Deferred Outflow recognized during the period	1,697,993
IV. Change in Deferred Outflow (II. - III.)	1,470,608
V. Deferred Outflow at end of the period (I. + IV.)	5,657,301
VI. Deferred Inflow at the beginning of the period	(3,053,537)
VII. Deferred Inflow created during the period	(26,986)
VIII. Deferred Inflow recognized during the period	(825,427)
IX. Change in Deferred Inflow (VII. - VIII.)	798,441
X. Deferred Inflow at end of the period (VI. + IX.)	(2,255,096)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	33,758,434
II. Service Cost	1,142,387
III. Interest on Total OPEB Liability, Service Cost, and Payments	1,039,018
IV. Projected Investment Income	(9,177)
V. Total Employer Contributions	(841,358)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	1,330,870
VIII. Deferred Outflow created during the period	3,168,601
IX. Deferred Inflow created during the period	(26,986)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	38,230,919
Net OPEB Expense	
I. Service Cost	1,142,387
II. Interest on Total OPEB Liability, Service Cost, and Payments	1,039,018
III. Projected Investment Income	(9,177)
IV. Recognition of Deferred (Inflow)/Outflow	872,566
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V.)	3,044,794
VII. Benefit Payments	(841,358)
VIII. Contributions to Trust	0
IX. Total Employer Payments (VII. + VIII.)	(841,358)
X. Total Net OPEB Expense under GASB 75 (VI. + IX.)	2,203,436

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

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

	Actuarially Determined Contribution - Deficiency / (Excess)				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	For the Fiscal Year Ending:	
				<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	1,142,387	1,079,340	1,222,535	918,534	1,112,103
II. Amortization of NOL	<u>1,186,491</u>	<u>1,125,281</u>	<u>1,646,918</u>	<u>1,527,640</u>	<u>1,595,928</u>
III. Actuarial Determined Contribution [I. + II.]	2,328,878	2,204,621	2,869,453	2,446,174	2,708,031
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(841,358)</u>	<u>(843,535)</u>	<u>(807,299)</u>	<u>(754,907)</u>	<u>(829,727)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>1,487,520</u>	<u>1,361,086</u>	<u>2,062,154</u>	<u>1,691,267</u>	<u>1,878,304</u>
Covered Employee Payroll	16,899,688	16,407,464	16,620,202	16,136,118	15,209,838
Contributions as a % of Covered Employee Payroll	4.98%	5.14%	4.86%	4.68%	5.46%
Discount Rate	2.50%	3.00%	3.00%	3.75%	3.50%
Money Weighted Rate of Return	24.00%	3.01%	5.50%	<u>(0.52%)</u>	5.77%

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, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2017
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	38,417,769	33,909,121	33,360,093	28,328,764	28,233,228
I. Service Cost	1,142,387	1,079,340	1,222,535	918,534	1,112,103
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	1,039,018	1,021,145	1,093,826	1,079,817	1,088,426
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(3,079,505)	0	19,412	(3,552,281)
V. Changes of Assumptions	3,168,601	2,336,583	3,487,267	(1,202,320)	0
VI. Benefit Payments Excluding Implicit Cost	(611,179)	(574,476)	(649,214)	(605,036)	(610,596)
VII. Implicit Cost Amount	(230,179)	(234,059)	(123,085)	(114,871)	(184,131)
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(841,358)	(808,535)	(772,299)	(719,907)	(794,727)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	4,508,648	549,028	5,031,329	95,536	(2,146,479)
X. Total OPEB Liability - Beginning of Period	33,909,121	33,360,093	28,328,764	28,233,228	30,379,707
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	33,909,121	33,360,093	28,328,764	28,233,228	30,379,707
XIII. Total OPEB Liability - End of Period [IX.+XII.]	38,417,769	33,909,121	33,360,093	28,328,764	28,233,228
Plan Fiduciary Net Position	186,850	150,687	111,370	70,717	35,996
XIV. Earning from Plan Investments	36,163	4,317	5,653	(279)	996
XV. Employer Contribution to Trust	841,358	843,535	807,299	754,907	829,727
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(841,358)	(808,535)	(772,299)	(719,907)	(794,727)
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.]	36,163	39,317	40,653	34,721	35,996
XX. Plan Fiduciary Net Position - Beginning of Period	150,687	111,370	70,717	35,996	0
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	150,687	111,370	70,717	35,996	0
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	186,850	150,687	111,370	70,717	35,996
XXIV. Net OPEB Liability [XIII.-XXIII.]	38,230,919	33,758,434	33,248,723	28,258,047	28,197,232
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	0.49%	0.45%	0.33%	0.25%	0.13%
XXVI. Covered Employee Payroll	16,899,688	16,407,464	16,620,202	16,136,118	15,209,838
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	226.22%	205.75%	200.05%	175.12%	185.39%
Single Discount Rate to calculate Plan Liabilities	2.50%	3.00%	3.00%	3.75%	3.50%

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, 2019.
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:	6.09%, 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:	2.50%, 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, 2019, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	190
Active Employees:	<u>268</u>
Total:	458

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 2.50%

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$0 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 \$841,358. \$230,179 of the \$841,358 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, 2019 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	16,899,688	0	16,899,688	0	841,358	0	841,358
June 30, 2022	15,821,196	1,585,483	17,406,679	0	906,343	0	906,343
June 30, 2023	14,699,444	3,229,435	17,928,879	0	965,901	0	965,901
June 30, 2024	13,755,831	4,710,914	18,466,745	0	1,020,642	0	1,020,642
June 30, 2025	12,853,654	6,167,093	19,020,747	0	1,094,000	0	1,094,000
June 30, 2026	11,998,193	7,593,176	19,591,369	0	1,194,676	0	1,194,676
June 30, 2027	11,298,337	8,880,773	20,179,110	0	1,276,416	0	1,276,416
June 30, 2028	10,623,257	10,161,226	20,784,483	0	1,369,675	0	1,369,675
June 30, 2029	9,860,738	11,547,279	21,408,017	0	1,501,799	0	1,501,799
June 30, 2030	9,121,574	12,928,684	22,050,258	0	1,596,394	0	1,596,394
June 30, 2031	8,538,160	14,173,606	22,711,766	0	1,672,051	6,624	1,678,675
June 30, 2032	7,862,427	15,530,692	23,393,119	0	1,777,134	16,249	1,793,383
June 30, 2033	7,352,971	16,741,942	24,094,913	0	1,848,025	29,657	1,877,682
June 30, 2034	6,895,835	17,921,925	24,817,760	0	1,874,295	48,196	1,922,491
June 30, 2035	6,481,691	19,080,602	25,562,293	0	1,849,545	71,288	1,920,833
June 30, 2036	6,068,735	20,260,427	26,329,162	0	1,888,136	89,287	1,977,423
June 30, 2037	5,646,579	21,472,458	27,119,037	0	1,895,216	110,251	2,005,467
June 30, 2038	5,265,752	22,666,856	27,932,608	0	1,861,760	133,953	1,995,713
June 30, 2039	4,919,099	23,851,487	28,770,586	0	1,902,082	153,428	2,055,510
June 30, 2040	4,573,634	25,060,070	29,633,704	0	1,945,267	174,738	2,120,005
June 30, 2041	4,254,147	26,268,568	30,522,715	0	1,976,066	205,185	2,181,251
June 30, 2042	3,978,682	27,459,714	31,438,396	0	2,033,357	244,318	2,277,675
June 30, 2043	3,724,551	28,656,997	32,381,548	0	2,051,521	291,515	2,343,036
June 30, 2044	3,482,543	29,870,451	33,352,994	0	2,019,971	350,416	2,370,387
June 30, 2045	3,215,102	31,138,482	34,353,584	0	2,052,050	419,277	2,471,327
June 30, 2046	2,966,486	32,417,706	35,384,192	0	2,006,214	478,789	2,485,003
June 30, 2047	2,768,315	33,677,403	36,445,718	0	1,947,223	544,556	2,491,779
June 30, 2048	2,583,136	34,955,954	37,539,090	0	1,912,033	616,928	2,528,961
June 30, 2049	2,392,996	36,272,267	38,665,263	0	1,892,977	681,416	2,574,393
June 30, 2050	2,178,954	37,646,267	39,825,221	0	1,891,510	749,652	2,641,162
June 30, 2051	1,992,575	39,027,403	41,019,978	0	1,835,098	830,277	2,665,375
June 30, 2052	1,803,025	40,447,552	42,250,577	0	1,852,779	920,134	2,772,913
June 30, 2053	1,610,318	41,907,776	43,518,094	0	1,858,644	1,018,267	2,876,911
June 30, 2054	1,415,184	43,408,453	44,823,637	0	1,821,686	1,127,649	2,949,335
June 30, 2055	1,224,732	44,943,614	46,168,346	0	1,820,416	1,247,406	3,067,822
June 30, 2056	1,007,806	46,545,590	47,553,396	0	1,798,903	1,363,302	3,162,205
June 30, 2057	830,461	48,149,537	48,979,998	0	1,762,097	1,485,708	3,247,805
June 30, 2058	665,562	49,783,836	50,449,398	0	1,700,413	1,616,802	3,317,215
June 30, 2059	509,144	51,453,736	51,962,880	0	1,657,051	1,749,650	3,406,701
June 30, 2060	361,825	53,159,941	53,521,766	0	1,618,545	1,887,651	3,506,196

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2019 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	263,610	54,863,809	55,127,419	0	1,578,047	2,039,060	3,617,107
June 30, 2062	182,517	56,598,725	56,781,242	0	1,548,396	2,201,487	3,749,883
June 30, 2063	126,036	58,358,643	58,484,679	0	1,515,297	2,375,661	3,890,958
June 30, 2064	72,853	60,166,366	60,239,219	0	1,475,922	2,564,223	4,040,145
June 30, 2065	43,056	62,003,340	62,046,396	0	1,435,266	2,767,103	4,202,369
June 30, 2066	20,419	63,887,369	63,907,788	0	1,394,485	2,973,425	4,367,910
June 30, 2067	13,119	65,811,903	65,825,022	0	1,346,761	3,189,977	4,536,738
June 30, 2068	4,860	67,794,913	67,799,773	0	1,299,708	3,419,417	4,719,125
June 30, 2069	3,672	69,830,094	69,833,766	0	1,251,426	3,649,532	4,900,958
June 30, 2070	0	71,928,779	71,928,779	0	1,200,632	3,888,030	5,088,662
June 30, 2071	0	74,086,642	74,086,642	0	1,148,542	4,139,139	5,287,681
June 30, 2072	0	76,309,241	76,309,241	0	1,095,521	4,399,566	5,495,087
June 30, 2073	0	78,598,518	78,598,518	0	1,041,891	4,670,673	5,712,564
June 30, 2074	0	80,956,474	80,956,474	0	988,122	4,954,041	5,942,163
June 30, 2075	0	83,385,168	83,385,168	0	934,484	5,250,477	6,184,961
June 30, 2076	0	85,886,723	85,886,723	0	881,199	5,561,936	6,443,135
June 30, 2077	0	88,463,325	88,463,325	0	828,527	5,884,806	6,713,333
June 30, 2078	0	91,117,225	91,117,225	0	776,568	6,222,361	6,998,929
June 30, 2079	0	93,850,742	93,850,742	0	725,429	6,574,692	7,300,121
June 30, 2080	0	96,666,264	96,666,264	0	675,150	6,938,697	7,613,847
June 30, 2081	0	99,566,252	99,566,252	0	625,858	7,317,213	7,943,071
June 30, 2082	0	102,553,240	102,553,240	0	577,624	7,709,820	8,287,444
June 30, 2083	0	105,629,837	105,629,837	0	530,609	8,118,474	8,649,083
June 30, 2084	0	108,798,732	108,798,732	0	484,966	8,544,697	9,029,663
June 30, 2085	0	112,062,694	112,062,694	0	440,852	8,990,314	9,431,166
June 30, 2086	0	115,424,575	115,424,575	0	398,442	9,457,552	9,855,994
June 30, 2087	0	118,887,312	118,887,312	0	357,922	9,944,709	10,302,631
June 30, 2088	0	122,453,931	122,453,931	0	319,396	10,454,269	10,773,665
June 30, 2089	0	126,127,549	126,127,549	0	283,011	10,986,875	11,269,886
June 30, 2090	0	129,911,375	129,911,375	0	248,842	11,541,591	11,790,433
June 30, 2091	0	133,808,716	133,808,716	0	216,974	12,120,558	12,337,532
June 30, 2092	0	137,822,977	137,822,977	0	187,446	12,723,793	12,911,239
June 30, 2093	0	141,957,666	141,957,666	0	160,323	13,353,502	13,513,825
June 30, 2094	0	146,216,396	146,216,396	0	135,650	14,011,988	14,147,638
June 30, 2095	0	150,602,888	150,602,888	0	113,445	14,700,481	14,813,926

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, 2019 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	150,687	841,358	0	841,358	0	841,358	841,358	36,163	186,850
June 30, 2022	186,850	906,343	63,624	969,967	0	906,343	906,343	12,251	262,725
June 30, 2023	262,725	965,901	28,696	994,597	0	965,901	965,901	16,861	308,282
June 30, 2024	308,282	1,020,642	26,071	1,046,713	0	1,020,642	1,020,642	19,557	353,910
June 30, 2025	353,910	1,094,000	23,652	1,117,652	0	1,094,000	1,094,000	22,263	399,825
June 30, 2026	399,825	1,194,676	21,435	1,216,111	0	1,194,676	1,194,676	24,992	446,252
June 30, 2027	446,252	1,276,416	19,597	1,296,013	0	1,276,416	1,276,416	27,765	493,614
June 30, 2028	493,614	1,369,675	17,889	1,387,564	0	1,369,675	1,369,675	30,598	542,101
June 30, 2029	542,101	1,501,799	16,121	1,517,920	0	1,501,799	1,501,799	33,498	591,720
June 30, 2030	591,720	1,596,394	14,479	1,610,873	0	1,596,394	1,596,394	36,470	642,669
June 30, 2031	642,669	1,672,051	13,158	1,685,209	0	1,672,051	1,672,051	39,533	688,736
June 30, 2032	688,736	1,777,134	11,763	1,788,897	0	1,777,134	1,777,134	42,297	726,547
June 30, 2033	726,547	1,848,025	10,681	1,858,706	0	1,848,025	1,848,025	44,567	752,138
June 30, 2034	752,138	1,874,295	9,725	1,884,020	0	1,874,295	1,874,295	46,097	759,764
June 30, 2035	759,764	1,849,545	8,875	1,858,420	0	1,849,545	1,849,545	46,536	743,887
June 30, 2036	743,887	1,888,136	8,067	1,896,203	0	1,888,136	1,888,136	45,545	708,212
June 30, 2037	708,212	1,895,216	7,288	1,902,504	0	1,895,216	1,895,216	43,349	648,598
June 30, 2038	648,598	1,861,760	6,598	1,868,358	0	1,861,760	1,861,760	39,698	560,941
June 30, 2039	560,941	1,902,082	5,984	1,908,066	0	1,902,082	1,902,082	34,341	447,838
June 30, 2040	447,838	1,945,267	5,402	1,950,669	0	1,945,267	1,945,267	27,435	305,937
June 30, 2041	305,937	1,976,066	4,878	1,980,944	0	1,976,066	1,976,066	18,778	124,408
June 30, 2042	124,408	2,033,357	4,429	2,037,786	0	2,033,357	2,033,357	7,709	12,138
June 30, 2043	12,138	2,051,521	4,026	2,055,547	0	2,051,521	2,051,521	860	4,886
June 30, 2044	4,886	2,019,971	3,655	2,023,626	0	2,019,971	2,019,971	407	4,062
June 30, 2045	4,062	2,052,050	3,276	2,055,326	0	2,052,050	2,052,050	346	3,622
June 30, 2046	3,622	2,006,214	2,934	2,009,148	0	2,006,214	2,006,214	309	3,243
June 30, 2047	3,243	1,947,223	2,659	1,949,882	0	1,947,223	1,947,223	277	2,936
June 30, 2048	2,936	1,912,033	2,408	1,914,441	0	1,912,033	1,912,033	251	2,659
June 30, 2049	2,659	1,892,977	2,166	1,895,143	0	1,892,977	1,892,977	227	2,393
June 30, 2050	2,393	1,891,510	1,915	1,893,425	0	1,891,510	1,891,510	203	2,118
June 30, 2051	2,118	1,835,098	1,700	1,836,798	0	1,835,098	1,835,098	180	1,880
June 30, 2052	1,880	1,852,779	1,494	1,854,273	0	1,852,779	1,852,779	159	1,653
June 30, 2053	1,653	1,858,644	1,295	1,859,939	0	1,858,644	1,858,644	140	1,435
June 30, 2054	1,435	1,821,686	1,105	1,822,791	0	1,821,686	1,821,686	121	1,226
June 30, 2055	1,226	1,820,416	928	1,821,344	0	1,820,416	1,820,416	103	1,031
June 30, 2056	1,031	1,798,903	742	1,799,645	0	1,798,903	1,798,903	85	827
June 30, 2057	827	1,762,097	593	1,762,690	0	1,762,097	1,762,097	68	661
June 30, 2058	661	1,700,413	462	1,700,875	0	1,700,413	1,700,413	54	516
June 30, 2059	516	1,657,051	343	1,657,394	0	1,657,051	1,657,051	42	385
June 30, 2060	385	1,618,545	237	1,618,782	0	1,618,545	1,618,545	31	268

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, 2019 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	268	1,578,047	167	1,578,214	0	1,578,047	1,578,047	21	188
June 30, 2062	188	1,548,396	113	1,548,509	0	1,548,396	1,548,396	15	128
June 30, 2063	128	1,515,297	75	1,515,372	0	1,515,297	1,515,297	10	85
June 30, 2064	85	1,475,922	42	1,475,964	0	1,475,922	1,475,922	6	48
June 30, 2065	48	1,435,266	24	1,435,290	0	1,435,266	1,435,266	4	28
June 30, 2066	28	1,394,485	11	1,394,496	0	1,394,485	1,394,485	2	13
June 30, 2067	13	1,346,761	7	1,346,768	0	1,346,761	1,346,761	1	8
June 30, 2068	8	1,299,708	3	1,299,711	0	1,299,708	1,299,708	1	4
June 30, 2069	4	1,251,426	2	1,251,428	0	1,251,426	1,251,426	0	2
June 30, 2070	2	1,200,632	0	1,200,632	0	1,200,632	1,200,632	0	0
June 30, 2071	0	1,148,542	0	1,148,542	0	1,148,542	1,148,542	0	0
June 30, 2072	0	1,095,521	0	1,095,521	0	1,095,521	1,095,521	0	0
June 30, 2073	0	1,041,891	0	1,041,891	0	1,041,891	1,041,891	0	0
June 30, 2074	0	988,122	0	988,122	0	988,122	988,122	0	0
June 30, 2075	0	934,484	0	934,484	0	934,484	934,484	0	0
June 30, 2076	0	881,199	0	881,199	0	881,199	881,199	0	0
June 30, 2077	0	828,527	0	828,527	0	828,527	828,527	0	0
June 30, 2078	0	776,568	0	776,568	0	776,568	776,568	0	0
June 30, 2079	0	725,429	0	725,429	0	725,429	725,429	0	0
June 30, 2080	0	675,150	0	675,150	0	675,150	675,150	0	0
June 30, 2081	0	625,858	0	625,858	0	625,858	625,858	0	0
June 30, 2082	0	577,624	0	577,624	0	577,624	577,624	0	0
June 30, 2083	0	530,609	0	530,609	0	530,609	530,609	0	0
June 30, 2084	0	484,966	0	484,966	0	484,966	484,966	0	0
June 30, 2085	0	440,852	0	440,852	0	440,852	440,852	0	0
June 30, 2086	0	398,442	0	398,442	0	398,442	398,442	0	0
June 30, 2087	0	357,922	0	357,922	0	357,922	357,922	0	0
June 30, 2088	0	319,396	0	319,396	0	319,396	319,396	0	0
June 30, 2089	0	283,011	0	283,011	0	283,011	283,011	0	0
June 30, 2090	0	248,842	0	248,842	0	248,842	248,842	0	0
June 30, 2091	0	216,974	0	216,974	0	216,974	216,974	0	0
June 30, 2092	0	187,446	0	187,446	0	187,446	187,446	0	0
June 30, 2093	0	160,323	0	160,323	0	160,323	160,323	0	0
June 30, 2094	0	135,650	0	135,650	0	135,650	135,650	0	0
June 30, 2095	0	113,445	0	113,445	0	113,445	113,445	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, 2019 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 [6.09%]	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 [2.40%]	
June 30, 2021	150,687	841,358	150,687	690,671	150,687	690,671	841,358	Sum of Column V.
June 30, 2022	186,850	906,343	186,850	719,493	176,124	704,155	885,060	5,771,734
June 30, 2023	262,725	965,901	262,725	703,176	233,428	673,516	921,071	
June 30, 2024	308,282	1,020,642	308,282	712,360	258,181	667,767	950,417	Sum of Column VI.
June 30, 2025	353,910	1,094,000	353,910	740,090	279,380	678,972	994,806	45,341,068
June 30, 2026	399,825	1,194,676	399,825	794,851	297,507	713,666	1,060,845	
June 30, 2027	446,252	1,276,416	446,252	830,164	312,992	729,483	1,106,813	Sum of Column VII.
June 30, 2028	493,614	1,369,675	493,614	876,061	326,337	753,404	1,159,791	[V. + VI.]
June 30, 2029	542,101	1,501,799	542,101	959,698	337,819	807,737	1,241,808	51,112,802
June 30, 2030	591,720	1,596,394	591,720	1,004,674	347,573	827,565	1,289,030	
June 30, 2031	642,669	1,672,051	642,669	1,029,382	355,830	829,842	1,318,417	
June 30, 2032	688,736	1,777,134	688,736	1,088,398	359,446	858,714	1,368,371	
June 30, 2033	726,547	1,848,025	726,547	1,121,478	357,413	865,952	1,389,542	
June 30, 2034	752,138	1,874,295	752,138	1,122,157	348,762	848,005	1,376,202	
June 30, 2035	759,764	1,849,545	759,764	1,089,781	332,075	805,983	1,326,140	
June 30, 2036	743,887	1,888,136	743,887	1,144,249	306,472	828,227	1,322,020	
June 30, 2037	708,212	1,895,216	708,212	1,187,004	275,025	840,858	1,295,818	
June 30, 2038	648,598	1,861,760	648,598	1,213,162	237,416	841,068	1,243,052	
June 30, 2039	560,941	1,902,082	560,941	1,341,141	193,543	909,974	1,240,152	
June 30, 2040	447,838	1,945,267	447,838	1,497,429	145,649	994,357	1,238,527	
June 30, 2041	305,937	1,976,066	305,937	1,670,129	93,787	1,085,396	1,228,593	
June 30, 2042	124,408	2,033,357	124,408	1,908,949	35,949	1,214,156	1,234,527	
June 30, 2043	12,138	2,051,521	12,138	2,039,383	3,306	1,269,465	1,216,307	
June 30, 2044	4,886	2,019,971	4,886	2,015,085	1,254	1,227,601	1,169,479	
June 30, 2045	4,062	2,052,050	4,062	2,047,988	983	1,221,049	1,160,154	
June 30, 2046	3,622	2,006,214	3,622	2,002,592	826	1,168,531	1,107,606	
June 30, 2047	3,243	1,947,223	3,243	1,943,980	697	1,110,149	1,049,794	
June 30, 2048	2,936	1,912,033	2,936	1,909,097	595	1,066,988	1,006,617	
June 30, 2049	2,659	1,892,977	2,659	1,890,318	508	1,033,971	973,183	
June 30, 2050	2,393	1,891,510	2,393	1,889,117	431	1,011,286	949,594	
June 30, 2051	2,118	1,835,098	2,118	1,832,980	359	960,318	899,640	
June 30, 2052	1,880	1,852,779	1,880	1,850,899	301	949,034	886,980	
June 30, 2053	1,653	1,858,644	1,653	1,856,991	249	931,860	868,893	
June 30, 2054	1,435	1,821,686	1,435	1,820,251	204	893,952	831,619	
June 30, 2055	1,226	1,820,416	1,226	1,819,190	164	874,385	811,524	
June 30, 2056	1,031	1,798,903	1,031	1,797,872	130	845,718	783,103	
June 30, 2057	827	1,762,097	827	1,761,270	98	810,839	749,068	
June 30, 2058	661	1,700,413	661	1,699,752	74	765,837	705,873	
June 30, 2059	516	1,657,051	516	1,656,535	55	730,454	671,720	
June 30, 2060	385	1,618,545	385	1,618,160	38	698,322	640,704	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2019 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 [6.09%]	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 [2.40%]
June 30, 2061	268	1,578,047	268	1,577,779	25	666,381	610,004
June 30, 2062	188	1,548,396	188	1,548,208	17	639,952	584,488
June 30, 2063	128	1,515,297	128	1,515,169	11	612,945	558,562
June 30, 2064	85	1,475,922	85	1,475,837	7	584,306	531,272
June 30, 2065	48	1,435,266	48	1,435,218	4	556,111	504,506
June 30, 2066	28	1,394,485	28	1,394,457	2	528,799	478,661
June 30, 2067	13	1,346,761	13	1,346,748	1	499,821	451,425
June 30, 2068	8	1,299,708	8	1,299,700	0	472,077	425,423
June 30, 2069	4	1,251,426	4	1,251,422	0	444,852	400,001
June 30, 2070	2	1,200,632	2	1,200,630	0	417,698	374,754
June 30, 2071	0	1,148,542	0	1,148,542	0	391,059	350,077
June 30, 2072	0	1,095,521	0	1,095,521	0	365,055	326,075
June 30, 2073	0	1,041,891	0	1,041,891	0	339,783	302,830
June 30, 2074	0	988,122	0	988,122	0	315,378	280,458
June 30, 2075	0	934,484	0	934,484	0	291,901	259,006
June 30, 2076	0	881,199	0	881,199	0	269,388	238,502
June 30, 2077	0	828,527	0	828,527	0	247,887	218,980
June 30, 2078	0	776,568	0	776,568	0	227,388	200,428
June 30, 2079	0	725,429	0	725,429	0	207,886	182,833
June 30, 2080	0	675,150	0	675,150	0	189,353	166,165
June 30, 2081	0	625,858	0	625,858	0	171,787	150,416
June 30, 2082	0	577,624	0	577,624	0	155,168	135,564
June 30, 2083	0	530,609	0	530,609	0	139,500	121,606
June 30, 2084	0	484,966	0	484,966	0	124,782	108,535
June 30, 2085	0	440,852	0	440,852	0	111,013	96,346
June 30, 2086	0	398,442	0	398,442	0	98,195	85,033
June 30, 2087	0	357,922	0	357,922	0	86,329	74,592
June 30, 2088	0	319,396	0	319,396	0	75,394	65,000
June 30, 2089	0	283,011	0	283,011	0	65,381	56,243
June 30, 2090	0	248,842	0	248,842	0	56,262	48,291
June 30, 2091	0	216,974	0	216,974	0	48,011	41,118
June 30, 2092	0	187,446	0	187,446	0	40,593	34,688
June 30, 2093	0	160,323	0	160,323	0	33,979	28,972
June 30, 2094	0	135,650	0	135,650	0	28,137	23,938
June 30, 2095	0	113,445	0	113,445	0	23,030	19,549

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2020 Non-Medicare Plans: effective July 1, 2020 Dental Plans: N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical, Dental & \$5,000 of Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	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.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

Group	Individual	Two-Person / Family
Medical	50%	50%
Dental	100%	100%
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

2.50% per annum (previously 3.00%)

Net Long Term Rate of Return

6.09% (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 & ASSUMPTIONSTrend Rate

Medicare Part A & B Premiums & Penalties: N/A

Medical Plans: Initial Trend of 4.50% for 2021 grading down 0.00% per year for an ultimate trend rate of 4.50%.

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Total OPEB Liability	38,417,769	33,909,121
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>31,008,997</u>	<u>27,152,268</u>
III. Liability from Implicit Subsidy [I. - II.]	7,408,772	6,756,853

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2021</u>	<u>June 30, 2020</u>
IV. Employer Payments (Including Implicit Subsidy)	841,358	808,535
V. Actual Employer Payments	<u>611,179</u>	<u>574,476</u>
VI. Implicit Subsidy [IV. - V.]	230,179	234,059

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	3,785	2,386	44 & Under	7,774	5,094	65 to 69	4,689	4,689
25 to 29	5,584	2,482	45 to 49	8,539	6,432	70 to 74	4,689	4,689
30 to 34	7,056	3,116	50 to 54	10,045	8,471	75 to 79	4,689	4,689
35 to 39	7,268	3,913	55 to 59	11,613	11,013	80 to 84	4,689	4,689
40 to 44	7,439	4,875	60 to 64	13,818	14,132	85 to 89	4,689	4,689
45 to 49	8,171	6,155	65 to 69	16,565	17,627	90 & Over	4,689	4,689
50 to 54	9,612	8,106	70 to 74	19,534	21,124			
55 to 59	11,113	10,539	75 to 79	22,686	24,949			
60 to 64	13,223	13,523	80 to 84	26,010	28,677			
65 to 69	15,852	16,868	85 to 89	29,690	32,825			
70 & Over	18,693	20,214	90 & Over	29,690	32,825			

*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, 2019
A. Average Age at Hire	34.96
B. Average Service	<u>11.60</u>
C. Average Current Age	46.56

Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	27
B. Age 65 & Over	<u>163</u>
C. Total	190

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	6									6
25-29	18	2								20
30-34	15	4	1							20
35-39	13	5	10	7						35
40-44	13	3	2	6	1					25
45-49	12	9	8	8	15	1				53
50-54	8	2	11	17	7	5	1			51
55-59	7		4	6	6	1	2			26
60-64	3			7	10	2	2			24
65-69	1	1	1	2						5
70+		1			1				1	3
Total	96	27	37	53	40	9	5		1	268

APPENDIX IV – PLAN DEMOGRAPHICS

<u>Plan Offerings</u>	<u>Number of Contracts</u>			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Fallon Direct	29		23	52
Fallon Select	51		73	124
Fallon Preferred	3		2	5
Medicare Plus Premier HMO	3			3
Medicare Plus Freedom	156			156
Total	242	0	98	340

	<u>Per Contract Costs (monthly)</u>		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Fallon Direct	669.58		1,730.62
Fallon Select	761.83		1,969.97
Fallon Preferred	867.50		2,243.25
Medicare Plus Premier HMO	298.00	596.00	
Medicare Plus Freedom	401.48	802.96	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Fallon Direct	29		23	75	710,664.96	602,622.00
Fallon Select	51		73	197	2,191,933.68	1,800,966.12
Fallon Preferred	3		2	7	85,068.00	72,870.00
Total	83	0	98	279	2,987,666.64	2,476,458.12
Blended Average Monthly Rate:						\$ 739.68

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medicare Plus Premier HMO	3			3	10,728.00	10,728.00
Medicare Plus Freedom	156			156	751,570.56	751,570.56
Total	159	0	0	159	762,298.56	762,298.56
Blended Average Monthly Rate:						\$ 399.50

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 February 16, 2022 and its subject is the Town of Leicester’s GASB 75 OPEB liabilities.

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

- ✓ The contents of this report are intended for the use of the officers, employees, and elected officials of the Town and the Town's appointed auditor. The Town may distribute this report to those parties that have a legal right to require the Town to provide it, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Town notify Odyssey Advisors to whom it was distributed.
- ✓ The purpose of this engagement was to provide the Town with analysis of the GASB 75 OPEB liabilities.
- ✓ The responsible actuary identified above is qualified as specified in the *Qualification Standards* of the American Academy of Actuaries.
- ✓ Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
- ✓ Actuarial computations under GASB 75 are for purposes of fulfilling financial accounting requirements of the Town. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. These communications should not be relied upon for any other purpose.
- ✓ The Town of Leicester 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.