

**Town of Sharon**  
**Other Postemployment Benefits Plan**

**GASB 74 & GASB 75 Actuarial Valuation**

With a Valuation Date of July 1, 2020

As of the Measurement Date:  
June 30, 2021

For the Reporting Date:  
June 30, 2021

Delivered October 15, 2021



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October 15, 2021

*Personal and Confidential*

Mr. Krishan Gupta  
Finance Director / Town Accountant  
Town of Sharon  
90 Main Street, PO Box 335  
Sharon, MA 02067

Dear Mr. Gupta:

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

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Elmore', written over a light blue horizontal line.

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



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### ACTUARIAL CERTIFICATION

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

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

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

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

A handwritten signature in black ink, appearing to read 'P. Elmore', written over a horizontal line.

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

A handwritten signature in black ink, appearing to read 'Andrew D. Taggart', written over a horizontal line.

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

## EXECUTIVE SUMMARY

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

#### Plan Experience

For the year ending on the Measurement Date of June 30, 2021, the Plan saw an experience gain of \$10,177,549 or 11.27% of the beginning Total OPEB Liability ("TOL"). This was mainly due to a decrease in the number of employees, retirees & retiree spouses.

#### Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes decreased disclosed liabilities by \$16.0 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.25% to 6.75% decreasing the disclosed liability by \$28.0 million.
- ✓ Based on recent research by the Society of Actuaries, we have updated the assumption for morbidity or age-related costs of medical care increasing the disclosed liability by \$11.0 million.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs. This change had no material impact on plan liabilities.

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

#### Investment Experience

- ✓ During the period there was an investment gain of \$320,210 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 5.98 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 \$2,065,781 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$400,000 for Fiscal 2022, increasing by \$50,000 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB.
- ✓ Investment Policy - The Town is expected to earn 6.75% per year 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 77.10% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
- ✓ Discount Rate (6.75%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

EXECUTIVE SUMMARY

Medicare Buy-In

The Town currently has 17 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

Below is an estimate of the liability associated with the 17 retirees who are potential candidates for a Medicare “buy-in” and the potential cost savings associated with such a “buy-in”. Please keep in mind that this is meant as an estimate for informational purposes only.

<b>I. Number of Retirees and Spouses Over 65 in Active Plans</b>	17
<b>II. Current Liability for Retirees and Spouses Over 65 in Active Plans</b>	6,944,000
<b>III. Potential Liability in Medicare Supplement Plan*</b>	2,574,000
<b>IV. Potential Reduction in Liability [II. - III.]</b>	4,370,000

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



## EXECUTIVE SUMMARY

### Key Plan Metrics

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

<b>Representative Plan Statistics</b>		
<b>Valuation Date</b>	<b>July 1, 2020</b>	<b>July 1, 2018</b>
<b>Measurement Date &amp; Period Ending</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
<b>Reporting Date/Fiscal Year End</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total OPEB Liability	68,786,449	90,295,302
Per Eligible Active Plan Participant	49,137	66,036
Per Retiree/Spouse Plan Participant	68,854	81,541
Total Annual Service Cost (Annual Benefit Accrual)	2,843,835	2,734,023
Per Eligible Active Plan Participant	4,550	4,105
Expected Employer Share of Retiree Costs	1,805,189	1,799,641
Per Retiree/Spouse Plan Participant	3,264	3,168
Net OPEB Liability as a % of Covered Payroll	148.50%	193.80%

## 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	553	68,786,449	68,786,449	1,805,189	1,805,189
June 30, 2026	596	83,205,943	71,774,177	3,942,525	3,400,857
June 30, 2031	603	98,470,261	73,271,122	5,262,191	3,915,564
June 30, 2036	602	113,718,708	72,991,711	6,472,594	4,154,512
June 30, 2041	577	130,979,373	72,520,103	7,310,523	4,047,659
June 30, 2046	554	152,635,803	72,899,710	8,219,472	3,925,666
June 30, 2051	545	180,135,761	74,213,548	9,376,576	3,863,025

## 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)	3,093,778
June 30, 2021	Actual	1,805,189
June 30, 2020	Actual	1,799,641
June 30, 2019	Actual	1,782,627
June 30, 2018	Actual	2,796,860
June 30, 2017	Actual	2,684,008

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 \$66,720,668 assuming a discount rate of 6.75%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$400,000 for Fiscal 2022, increasing by \$50,000 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB. The balance of this fund as of June 30, 2021 was \$2,065,781. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

**Town of Sharon**

**Assuming Funding - 6.75% discount rate**

**Comparison of Plan Liabilities to Prior Valuation**

Valuation Date	July 1, 2020	July 1, 2018
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
<b>I. Total OPEB Liability</b>		
A. Actives	30,710,443	43,980,059
B. Retirees/Disabled	<u>38,076,006</u>	<u>46,315,243</u>
C. Total	68,786,449	90,295,302
<b>II. Fiduciary Net Position [Plan Assets]</b>	2,065,781	1,296,442
<b>III. Net OPEB Liability (Asset) [I. - II.]</b>	66,720,668	88,998,860
<b>IV. Funded Ratio [II. / I.]</b>	3.00%	1.44%
<b>V. Number of Eligible Participants</b>		
A. Actives	625	666
B. Retirees/Disabled & Dependents	<u>553</u>	<u>568</u>
C. Total	1,178	1,234
<b>VI. Service Cost</b>	2,843,835	2,734,023
<b>VII. Financial Statement Expense/(Income)</b>	3,285,651	7,491,325
<b>VIII. Employer Contribution to the OPEB Trust</b>	(350,000)	(350,000)
<b>IX. Deferred Inflow of Resources</b>	(25,864,845)	(5,026,069)
<b>X. Deferred Outflow of Resources</b>	6,275,436	8,845,314
<b>XI. Money Weighted Rate of Return</b>	27.58%	2.21%
<b>XII. 20-year Municipal Bond Rate (SAPIHG)</b>	2.18%	2.66%
<b>XIII. Expected Long Term Rate of Return (Net of Expense)</b>	6.75%	6.71%
<b>XIV. Crossover Year</b>	N/A	Immediate
<b>XV. Discount Rate</b>	6.75%	4.25%

## PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Public Safety Employees and Retirees	Treasurer Employees and Retirees	Highway Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability							
A. Actives	683,343	23,134,458	4,826,471	216,286	1,438,894	410,991	30,710,443
B. Retirees/Disabled	<u>13,633,343</u>	<u>22,403,926</u>	<u>948,823</u>	<u>0</u>	<u>910,691</u>	<u>179,223</u>	<u>38,076,006</u>
C. Total	14,316,686	45,538,384	5,775,294	216,286	2,349,585	590,214	68,786,449
II. Fiduciary Net Position [Plan Assets]	429,957	1,367,600	173,442	6,495	70,562	17,725	2,065,781
III. Net OPEB Liability (Asset) [I. - II.]	13,886,729	44,170,784	5,601,852	209,791	2,279,023	572,489	66,720,668
IV. Number of Eligible Participants							
A. Actives	33	479	66	7	32	8	625
B. Retirees/Disabled	<u>160</u>	<u>379</u>	<u>5</u>	<u>0</u>	<u>6</u>	<u>3</u>	<u>553</u>
C. Total	193	858	71	7	38	11	1,178
<b>For the Reporting Date and Fiscal Year Ending June 30, 2021</b>							
V. Service Cost	155,142	2,048,258	434,180	36,368	149,506	20,381	2,843,835
VI. Financial Statement Expense/(Income)	217,385	2,353,824	483,856	38,656	167,427	24,503	3,285,651
VII. Employer Share of Costs	(697,822)	(1,051,495)	(22,370)	(600)	(22,483)	(10,419)	(1,805,189)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(68,761)	(233,515)	(31,085)	(1,204)	(12,380)	(3,055)	(350,000)
IX. Total Employer Contribution [VII. + VIII.]	(766,583)	(1,285,010)	(53,455)	(1,804)	(34,863)	(13,474)	(2,155,189)

PRINCIPAL RESULTS OF THE VALUATION

**Town of Sharon**

**Assuming Funding - 6.75% discount rate**

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

	<b>Actives</b>			<b>Retirees/Disabled</b>			<b>Grand Total</b>
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
<b>Present Value of Future Benefits</b>							
A. Participants	10,004,188	15,550,382	25,554,570	2,495,980	32,378,971	34,874,951	60,429,521
B. Spouses	<u>6,355,542</u>	<u>11,040,172</u>	<u>17,395,714</u>	<u>1,176,238</u>	<u>2,024,817</u>	<u>3,201,055</u>	<u>20,596,769</u>
C. Total	16,359,730	26,590,554	42,950,284	3,672,218	34,403,788	38,076,006	81,026,290
<b>Total OPEB Liability</b>							
A. Participants	7,319,516	10,873,529	18,193,045	2,495,980	32,378,971	34,874,951	53,067,996
B. Spouses	<u>4,758,776</u>	<u>7,758,622</u>	<u>12,517,398</u>	<u>1,176,238</u>	<u>2,024,817</u>	<u>3,201,055</u>	<u>15,718,453</u>
C. Total	12,078,292	18,632,151	30,710,443	3,672,218	34,403,788	38,076,006	68,786,449
<b>Service Cost</b>							
A. Participants	599,330	1,104,380	1,703,710	0	0	0	1,703,710
B. Spouses	<u>364,708</u>	<u>775,417</u>	<u>1,140,125</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,140,125</u>
C. Total	964,038	1,879,797	2,843,835	0	0	0	2,843,835

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

**Funding - 6.75% 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		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 6.75% return	with an expected 6.75% return									
2021	June 30, 2021	68,786,449	2,065,781	66,720,668	3.00%	2,843,835	1,805,189	350,000	2,155,189	1,805,189	0	350,000	
2022	June 30, 2022	71,884,090	2,618,501	69,265,589	3.64%	1,546,645	3,093,778	400,000	3,493,778	3,093,778	0	400,000	
2023	June 30, 2023	74,407,593	3,260,189	71,147,404	4.38%	1,591,867	3,296,358	450,000	3,746,358	3,296,358	0	450,000	
2024	June 30, 2024	77,308,588	3,996,851	73,311,737	5.17%	1,650,958	3,471,288	500,000	3,971,288	3,471,288	0	500,000	
2025	June 30, 2025	80,248,194	4,834,898	75,413,296	6.02%	1,709,157	3,695,907	550,000	4,245,907	3,695,907	0	550,000	
2026	June 30, 2026	83,205,943	5,781,173	77,424,770	6.95%	1,762,614	3,942,525	600,000	4,542,525	3,942,525	0	600,000	
2027	June 30, 2027	86,265,176	6,842,981	79,422,195	7.93%	1,825,972	4,092,912	650,000	4,742,912	4,092,912	0	650,000	
2028	June 30, 2028	89,315,793	8,028,121	81,287,672	8.99%	1,886,984	4,402,756	700,000	5,102,756	4,402,756	0	700,000	
2029	June 30, 2029	92,368,379	9,344,918	83,023,461	10.12%	1,956,294	4,710,737	750,000	5,460,737	4,710,737	0	750,000	
2030	June 30, 2030	95,403,747	17,367,295	78,036,452	18.20%	2,018,483	5,024,067	7,154,087	12,178,154	5,024,067	0	7,154,087	
2031	June 30, 2031	98,470,261	25,931,182	72,539,079	26.33%	2,083,710	5,262,191	7,154,087	12,416,278	5,262,191	0	7,154,087	
2032	June 30, 2032	101,458,741	35,073,132	66,385,609	34.57%	2,149,935	5,607,369	7,154,087	12,761,456	5,607,369	0	7,154,087	
2033	June 30, 2033	104,534,865	44,832,163	59,702,702	42.89%	2,220,162	5,880,452	7,154,087	13,034,539	5,880,452	0	7,154,087	
2034	June 30, 2034	107,611,235	55,249,929	52,361,306	51.34%	2,293,531	6,022,992	7,154,087	13,177,079	6,022,992	0	7,154,087	
2035	June 30, 2035	110,594,084	66,370,894	44,223,190	60.01%	2,366,932	6,302,352	7,154,087	13,456,439	6,302,352	0	7,154,087	
2036	June 30, 2036	113,718,708	78,242,524	35,476,184	68.80%	2,441,485	6,472,594	7,154,087	13,626,681	6,472,594	0	7,154,087	
2037	June 30, 2037	117,018,486	90,915,489	26,102,997	77.69%	2,522,278	6,560,999	7,154,087	13,715,086	6,560,999	0	7,154,087	
2038	June 30, 2038	120,108,372	104,443,879	15,664,493	86.96%	2,604,420	6,752,209	7,154,087	13,906,296	6,752,209	0	7,154,087	
2039	June 30, 2039	123,557,719	118,885,436	4,672,283	96.22%	2,685,863	6,990,299	7,154,087	14,144,386	6,990,299	0	7,154,087	
2040	June 30, 2040	127,164,298	134,301,798	(7,137,500)	105.61%	2,782,509	7,162,121	7,154,087	14,316,208	7,162,121	0	7,154,087	
2041	June 30, 2041	130,979,373	138,783,539	(7,804,166)	105.96%	2,874,175	7,310,523	(4,436,348)	2,874,175	7,310,523	0	(4,436,348)	
2042	June 30, 2042	134,967,241	143,523,552	(8,556,311)	106.34%	2,970,038	7,449,210	(4,479,172)	2,970,038	7,449,210	0	(4,479,172)	
2043	June 30, 2043	139,198,315	148,531,129	(9,332,814)	106.70%	3,071,278	7,601,154	(4,529,876)	3,071,278	7,601,154	0	(4,529,876)	
2044	June 30, 2044	143,609,577	153,752,211	(10,142,634)	107.06%	3,178,897	7,829,279	(4,650,382)	3,178,897	7,829,279	0	(4,650,382)	
2045	June 30, 2045	147,906,094	159,221,012	(11,314,918)	107.65%	3,289,741	8,041,462	(4,751,721)	3,289,741	8,041,462	0	(4,751,721)	
2046	June 30, 2046	152,635,803	164,992,625	(12,356,822)	108.10%	3,403,550	8,219,472	(4,815,922)	3,403,550	8,219,472	0	(4,815,922)	
2047	June 30, 2047	157,523,907	171,078,171	(13,554,264)	108.60%	3,525,525	8,414,667	(4,889,142)	3,525,525	8,414,667	0	(4,889,142)	
2048	June 30, 2048	163,009,230	177,621,734	(14,612,504)	108.96%	3,652,105	8,495,522	(4,843,417)	3,652,105	8,495,522	0	(4,843,417)	
2049	June 30, 2049	168,505,391	184,425,465	(15,920,074)	109.45%	3,792,023	8,811,130	(5,019,107)	3,792,023	8,811,130	0	(5,019,107)	
2050	June 30, 2050	174,215,192	191,475,167	(17,259,975)	109.91%	3,924,780	9,150,315	(5,225,535)	3,924,780	9,150,315	0	(5,225,535)	
2051	June 30, 2051	180,135,761	198,916,592	(18,780,831)	110.43%	4,069,613	9,376,576	(5,306,963)	4,069,613	9,376,576	0	(5,306,963)	
2052	June 30, 2052	186,200,875	206,706,254	(20,505,379)	111.01%	4,216,998	9,673,070	(5,456,072)	4,216,998	9,673,070	0	(5,456,072)	

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

<b>Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021</b>	
<b>Description</b>	<b>Amount</b>
I. Service Cost	2,843,835
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	3,920,452
III. Deferred (Inflows)/Outflows from Plan Experience*	(3,157,458)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	(163,563)
V. Projected Earnings on OPEB Plan Investments	(99,129)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(58,486)
VII. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	3,285,651
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense/(Income) [VII. + VIII.]	3,285,651

\* Amortized over 5.98 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
<b>I. Balances for the June 30, 2020 Reporting Date</b>	90,295,302	1,296,442	88,998,860
<b>II. Prior Period Adjustment</b>	0	0	0
<b>III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]</b>	90,295,302	1,296,442	88,998,860
<b>Changes for the year:</b>			
IV. Service Cost	2,843,835	0	2,843,835
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	3,920,452	0	3,920,452
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(16,290,402)	0	(16,290,402)
VIII. Differences Between Actual and Expected Experience **	(10,177,549)	0	(10,177,549)
IX. Net Investment Income	0	419,339	(419,339)
X. Employer Contributions to Trust	0	2,155,189	(2,155,189)
XI. Benefit Payments Withdrawn from Trust	0	(1,805,189)	1,805,189
XII. Benefit Payments Excluding Implicit Cost	(1,805,189)	0	(1,805,189)
XIII. Implicit Cost Amount	0	0	0
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,805,189)	0	(1,805,189)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
<b>XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]</b>	<b>(21,508,853)</b>	<b>769,339</b>	<b>(22,278,192)</b>
<b>XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]</b>	<b>68,786,449</b>	<b>2,065,781</b>	<b>66,720,668</b>

\* Recognized Immediately

\*\* Amortized over 5.98 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	0	5.00	0	0	0				
2019	(7,875,438)	5.44	(3,532,368)	(1,447,690)	(1,447,690)	(1,447,690)	(636,988)		
2020	(42,634)	5.44	(26,960)	(7,837)	(7,837)	(7,837)	(7,837)	(3,449)	
2021	(10,177,549)	5.98	(8,475,618)	(1,701,931)	(1,701,931)	(1,701,931)	(1,701,931)	(1,701,931)	(1,667,894)
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(12,034,946)						
Net increase (decrease) in OPEB Expense				(3,157,458)	(3,157,458)	(3,157,458)	(2,346,756)	(1,705,380)	(1,667,894)

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	0	5.00	0	0	0				
2019	13,929,578	5.44	6,247,826	2,560,584	2,560,584	2,560,584	1,126,658		
2020	0	5.44	0	0	0	0	0	0	
2021	(16,290,402)	5.98	(13,566,255)	(2,724,147)	(2,724,147)	(2,724,147)	(2,724,147)	(2,724,147)	(2,669,667)
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(7,318,429)						
Net increase (decrease) in OPEB Expense				(163,563)	(163,563)	(163,563)	(1,597,489)	(2,724,147)	(2,669,667)

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	675	5.00	135	135	135				
2019	(18,690)	5.00	(7,476)	(3,738)	(3,738)	(3,738)			
2020	45,793	5.00	27,475	9,159	9,159	9,159	9,157		
2021	(320,210)	5.00	(256,168)	(64,042)	(64,042)	(64,042)	(64,042)	(64,042)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(236,034)						
Net increase (decrease) in OPEB Expense				(58,486)	(58,486)	(58,621)	(54,885)	(64,042)	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	0	(12,034,946)	(12,034,946)
III. Changes of Assumptions	6,247,826	(13,566,255)	(7,318,429)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>27,610</u>	<u>(263,644)</u>	<u>(236,034)</u>
V. Total [I.+II.+III.+IV.]	6,275,436	(25,864,845)	(19,589,409)

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

<b>Annual Amortization of Deferred (Inflows)/Outflows</b>	
The balance of deferred (inflows)/outflows as of June 30, 2021 will be recognized in future years as shown below.	
	<b>Year ending June 30:</b>
	2022 (3,379,507)
	2023 (3,379,642)
	2024 (3,999,130)
	2025 (4,493,569)
	2026 (4,337,561)
	Thereafter 0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.75% as of June 30, 2021 and 4.25% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town’s funding policy. Based on these assumptions, the OPEB Plan’s Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefits payments.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$1,805,189. The Town also contributed \$350,000 to an OPEB Trust for a total contribution during the measurement period of \$2,155,189 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	49.25%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	6.25%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	5.50%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	3.00%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	16.00%	Domestic Fixed Income	1.40%
International Fixed Income	1.75%	International Fixed Income	1.30%
Alternatives	10.75%	Alternatives	6.32%
Real Estate	5.50%	Real Estate	6.25%
Cash & Cash Equivalents	2.00%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>4.50%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	7.00%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	<u>6.75%</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	6,406,098	(2,155,189)	4,250,909	44,924,493	4.80%
June 30, 2020	7,455,813	(2,082,627)	5,373,186	45,915,232	4.54%
June 30, 2019	7,455,813	(2,082,627)	5,373,186	44,577,895	4.67%
June 30, 2018	6,939,196	(2,996,860)	3,942,336	39,449,452	7.60%
June 30, 2017	6,602,184	(2,834,008)	3,768,176	38,300,439	7.40%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	60,356,652	68,786,449	79,153,701
<b>II. Fiduciary Net Position</b>	<u>2,065,781</u>	<u>2,065,781</u>	<u>2,065,781</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	58,290,871	66,720,668	77,087,920
<b>IV. Service Cost</b>	2,234,697	2,843,835	3,672,246

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>
<b>I. Total OPEB Liability</b>	78,103,479	68,786,449	61,134,532
<b>II. Fiduciary Net Position</b>	<u>2,065,781</u>	<u>2,065,781</u>	<u>2,065,781</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	76,037,698	66,720,668	59,068,751
<b>IV. Service Cost</b>	3,655,910	2,843,835	2,235,543



EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2020	1,296,442	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	350,000	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	350,000		
III. Earnings and increase in fair value	419,339		
IV. Ending value - June 30, 2021 [I.+II.+III.]	2,065,781		
Money Weighted Rate of Return	27.58%		
Asset Value - June 30, 2021	2,065,781		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021						Total
	Town Employees and Retirees	School Employees and Retirees	Public Safety Employees and Retirees	Treasurer Employees and Retirees	Highway Employees and Retirees	Water Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2021	14,316,686	45,538,384	5,775,294	216,286	2,349,585	590,214	68,786,449
II. Fiduciary Net Position as of June 30, 2021	429,957	1,367,600	173,442	6,495	70,562	17,725	2,065,781
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	13,886,729	44,170,784	5,601,852	209,791	2,279,023	572,489	66,720,668
IV. Service Cost	155,142	2,048,258	434,180	36,368	149,506	20,381	2,843,835
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	786,159	2,608,556	341,784	13,228	136,754	33,971	3,920,452
VI. Projected Earnings on OPEB Plan Investments	(20,531)	(65,670)	(8,365)	(314)	(3,397)	(852)	(99,129)
VII. Net Recognition of Deferred (Inflows)/Outflows	(703,385)	(2,237,320)	(283,743)	(10,626)	(115,436)	(28,997)	(3,379,507)
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0
IX. Financial Statement Expense/(Income) [IV. + V. + VI. + VII. + VIII.]	217,385	2,353,824	483,856	38,656	167,427	24,503	3,285,651
X. Employer Share of Costs	(697,822)	(1,051,495)	(22,370)	(600)	(22,483)	(10,419)	(1,805,189)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(68,761)	(233,515)	(31,085)	(1,204)	(12,380)	(3,055)	(350,000)
XII. Total Employer Contribution [X. + XI.]	(766,583)	(1,285,010)	(53,455)	(1,804)	(34,863)	(13,474)	(2,155,189)
XIII. Net OPEB Expense/(Income) [IX. + XII.]	(549,198)	1,068,814	430,401	36,852	132,564	11,029	1,130,462

EXHIBIT A

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

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

Valuation Date	July 1, 2020
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(12,034,946)
II. Deferred (Inflow)/Outflow from Investment Experience	(236,034)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(7,318,429)
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	8,845,314
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	2,569,878
IV. Change in Deferred Outflow (II. - III. )	(2,569,878)
V. Deferred Outflow at end of the period (I. + IV. )	6,275,436
VI. Deferred Inflow at the beginning of the period	(5,026,069)
VII. Deferred Inflow created during the period	(26,788,161)
VIII. Deferred Inflow recognized during the period	(5,949,385)
IX. Change in Deferred Inflow (VII. - VIII. )	(20,838,776)
X. Deferred Inflow at end of the period (VI. + IX. )	(25,864,845)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	88,998,860
II. Service Cost	2,843,835
III. Interest on Total OPEB Liability, Service Cost, and Payments	3,920,452
IV. Projected Investment Income	(99,129)
V. Total Employer Contributions	(2,155,189)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	4,509,969
VIII. Deferred Outflow created during the period	0
IX. Deferred Inflow created during the period	(26,788,161)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	66,720,668
<b>Net OPEB Expense</b>	
I. Service Cost	2,843,835
II. Interest on Total OPEB Liability, Service Cost, and Payments	3,920,452
III. Projected Investment Income	(99,129)
IV. Recognition of Deferred (Inflow)/Outflow	(3,379,507)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. )	3,285,651
VII. Benefit Payments	(1,805,189)
VIII. Contributions to Trust	(350,000)
IX. Total Employer Payments (VII. + VIII. )	(2,155,189)
X. Total Net OPEB Expense/(Income) under GASB 75 (VI. + IX. )	1,130,462

**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)			For the Fiscal Year Ending:	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	2,843,835	2,734,023	2,609,939	2,423,454	2,475,181
II. Amortization of NOL	<u>3,562,263</u>	<u>4,721,790</u>	<u>4,845,874</u>	<u>4,515,742</u>	<u>4,127,003</u>
III. Actuarial Determined Contribution [I. + II.]	6,406,098	7,455,813	7,455,813	6,939,196	6,602,184
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(2,155,189)</u>	<u>(2,082,627)</u>	<u>(2,082,627)</u>	<u>(2,996,860)</u>	<u>(2,834,008)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>4,250,909</u>	<u>5,373,186</u>	<u>5,373,186</u>	<u>3,942,336</u>	<u>3,768,176</u>
Covered Employee Payroll	44,924,493	45,915,232	44,577,895	39,449,452	38,300,439
Contributions as a % of Covered Employee Payroll	4.80%	4.54%	4.67%	7.60%	7.40%
Discount Rate	6.75%	4.25%	4.25%	4.50%	4.00%
Money Weighted Rate of Return	27.58%	2.21%	7.95%	6.47%	6.51%

**EXHIBIT B**

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

<b>Schedule of Changes in the Town's Net OPEB Liability and Related Ratios</b>					
Valuation Date	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	68,786,449	90,295,302	85,683,647	75,334,369	77,192,252
I. Service Cost	2,843,835	2,734,023	2,609,939	2,423,454	2,475,181
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	3,920,452	3,719,907	3,467,826	3,520,469	3,021,054
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(10,177,549)	(42,634)	(7,875,438)	0	0
V. Changes of Assumptions	(16,290,402)	0	13,929,578	(5,004,946)	0
VI. Benefit Payments Excluding Implicit Cost	(1,805,189)	(1,799,641)	(1,782,627)	(2,421,556)	(2,311,517)
VII. Implicit Cost Amount	0	0	0	(375,304)	(372,491)
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(1,805,189)	(1,799,641)	(1,782,627)	(2,796,860)	(2,684,008)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	(21,508,853)	4,611,655	10,349,278	(1,857,883)	2,812,227
X. Total OPEB Liability - Beginning of Period	90,295,302	85,683,647	75,334,369	77,192,252	74,380,025
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	90,295,302	85,683,647	75,334,369	77,192,252	74,380,025
XIII. Total OPEB Liability - End of Period [IX.+XII.]	68,786,449	90,295,302	85,683,647	75,334,369	77,192,252
<b>Plan Fiduciary Net Position</b>	2,065,781	1,296,442	919,017	553,234	325,798
XIV. Earning from Plan Investments	419,339	27,425	65,783	27,436	14,623
XV. Employer Contribution to Trust	2,155,189	2,149,641	2,082,627	2,996,860	2,834,008
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,805,189)	(1,799,641)	(1,782,627)	(2,796,860)	(2,684,008)
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.]	769,339	377,425	365,783	227,436	164,623
XX. Plan Fiduciary Net Position - Beginning of Period	1,296,442	919,017	553,234	325,798	161,175
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	1,296,442	919,017	553,234	325,798	161,175
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	2,065,781	1,296,442	919,017	553,234	325,798
XXIV. Net OPEB Liability [XIII.-XXIII.]	66,720,668	88,998,860	84,764,630	74,781,135	76,866,454
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	3.00%	1.44%	1.07%	0.73%	0.42%
XXVI. Covered Employee Payroll	44,924,493	45,915,232	44,577,895	39,449,452	38,300,439
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	148.52%	193.83%	190.15%	189.56%	200.69%
Single Discount Rate to calculate Plan Liabilities	6.75%	4.25%	4.25%	4.50%	4.00%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	6.75%, 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:	6.75%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits:	553
Active Employees:	<u>625</u>
Total:	1,178

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 4.25% to 6.75%
- ✓ Based on recent research by the Society of Actuaries, we have updated the assumption for morbidity or age-related costs of medical care
- ✓ Based on recent actuarial research we have adopted the Getzen model for future healthcare cost increases

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$350,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$1,805,189. \$of the \$1,805,189 represents implicit cost.



EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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

**APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS**

**CONTRIBUTION PROJECTION DISCLOSURES**

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	44,924,493	0	44,924,493	0	1,805,189	0	1,805,189
June 30, 2022	42,112,220	4,160,008	46,272,228	0	3,093,778	0	3,093,778
June 30, 2023	39,499,216	8,161,179	47,660,395	0	3,296,358	0	3,296,358
June 30, 2024	37,445,290	11,644,917	49,090,207	0	3,471,288	0	3,471,288
June 30, 2025	35,676,881	14,886,032	50,562,913	0	3,695,907	0	3,695,907
June 30, 2026	33,993,067	18,086,733	52,079,800	0	3,942,525	0	3,942,525
June 30, 2027	32,496,103	21,146,091	53,642,194	0	4,092,912	0	4,092,912
June 30, 2028	30,977,865	24,273,595	55,251,460	0	4,402,756	0	4,402,756
June 30, 2029	29,672,534	27,236,470	56,909,004	0	4,710,737	0	4,710,737
June 30, 2030	28,375,303	30,240,971	58,616,274	0	5,024,067	0	5,024,067
June 30, 2031	27,008,721	33,366,041	60,374,762	0	5,262,191	0	5,262,191
June 30, 2032	25,670,928	36,515,077	62,186,005	0	5,586,701	20,668	5,607,369
June 30, 2033	24,430,975	39,620,610	64,051,585	0	5,828,327	52,125	5,880,452
June 30, 2034	23,275,981	42,697,152	65,973,133	0	5,925,930	97,062	6,022,992
June 30, 2035	22,135,160	45,817,167	67,952,327	0	6,142,161	160,191	6,302,352
June 30, 2036	21,008,809	48,982,088	69,990,897	0	6,233,501	239,093	6,472,594
June 30, 2037	19,961,148	52,129,476	72,090,624	0	6,267,690	293,309	6,560,999
June 30, 2038	18,919,907	55,333,436	74,253,343	0	6,392,930	359,279	6,752,209
June 30, 2039	17,782,259	58,698,684	76,480,943	0	6,556,094	434,205	6,990,299
June 30, 2040	16,883,682	61,891,689	78,775,371	0	6,670,479	491,642	7,162,121
June 30, 2041	15,952,477	65,186,155	81,138,632	0	6,752,736	557,787	7,310,523
June 30, 2042	15,135,149	68,437,642	83,572,791	0	6,788,967	660,243	7,449,210
June 30, 2043	14,328,566	71,751,409	86,079,975	0	6,806,211	794,943	7,601,154
June 30, 2044	13,565,117	75,097,257	88,662,374	0	6,867,386	961,893	7,829,279
June 30, 2045	12,795,691	78,526,554	91,322,245	0	6,867,405	1,174,057	8,041,462
June 30, 2046	11,982,022	82,079,890	94,061,912	0	6,796,889	1,422,583	8,219,472
June 30, 2047	11,218,095	85,665,674	96,883,769	0	6,791,175	1,623,492	8,414,667
June 30, 2048	10,432,424	89,357,858	99,790,282	0	6,643,162	1,852,360	8,495,522
June 30, 2049	9,861,796	92,922,194	102,783,990	0	6,707,355	2,103,775	8,811,130
June 30, 2050	9,151,177	96,716,333	105,867,510	0	6,828,535	2,321,780	9,150,315
June 30, 2051	8,386,946	100,656,589	109,043,535	0	6,817,343	2,559,233	9,376,576
June 30, 2052	7,626,672	104,688,169	112,314,841	0	6,826,778	2,846,292	9,673,070
June 30, 2053	6,867,419	108,816,867	115,684,286	0	6,850,967	3,166,109	10,017,076
June 30, 2054	6,162,655	112,992,160	119,154,815	0	6,841,158	3,518,667	10,359,825
June 30, 2055	5,516,532	117,212,927	122,729,459	0	6,635,208	3,912,770	10,547,978
June 30, 2056	4,840,846	121,570,497	126,411,343	0	6,531,123	4,340,017	10,871,140
June 30, 2057	4,149,784	126,053,899	130,203,683	0	6,494,946	4,749,131	11,244,077
June 30, 2058	3,515,204	130,594,589	134,109,793	0	6,463,286	5,180,935	11,644,221
June 30, 2059	2,941,764	135,191,323	138,133,087	0	6,361,992	5,638,052	12,000,044
June 30, 2060	2,340,914	139,936,166	142,277,080	0	6,220,009	6,093,733	12,313,742

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	1,836,165	144,709,227	146,545,392	0	6,146,152	6,565,012	12,711,164
June 30, 2062	1,428,353	149,513,401	150,941,754	0	6,031,607	7,092,628	13,124,235
June 30, 2063	1,087,419	154,382,588	155,470,007	0	5,895,273	7,654,984	13,550,257
June 30, 2064	786,403	159,347,704	160,134,107	0	5,715,356	8,260,174	13,975,530
June 30, 2065	529,993	164,408,137	164,938,130	0	5,574,348	8,913,051	14,487,399
June 30, 2066	353,309	169,532,965	169,886,274	0	5,465,161	9,606,118	15,071,279
June 30, 2067	236,064	174,746,798	174,982,862	0	5,346,648	10,306,443	15,653,091
June 30, 2068	108,623	180,123,725	180,232,348	0	5,228,668	11,036,269	16,264,937
June 30, 2069	62,141	185,577,177	185,639,318	0	5,089,986	11,802,233	16,892,219
June 30, 2070	12,789	191,195,709	191,208,498	0	4,966,165	12,565,711	17,531,876
June 30, 2071	0	196,944,753	196,944,753	0	4,827,777	13,355,152	18,182,929
June 30, 2072	0	202,853,096	202,853,096	0	4,676,248	14,185,622	18,861,870
June 30, 2073	0	208,938,689	208,938,689	0	4,510,458	15,042,492	19,552,950
June 30, 2074	0	215,206,850	215,206,850	0	4,337,804	15,933,546	20,271,350
June 30, 2075	0	221,663,056	221,663,056	0	4,185,323	16,857,788	21,043,111
June 30, 2076	0	228,312,948	228,312,948	0	4,006,625	17,808,913	21,815,538
June 30, 2077	0	235,162,336	235,162,336	0	3,816,785	18,807,061	22,623,846
June 30, 2078	0	242,217,206	242,217,206	0	3,622,755	19,831,779	23,454,534
June 30, 2079	0	249,483,722	249,483,722	0	3,427,624	20,889,386	24,317,010
June 30, 2080	0	256,968,234	256,968,234	0	3,237,345	21,982,768	25,220,113
June 30, 2081	0	264,677,281	264,677,281	0	3,034,651	23,104,131	26,138,782
June 30, 2082	0	272,617,599	272,617,599	0	2,831,654	24,265,281	27,096,935
June 30, 2083	0	280,796,127	280,796,127	0	2,633,544	25,460,053	28,093,597
June 30, 2084	0	289,220,011	289,220,011	0	2,435,893	26,693,406	29,129,299
June 30, 2085	0	297,896,611	297,896,611	0	2,239,863	27,967,811	30,207,674
June 30, 2086	0	306,833,509	306,833,509	0	2,045,932	29,280,262	31,326,194
June 30, 2087	0	316,038,514	316,038,514	0	1,856,369	30,645,523	32,501,892
June 30, 2088	0	325,519,669	325,519,669	0	1,673,679	32,050,256	33,723,935
June 30, 2089	0	335,285,259	335,285,259	0	1,497,991	33,501,422	34,999,413
June 30, 2090	0	345,343,817	345,343,817	0	1,331,092	35,004,351	36,335,443
June 30, 2091	0	355,704,132	355,704,132	0	1,173,720	36,554,110	37,727,830
June 30, 2092	0	366,375,256	366,375,256	0	1,026,468	38,154,792	39,181,260
June 30, 2093	0	377,366,514	377,366,514	0	889,794	39,809,275	40,699,069
June 30, 2094	0	388,687,509	388,687,509	0	764,058	41,519,268	42,283,326
June 30, 2095	0	400,348,134	400,348,134	0	649,478	43,290,267	43,939,745

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + 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	1,296,442	1,805,189	350,000	2,155,189	0	1,805,189	1,805,189	419,339	2,065,781
June 30, 2022	2,065,781	3,093,778	364,039	3,457,817	0	3,093,778	3,093,778	138,990	2,568,810
June 30, 2023	2,568,810	3,296,358	372,944	3,669,302	0	3,296,358	3,296,358	185,776	3,127,530
June 30, 2024	3,127,530	3,471,288	381,393	3,852,681	0	3,471,288	3,471,288	223,770	3,732,693
June 30, 2025	3,732,693	3,695,907	388,077	4,083,984	0	3,695,907	3,695,907	264,841	4,385,611
June 30, 2026	4,385,611	3,942,525	391,627	4,334,152	0	3,942,525	3,942,525	309,030	5,086,268
June 30, 2027	5,086,268	4,092,912	393,766	4,486,678	0	4,092,912	4,092,912	356,396	5,836,430
June 30, 2028	5,836,430	4,402,756	392,469	4,795,225	0	4,402,756	4,402,756	406,989	6,635,888
June 30, 2029	6,635,888	4,710,737	391,052	5,101,789	0	4,710,737	4,710,737	460,905	7,487,845
June 30, 2030	7,487,845	5,024,067	3,463,192	8,487,259	0	5,024,067	5,024,067	620,404	11,571,441
June 30, 2031	11,571,441	5,262,191	3,200,389	8,462,580	0	5,262,191	5,262,191	887,322	15,659,152
June 30, 2032	15,659,152	5,586,701	2,953,270	8,539,971	0	5,586,701	5,586,701	1,155,038	19,746,792
June 30, 2033	19,746,792	5,828,327	2,728,759	8,557,086	0	5,828,327	5,828,327	1,423,500	23,846,926
June 30, 2034	23,846,926	5,925,930	2,524,033	8,449,963	0	5,925,930	5,925,930	1,693,463	27,967,360
June 30, 2035	27,967,360	6,142,161	2,330,411	8,472,572	0	6,142,161	6,142,161	1,965,164	32,102,744
June 30, 2036	32,102,744	6,233,501	2,147,406	8,380,907	0	6,233,501	6,233,501	2,238,227	36,249,284
June 30, 2037	36,249,284	6,267,690	1,980,893	8,248,583	0	6,267,690	6,267,690	2,512,590	40,449,458
June 30, 2038	40,449,458	6,392,930	1,822,876	8,215,806	0	6,392,930	6,392,930	2,799,856	44,703,911
June 30, 2039	44,703,911	6,556,094	1,663,366	8,219,460	0	6,556,094	6,556,094	3,072,736	49,005,808
June 30, 2040	49,005,808	6,670,479	1,533,313	8,203,792	0	6,670,479	6,670,479	3,358,796	53,406,275
June 30, 2041	53,406,275	6,752,736	1,406,548	8,159,284	0	6,752,736	6,752,736	3,651,619	57,906,655
June 30, 2042	57,906,655	6,788,967	1,295,615	8,084,582	0	6,788,967	6,788,967	3,951,712	62,493,739
June 30, 2043	62,493,739	6,806,211	1,190,844	7,997,055	0	6,806,211	6,806,211	4,257,862	67,147,502
June 30, 2044	67,147,502	6,867,386	1,094,557	7,961,943	0	6,867,386	6,867,386	4,568,794	71,848,960
June 30, 2045	71,848,960	6,867,405	1,002,401	7,869,806	0	6,867,405	6,867,405	4,883,083	76,560,387
June 30, 2046	76,560,387	6,796,889	911,319	7,708,208	0	6,796,889	6,796,889	5,198,081	81,247,204
June 30, 2047	81,247,204	6,791,175	828,366	7,619,541	0	6,791,175	6,791,175	5,511,687	85,963,765
June 30, 2048	85,963,765	6,643,162	747,913	7,391,075	0	6,643,162	6,643,162	5,827,384	90,686,702
June 30, 2049	90,686,702	6,707,355	686,412	7,393,767	0	6,707,355	6,707,355	6,144,141	95,413,480
June 30, 2050	95,413,480	6,828,535	618,399	7,446,934	0	6,828,535	6,828,535	6,460,940	100,171,039
June 30, 2051	100,171,039	6,817,343	550,248	7,367,591	0	6,817,343	6,817,343	6,779,813	104,941,867
June 30, 2052	104,941,867	6,826,778	485,794	7,312,572	0	6,826,778	6,826,778	7,099,704	109,681,073
June 30, 2053	109,681,073	6,850,967	424,691	7,275,658	0	6,850,967	6,850,967	7,417,572	114,357,227
June 30, 2054	114,357,227	6,841,158	370,007	7,211,165	0	6,841,158	6,841,158	7,731,397	118,939,964
June 30, 2055	118,939,964	6,635,208	321,567	6,956,775	0	6,635,208	6,635,208	8,039,123	123,387,884
June 30, 2056	123,387,884	6,531,123	273,961	6,805,084	0	6,531,123	6,531,123	8,337,777	127,659,605
June 30, 2057	127,659,605	6,494,946	228,011	6,722,957	0	6,494,946	6,494,946	8,624,593	131,763,078
June 30, 2058	131,763,078	6,463,286	187,519	6,650,805	0	6,463,286	6,463,286	8,900,233	135,669,895
June 30, 2059	135,669,895	6,361,992	152,358	6,514,350	0	6,361,992	6,361,992	9,162,776	139,346,977
June 30, 2060	139,346,977	6,220,009	117,708	6,337,717	0	6,220,009	6,220,009	9,409,829	142,780,781

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	142,780,781	6,146,152	89,638	6,235,790	0	6,146,152	6,146,152	9,640,679	136,755,424
June 30, 2062	136,755,424	6,031,607	67,699	6,099,306	0	6,031,607	6,031,607	9,233,239	130,811,190
June 30, 2063	130,811,190	5,895,273	50,039	5,945,312	0	5,895,273	5,895,273	8,831,417	124,977,688
June 30, 2064	124,977,688	5,715,356	35,133	5,750,489	0	5,715,356	5,715,356	8,437,160	119,303,766
June 30, 2065	119,303,766	5,574,348	22,988	5,597,336	0	5,574,348	5,574,348	8,053,767	113,755,297
June 30, 2066	113,755,297	5,465,161	14,878	5,480,039	0	5,465,161	5,465,161	7,678,976	108,306,105
June 30, 2067	108,306,105	5,346,648	9,651	5,356,299	0	5,346,648	5,346,648	7,310,983	102,969,320
June 30, 2068	102,969,320	5,228,668	4,312	5,232,980	0	5,228,668	5,228,668	6,950,572	97,744,841
June 30, 2069	97,744,841	5,089,986	2,395	5,092,381	0	5,089,986	5,089,986	6,597,856	92,657,064
June 30, 2070	92,657,064	4,966,165	479	4,966,644	0	4,966,165	4,966,165	6,254,368	87,691,317
June 30, 2071	87,691,317	4,827,777	0	4,827,777	0	4,827,777	4,827,777	5,919,164	82,863,540
June 30, 2072	82,863,540	4,676,248	0	4,676,248	0	4,676,248	4,676,248	5,593,289	78,187,292
June 30, 2073	78,187,292	4,510,458	0	4,510,458	0	4,510,458	4,510,458	5,277,642	73,676,834
June 30, 2074	73,676,834	4,337,804	0	4,337,804	0	4,337,804	4,337,804	4,973,186	69,339,030
June 30, 2075	69,339,030	4,185,323	0	4,185,323	0	4,185,323	4,185,323	4,680,385	65,153,707
June 30, 2076	65,153,707	4,006,625	0	4,006,625	0	4,006,625	4,006,625	4,397,875	61,147,082
June 30, 2077	61,147,082	3,816,785	0	3,816,785	0	3,816,785	3,816,785	4,127,428	57,330,297
June 30, 2078	57,330,297	3,622,755	0	3,622,755	0	3,622,755	3,622,755	3,869,795	53,707,542
June 30, 2079	53,707,542	3,427,624	0	3,427,624	0	3,427,624	3,427,624	3,625,259	50,279,918
June 30, 2080	50,279,918	3,237,345	0	3,237,345	0	3,237,345	3,237,345	3,393,894	47,042,573
June 30, 2081	47,042,573	3,034,651	0	3,034,651	0	3,034,651	3,034,651	3,175,374	44,007,922
June 30, 2082	44,007,922	2,831,654	0	2,831,654	0	2,831,654	2,831,654	2,970,535	41,176,268
June 30, 2083	41,176,268	2,633,544	0	2,633,544	0	2,633,544	2,633,544	2,779,398	38,542,724
June 30, 2084	38,542,724	2,435,893	0	2,435,893	0	2,435,893	2,435,893	2,601,634	36,106,831
June 30, 2085	36,106,831	2,239,863	0	2,239,863	0	2,239,863	2,239,863	2,437,211	33,866,968
June 30, 2086	33,866,968	2,045,932	0	2,045,932	0	2,045,932	2,045,932	2,286,020	31,821,036
June 30, 2087	31,821,036	1,856,369	0	1,856,369	0	1,856,369	1,856,369	2,147,920	29,964,667
June 30, 2088	29,964,667	1,673,679	0	1,673,679	0	1,673,679	1,673,679	2,022,615	28,290,988
June 30, 2089	28,290,988	1,497,991	0	1,497,991	0	1,497,991	1,497,991	1,909,642	26,792,997
June 30, 2090	26,792,997	1,331,092	0	1,331,092	0	1,331,092	1,331,092	1,808,527	25,461,905
June 30, 2091	25,461,905	1,173,720	0	1,173,720	0	1,173,720	1,173,720	1,718,679	24,288,185
June 30, 2092	24,288,185	1,026,468	0	1,026,468	0	1,026,468	1,026,468	1,639,453	23,261,717
June 30, 2093	23,261,717	889,794	0	889,794	0	889,794	889,794	1,570,166	22,371,923
June 30, 2094	22,371,923	764,058	0	764,058	0	764,058	764,058	1,510,105	21,607,865
June 30, 2095	21,607,865	649,478	0	649,478	0	649,478	649,478	1,458,531	20,958,387

**APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS**

**BENEFIT PAYMENT PROJECTION DISCLOSURES**

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.75%]	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 [6.74%]	
June 30, 2021	1,296,442	1,805,189	1,296,442	508,747	1,296,442	508,747	1,805,189	<b>Sum of Column V.</b>
June 30, 2022	2,065,781	3,093,778	2,065,781	1,027,997	1,935,158	1,006,083	2,898,385	74,369,855
June 30, 2023	2,568,810	3,296,358	2,568,810	727,548	2,254,220	696,860	2,893,131	
June 30, 2024	3,127,530	3,471,288	3,127,530	343,758	2,570,975	322,239	2,854,246	<b>Sum of Column VI.</b>
June 30, 2025	3,732,693	3,695,907	3,695,907	0	2,846,096	0	2,847,008	2,533,929
June 30, 2026	4,385,611	3,942,525	3,942,525	0	2,844,036	0	2,845,175	
June 30, 2027	5,086,268	4,092,912	4,092,912	0	2,765,828	0	2,767,157	<b>Sum of Column VII.</b>
June 30, 2028	5,836,430	4,402,756	4,402,756	0	2,787,080	0	2,788,643	[V. + VI.]
June 30, 2029	6,635,888	4,710,737	4,710,737	0	2,793,481	0	2,795,272	76,903,784
June 30, 2030	7,487,845	5,024,067	5,024,067	0	2,790,901	0	2,792,914	
June 30, 2031	11,571,441	5,262,191	5,262,191	0	2,738,343	0	2,740,537	
June 30, 2032	15,659,152	5,586,701	5,586,701	0	2,723,383	0	2,725,783	
June 30, 2033	19,746,792	5,828,327	5,828,327	0	2,661,517	0	2,664,076	
June 30, 2034	23,846,926	5,925,930	5,925,930	0	2,534,977	0	2,537,618	
June 30, 2035	27,967,360	6,142,161	6,142,161	0	2,461,336	0	2,464,097	
June 30, 2036	32,102,744	6,233,501	6,233,501	0	2,339,989	0	2,342,802	
June 30, 2037	36,249,284	6,267,690	6,267,690	0	2,204,050	0	2,206,876	
June 30, 2038	40,449,458	6,392,930	6,392,930	0	2,105,940	0	2,108,809	
June 30, 2039	44,703,911	6,556,094	6,556,094	0	2,023,128	0	2,026,046	
June 30, 2040	49,005,808	6,670,479	6,670,479	0	1,928,267	0	1,931,204	
June 30, 2041	53,406,275	6,752,736	6,752,736	0	1,828,614	0	1,831,546	
June 30, 2042	57,906,655	6,788,967	6,788,967	0	1,722,178	0	1,725,077	
June 30, 2043	62,493,739	6,806,211	6,806,211	0	1,617,380	0	1,620,232	
June 30, 2044	67,147,502	6,867,386	6,867,386	0	1,528,728	0	1,531,546	
June 30, 2045	71,848,960	6,867,405	6,867,405	0	1,432,067	0	1,434,823	
June 30, 2046	76,560,387	6,796,889	6,796,889	0	1,327,740	0	1,330,401	
June 30, 2047	81,247,204	6,791,175	6,791,175	0	1,242,739	0	1,245,330	
June 30, 2048	85,963,765	6,643,162	6,643,162	0	1,138,786	0	1,141,251	
June 30, 2049	90,686,702	6,707,355	6,707,355	0	1,077,086	0	1,079,504	
June 30, 2050	95,413,480	6,828,535	6,828,535	0	1,027,209	0	1,029,598	
June 30, 2051	100,171,039	6,817,343	6,817,343	0	960,680	0	962,991	
June 30, 2052	104,941,867	6,826,778	6,826,778	0	901,180	0	903,420	
June 30, 2053	109,681,073	6,850,967	6,850,967	0	847,188	0	849,362	
June 30, 2054	114,357,227	6,841,158	6,841,158	0	792,482	0	794,579	
June 30, 2055	118,939,964	6,635,208	6,635,208	0	720,023	0	721,987	
June 30, 2056	123,387,884	6,531,123	6,531,123	0	663,914	0	665,778	
June 30, 2057	127,659,605	6,494,946	6,494,946	0	618,489	0	620,274	
June 30, 2058	131,763,078	6,463,286	6,463,286	0	576,556	0	578,267	
June 30, 2059	135,669,895	6,361,992	6,361,992	0	531,635	0	533,255	
June 30, 2060	139,346,977	6,220,009	6,220,009	0	486,904	0	488,427	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.75%]	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 [6.74%]
June 30, 2061	142,780,781	6,146,152	6,146,152	0	450,700	0	452,147
June 30, 2062	136,755,424	6,031,607	6,031,607	0	414,333	0	415,696
June 30, 2063	130,811,190	5,895,273	5,895,273	0	379,361	0	380,639
June 30, 2064	124,977,688	5,715,356	5,715,356	0	344,528	0	345,716
June 30, 2065	119,303,766	5,574,348	5,574,348	0	314,780	0	315,891
June 30, 2066	113,755,297	5,465,161	5,465,161	0	289,100	0	290,144
June 30, 2067	108,306,105	5,346,648	5,346,648	0	264,947	0	265,925
June 30, 2068	102,969,320	5,228,668	5,228,668	0	242,717	0	243,633
June 30, 2069	97,744,841	5,089,986	5,089,986	0	221,339	0	222,192
June 30, 2070	92,657,064	4,966,165	4,966,165	0	202,300	0	203,095
June 30, 2071	87,691,317	4,827,777	4,827,777	0	184,227	0	184,966
June 30, 2072	82,863,540	4,676,248	4,676,248	0	167,161	0	167,845
June 30, 2073	78,187,292	4,510,458	4,510,458	0	151,040	0	151,670
June 30, 2074	73,676,834	4,337,804	4,337,804	0	136,073	0	136,652
June 30, 2075	69,339,030	4,185,323	4,185,323	0	122,988	0	123,521
June 30, 2076	65,153,707	4,006,625	4,006,625	0	110,292	0	110,779
June 30, 2077	61,147,082	3,816,785	3,816,785	0	98,423	0	98,865
June 30, 2078	57,330,297	3,622,755	3,622,755	0	87,512	0	87,913
June 30, 2079	53,707,542	3,427,624	3,427,624	0	77,563	0	77,924
June 30, 2080	50,279,918	3,237,345	3,237,345	0	68,625	0	68,950
June 30, 2081	47,042,573	3,034,651	3,034,651	0	60,261	0	60,551
June 30, 2082	44,007,922	2,831,654	2,831,654	0	52,674	0	52,932
June 30, 2083	41,176,268	2,633,544	2,633,544	0	45,891	0	46,120
June 30, 2084	38,542,724	2,435,893	2,435,893	0	39,763	0	39,964
June 30, 2085	36,106,831	2,239,863	2,239,863	0	34,251	0	34,427
June 30, 2086	33,866,968	2,045,932	2,045,932	0	29,307	0	29,460
June 30, 2087	31,821,036	1,856,369	1,856,369	0	24,911	0	25,043
June 30, 2088	29,964,667	1,673,679	1,673,679	0	21,039	0	21,152
June 30, 2089	28,290,988	1,497,991	1,497,991	0	17,640	0	17,736
June 30, 2090	26,792,997	1,331,092	1,331,092	0	14,683	0	14,765
June 30, 2091	25,461,905	1,173,720	1,173,720	0	12,129	0	12,197
June 30, 2092	24,288,185	1,026,468	1,026,468	0	9,936	0	9,993
June 30, 2093	23,261,717	889,794	889,794	0	8,069	0	8,115
June 30, 2094	22,371,923	764,058	764,058	0	6,490	0	6,528
June 30, 2095	21,607,865	649,478	649,478	0	5,168	0	5,199



APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	<b>Medicare Supplement Plans:</b> effective January 1, 2021 <b>Active Plans:</b> effective July 1, 2020 <b>Dental Plans:</b> effective July 1, 2020
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical & Dental Insurance & \$2,000 Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	The Town reimburses 1 participant's Medicare Part B Premium 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"> <li>• Age 55 with 10 years of creditable service</li> <li>• 20 years of service regardless of age</li> </ul>
On or after April 2, 2012	<ul style="list-style-type: none"> <li>• Age 60 with 10 years of creditable service</li> </ul>

Participant Contributions

Group	Individual	Two-Person / Family
<b>Medical</b>	<ul style="list-style-type: none"> <li>- 10% for Managed Blue for Seniors</li> <li>- 40% for Blue Care Elect and Medex II</li> <li>- 25% for Teachers for Network Blue</li> <li>- 20% for Non-Teachers hired on or before 7/1/2006 for Network Blue</li> <li>- 30% for Non-Teachers hired after 7/1/2006 for Network Blue</li> </ul>	<ul style="list-style-type: none"> <li>- 10% for Managed Blue for Seniors</li> <li>- 40% for Blue Care Elect and Medex II</li> <li>- 25% for Teachers for Network Blue</li> <li>- 20% for Non-Teachers hired on or before 7/1/2006 for Network Blue</li> <li>- 30% for Non-Teachers hired after 7/1/2006 for Network Blue</li> </ul>
<b>Dental</b>	100%	100%
<b>Life</b>	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

6.75% per annum (previously 4.25%)

Net Long Term Rate of Return

6.75% (based on investment policy)

Municipal Bond Rate

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

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

**Non-Public Safety Employees**

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

**Public Safety Employees**

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

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

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

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

### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Participation Rate

It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical 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.

<b>Impact of Implicit Subsidy</b>		
	<b>As of the Measurement Date</b>	
<b>Impact on Liability</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
I. Total OPEB Liability	68,786,449	90,295,302

  

	<b>For the Measurement Period Ending</b>	
<b>Impact on Payments</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
IV. Employer Payments (Including Implicit Subsidy)	1,805,189	1,799,641
V. Actual Employer Payments	<u>1,805,189</u>	<u>1,799,641</u>
VI. Implicit Subsidy [IV. - V.]	0	0

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

**ANNUAL PER CAPITA CLAIMS\***

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,641	2,926	44 & Under	9,123	5,978	65 to 69	3,027	3,108
25 to 29	6,848	3,045	45 to 49	10,021	7,548	70 to 74	3,571	3,725
30 to 34	8,653	3,821	50 to 54	11,788	9,940	75 to 79	4,143	4,399
35 to 39	8,913	4,798	55 to 59	13,627	12,923	80 to 84	4,751	5,056
40 to 44	9,123	5,978	60 to 64	16,216	16,584	85 to 89	5,311	5,632
45 to 49	10,021	7,548	65 to 69	19,439	20,686	90 & Over	5,311	5,632
50 to 54	11,788	9,940	70 to 74	22,923	24,789			
55 to 59	13,627	12,923	75 to 79	26,622	29,278			
60 to 64	16,216	16,584	80 to 84	30,524	33,653			
65 to 69	19,439	20,686	85 to 89	34,842	38,521			
70 & Over	22,923	24,789	90 & Over	34,842	38,521			

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



### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Open Group Forecast

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

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

#### Additional Comments

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

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

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2020	July 1, 2018
<b>A. Average Age at Hire</b>	35.10	35.90
<b>B. Average Service</b>	<u>9.84</u>	<u>10.08</u>
<b>C. Average Current Age</b>	44.94	45.98

Retired Employees & Spouses

Valuation Date	July 1, 2020	July 1, 2018
<b>A. Under Age 65</b>	70	89
<b>B. Age 65 &amp; Over</b>	<u>483</u>	<u>479</u>
<b>C. Total</b>	553	568

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	24	2								26
25-29	50	3	1							54
30-34	55	21	3							79
35-39	32	13	15	7	1					68
40-44	30	15	17	18	5	2				87
45-49	25	9	11	12	11	4				72
50-54	30	18	14	13	17	11	3			106
55-59	14	9	10	10	7	5	6			61
60-64	8	5	4	11	10	5	4			47
65-69	2	1	3	3	4	3	1			17
70+	3	1			1	1	2			8
<b>Total</b>	273	97	78	74	56	31	16			625

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Network Blue	216		322	538
Blue Care Elect	5		2	7
Managed Blue for Seniors	226			226
Medex II	208			208
Total	655	0	324	979

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Network Blue	828.96		1,913.16
Blue Care Elect	1,600.85		3,172.68
Managed Blue for Seniors	328.80	657.60	
Medex II	370.00	740.00	
DMS with CIGNA	29.60	52.00	87.60
Delta Dental	50.92	101.84	147.58

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Network Blue	216		322	860	9,541,114.56	8,554,867.20
Blue Care Elect	5		2	9	172,195.32	172,891.80
Total	221	0	324	869	9,713,309.88	8,727,759.00
Blended Average Monthly Rate:						\$ 836.95

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Managed Blue for Seniors	226			226	891,705.60	891,705.60
Medex II	208			208	923,520.00	923,520.00
Total	434	0	0	434	1,815,225.60	1,815,225.60
Blended Average Monthly Rate:						\$ 348.58

## 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 organizations<sup>1</sup>, 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 Conduct<sup>2</sup>, 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 October 15, 2021 and its subject is the Town of Sharon’s GASB 75 OPEB liabilities.

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

<sup>2</sup>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 Sharon 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.