

**Town of Bellingham
Other Postemployment Benefits Plan**

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2019

As of the Measurement Date:
June 30, 2021

For the Reporting Date:
June 30, 2021

Delivered August 9, 2021

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August 9, 2021

Personal and Confidential

Ms. Beth Cornell-Smith
Human Resources Director
Town of Bellingham
10 Mechanic Street
Bellingham, MA 02019

Dear Ms. Cornell-Smith:

We have performed an actuarial valuation of the Town of Bellingham Other Postemployment Benefits Plan for the Reporting Date & fiscal year ending June 30, 2021 with a Measurement Date of June 30, 2021 and a Valuation Date of July 1, 2019. The figures presented in this report reflect the adoption, by the Town of Bellingham, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75") effective for the fiscal years ending June 30, 2017 and June 30, 2018 respectively.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Parker E. Elmore".

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

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

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

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

A handwritten signature in black ink, appearing to read 'Parker E. Elmore'.

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

A handwritten signature in black ink, appearing to read 'Andrew D. Taggart'.

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

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$4.0 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 2.75% to 2.50% increasing the disclosed liability by \$4.0 million.

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

Investment Experience

- ✓ During the period there was an investment gain of \$27,839 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 5.94 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 \$663,637 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$50,000 annually beyond pay-as-you-go costs.
- ✓ Investment Policy - The Town is expected to earn 6.77% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Recommended Trust Contributions

We recommend a Fiscal 2022 contribution to an OPEB Trust of \$430,000 beyond pay-as-you-go costs which would increase by 3.00% per year thereafter. We have provided a projection of the Plan's funded status on page 5.

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 78.17% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase at 4.50% per year for Active plans and 4.50% per year for Medicare supplement plans.
- ✓ Discount Rate (2.50%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

Medicare Buy-In

The Town currently has 9 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

EXECUTIVE SUMMARY

Key Plan Metrics

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

Representative Plan Statistics		
Valuation Date	July 1, 2019	July 1, 2019
Measurement Date & Period Ending	June 30, 2021	June 30, 2020
Reporting Date/Fiscal Year End	June 30, 2021	June 30, 2020
Total OPEB Liability	85,553,931	78,236,198
Per Eligible Active Plan Participant	99,513	88,686
Per Retiree/Spouse Plan Participant	122,000	115,085
Total Annual Service Cost (Annual Benefit Accrual)	3,083,486	2,906,707
Per Eligible Active Plan Participant	6,478	6,107
Expected Employer Share of Retiree Costs	1,943,746	1,770,876
Per Retiree/Spouse Plan Participant	6,210	5,658
Net OPEB Liability as a % of Covered Payroll	256.20%	241.50%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Present Value at 3.00% of Total OPEB		Present Value at 3.00% of Employer Share of Premiums/Claims Including "Implicit Cost"	
		Total OPEB Liability	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	313	85,553,931	85,553,931	1,943,746	1,943,746
June 30, 2026	436	104,505,158	90,147,067	2,802,529	2,417,486
June 30, 2031	462	124,797,294	92,860,907	3,610,723	2,686,717
June 30, 2036	458	147,668,836	94,783,007	4,193,959	2,691,943
June 30, 2041	442	176,143,545	97,526,410	4,892,378	2,708,791
June 30, 2046	426	212,347,670	101,418,430	5,816,611	2,778,046
June 30, 2051	415	258,992,740	106,701,580	6,689,476	2,755,976

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)	2,139,202
June 30, 2021	Actual	1,943,746
June 30, 2020	Actual	1,770,876
June 30, 2019	Actual	1,715,869
June 30, 2018	Actual	1,525,583
June 30, 2017	Actual	1,210,598

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 \$84,890,294 assuming a discount rate of 2.50%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$50,000 annually beyond pay-as-you-go costs. The balance of this fund as of June 30, 2021 was \$663,637. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Bellingham
Assuming Funding - 2.50% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2019	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
I. Total OPEB Liability		
A. Actives	47,367,994	42,214,545
B. Retirees/Disabled	<u>38,185,937</u>	<u>36,021,653</u>
C. Total	85,553,931	78,236,198
II. Fiduciary Net Position [Plan Assets]	663,637	571,289
III. Net OPEB Liability (Asset) [I. - II.]	84,890,294	77,664,909
IV. Funded Ratio [II. / I.]	0.78%	0.73%
V. Number of Eligible Participants		
A. Actives	476	476
B. Retirees/Disabled & Dependents	<u>313</u>	<u>313</u>
C. Total	789	789
VI. Service Cost	3,083,486	2,906,707
VII. Financial Statement Expense	7,559,933	6,823,620
VIII. Employer Contribution to the OPEB Trust	(25,000)	(50,000)
IX. Deferred Inflow of Resources	(5,469,615)	(6,829,918)
X. Deferred Outflow of Resources	10,578,331	10,304,436
XI. Money Weighted Rate of Return	11.67%	1.32%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.77%	2.55%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	2.50%	2.75%

PRINCIPAL RESULTS OF THE VALUATION
Town of Bellingham
Plan Liabilities as of the June 30, 2021 Measurement Date

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Highway Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Sanitation Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability									
A. Actives	2,948,786	34,351,594	4,940,112	3,315,085	710,559	166,059	92,059	843,740	47,367,994
B. Retirees/Disabled	<u>21,025,019</u>	<u>13,511,656</u>	<u>972,125</u>	<u>1,372,322</u>	<u>340,976</u>	<u>0</u>	<u>112,924</u>	<u>850,915</u>	<u>38,185,937</u>
C. Total	23,973,805	47,863,250	5,912,237	4,687,407	1,051,535	166,059	204,983	1,694,655	85,553,931
II. Fiduciary Net Position [Plan Assets]	185,963	371,273	45,861	36,360	8,157	1,288	1,590	13,145	663,637
III. Net OPEB Liability (Asset) [I. - II.]	23,787,842	47,491,977	5,866,376	4,651,047	1,043,378	164,771	203,393	1,681,510	84,890,294
IV. Number of Eligible Participants									
A. Actives	44	352	30	27	6	3	1	13	476
B. Retirees/Disabled	<u>185</u>	<u>100</u>	<u>6</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>8</u>	<u>313</u>
C. Total	229	452	36	33	13	3	2	21	789
For the Reporting Date and Fiscal Year Ending June 30, 2021									
V. Service Cost	184,966	2,302,045	223,077	244,736	22,074	25,241	8,475	72,872	3,083,486
VI. Financial Statement Expense	1,590,957	4,689,414	516,769	479,423	73,624	34,026	18,660	157,060	7,559,933
VII. Employer Share of Costs	(925,513)	(830,645)	(65,376)	(51,643)	(28,756)	(3)	(3,736)	(38,074)	(1,943,746)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(6,656)	(14,262)	(1,752)	(1,413)	(300)	(57)	(61)	(499)	(25,000)
IX. Total Employer Contribution [VII. + VIII.]	(932,169)	(844,907)	(67,128)	(53,056)	(29,056)	(60)	(3,797)	(38,573)	(1,968,746)

PRINCIPAL RESULTS OF THE VALUATION

Town of Bellingham
Assuming Funding - 2.50% discount rate
For the Period Ending on the June 30, 2021 Measurement Date

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
Present Value of Future Benefits							
A. Participants	18,782,426	33,456,224	52,238,650	1,771,094	25,773,368	27,544,462	79,783,112
B. Spouses	<u>9,818,596</u>	<u>23,418,330</u>	<u>33,236,926</u>	<u>1,098,835</u>	<u>9,542,640</u>	<u>10,641,475</u>	<u>43,878,401</u>
C. Total	28,601,022	56,874,554	85,475,576	2,869,929	35,316,008	38,185,937	123,661,513
Total OPEB Liability							
A. Participants	10,316,923	18,541,966	28,858,889	1,771,094	25,773,368	27,544,462	56,403,351
B. Spouses	<u>5,493,671</u>	<u>13,015,434</u>	<u>18,509,105</u>	<u>1,098,835</u>	<u>9,542,640</u>	<u>10,641,475</u>	<u>29,150,580</u>
C. Total	15,810,594	31,557,400	47,367,994	2,869,929	35,316,008	38,185,937	85,553,931
Service Cost							
A. Participants	646,252	1,246,215	1,892,467	0	0	0	1,892,467
B. Spouses	<u>323,933</u>	<u>867,086</u>	<u>1,191,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,191,019</u>
C. Total	970,185	2,113,301	3,083,486	0	0	0	3,083,486

PRINCIPAL RESULTS OF THE VALUATION
CURRENT FUNDING POLICY (OPEN GROUP)
Funding - 2.50% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.77% return	III. Net OPEB Liability (Asset) [II. - 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. Adminstrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2021	June 30, 2021	85,553,931	663,637	84,890,294	0.78%	3,083,486	1,943,746	25,000	1,968,746	1,943,746	0	25,000
2022	June 30, 2022	89,404,362	760,230	88,644,132	0.85%	3,511,653	2,139,202	50,000	2,189,202	2,139,202	0	50,000
2023	June 30, 2023	93,077,074	863,362	92,213,712	0.93%	3,642,901	2,334,756	50,000	2,384,756	2,334,756	0	50,000
2024	June 30, 2024	96,830,809	973,476	95,857,333	1.01%	3,810,280	2,484,319	50,000	2,534,319	2,484,319	0	50,000
2025	June 30, 2025	100,619,954	1,091,045	99,528,909	1.08%	3,968,290	2,658,592	50,000	2,708,592	2,658,592	0	50,000
2026	June 30, 2026	104,505,158	1,216,574	103,288,584	1.16%	4,129,639	2,802,529	50,000	2,852,529	2,802,529	0	50,000
2027	June 30, 2027	108,392,679	1,350,601	107,042,078	1.25%	4,290,827	3,001,742	50,000	3,051,742	3,001,742	0	50,000
2028	June 30, 2028	112,333,463	1,493,701	110,839,762	1.33%	4,466,128	3,169,524	50,000	3,219,524	3,169,524	0	50,000
2029	June 30, 2029	116,463,405	1,646,489	114,816,916	1.41%	4,647,400	3,244,110	50,000	3,294,110	3,244,110	0	50,000
2030	June 30, 2030	120,556,363	1,809,621	118,746,742	1.50%	4,829,446	3,416,148	50,000	3,466,148	3,416,148	0	50,000
2031	June 30, 2031	124,797,294	1,983,797	122,813,497	1.59%	4,999,845	3,610,723	50,000	3,660,723	3,610,723	0	50,000
2032	June 30, 2032	129,040,387	2,169,765	126,870,622	1.68%	5,203,783	3,736,750	50,000	3,786,750	3,736,750	0	50,000
2033	June 30, 2033	133,466,187	2,368,323	131,097,864	1.77%	5,396,795	3,817,232	50,000	3,867,232	3,817,232	0	50,000
2034	June 30, 2034	138,049,478	2,580,323	135,469,155	1.87%	5,600,284	3,980,522	50,000	4,030,522	3,980,522	0	50,000
2035	June 30, 2035	142,898,667	2,806,676	140,091,991	1.96%	5,817,026	4,101,225	50,000	4,151,225	4,101,225	0	50,000
2036	June 30, 2036	147,668,836	3,048,353	144,620,483	2.06%	6,045,381	4,193,959	50,000	4,243,959	4,193,959	0	50,000
2037	June 30, 2037	152,920,346	3,306,391	149,613,955	2.16%	6,266,893	4,325,403	50,000	4,375,403	4,325,403	0	50,000
2038	June 30, 2038	158,386,031	3,581,898	154,804,133	2.26%	6,523,993	4,501,547	50,000	4,551,547	4,501,547	0	50,000
2039	June 30, 2039	164,050,160	3,876,057	160,174,103	2.36%	6,797,297	4,615,850	50,000	4,665,850	4,615,850	0	50,000
2040	June 30, 2040	169,980,473	4,190,131	165,790,342	2.47%	7,067,809	4,703,646	50,000	4,753,646	4,703,646	0	50,000
2041	June 30, 2041	176,143,545	4,525,468	171,618,077	2.57%	7,343,579	4,892,378	50,000	4,942,378	4,892,378	0	50,000
2042	June 30, 2042	182,764,924	4,883,507	177,881,417	2.67%	7,645,972	5,066,737	50,000	5,116,737	5,066,737	0	50,000
2043	June 30, 2043	189,489,607	5,265,785	184,223,822	2.78%	7,968,445	5,187,641	50,000	5,237,641	5,187,641	0	50,000
2044	June 30, 2044	196,713,832	5,673,943	191,039,889	2.88%	8,293,141	5,405,050	50,000	5,455,050	5,405,050	0	50,000
2045	June 30, 2045	204,313,098	6,109,734	198,203,364	2.99%	8,654,979	5,669,056	50,000	5,719,056	5,669,056	0	50,000
2046	June 30, 2046	212,347,670	6,575,028	205,772,642	3.10%	9,028,410	5,816,611	50,000	5,866,611	5,816,611	0	50,000
2047	June 30, 2047	220,569,986	7,071,822	213,498,164	3.21%	9,430,277	6,013,754	50,000	6,063,754	6,013,754	0	50,000
2048	June 30, 2048	229,264,723	7,602,249	221,662,474	3.32%	9,836,007	6,222,314	50,000	6,272,314	6,222,314	0	50,000
2049	June 30, 2049	238,766,964	8,168,586	230,598,378	3.42%	10,285,948	6,328,039	50,000	6,378,039	6,328,039	0	50,000
2050	June 30, 2050	248,509,650	8,773,264	239,736,386	3.53%	10,756,692	6,514,765	50,000	6,564,765	6,514,765	0	50,000
2051	June 30, 2051	258,992,740	9,418,879	249,573,861	3.64%	11,226,434	6,689,476	50,000	6,739,476	6,689,476	0	50,000
2052	June 30, 2052	270,259,520	10,108,202	260,151,318	3.74%	11,759,050	6,883,833	50,000	6,933,833	6,883,833	0	50,000

PRINCIPAL RESULTS OF THE VALUATION

ALTERNATIVE FUNDING SCENARIO (OPEN GROUP)

Alternative Funding Scenario - 5.00% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with expected 6.77%			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	XI. Total Employer Payments Less Reimbursements [VII. - VIII. - IX.]
2021	June 30, 2021	58,432,600	663,637	57,768,963	1.14%	1,537,916	1,943,746	25,000	1,968,746	1,943,746	0	1,968,746		
2022	June 30, 2022	61,001,242	1,152,882	59,848,360	1.89%	1,751,468	2,139,202	430,000	2,569,202	2,139,202	0	2,569,202		
2023	June 30, 2023	63,566,667	1,688,579	61,878,088	2.66%	1,816,929	2,334,756	442,900	2,777,656	2,334,756	0	2,777,656		
2024	June 30, 2024	66,009,598	2,274,272	63,735,326	3.45%	1,900,411	2,484,319	456,187	2,940,506	2,484,319	0	2,940,506		
2025	June 30, 2025	68,592,650	2,913,758	65,678,892	4.25%	1,979,220	2,658,592	469,873	3,128,465	2,658,592	0	3,128,465		
2026	June 30, 2026	71,241,185	3,611,103	67,630,082	5.07%	2,059,694	2,802,529	483,969	3,286,498	2,802,529	0	3,286,498		
2027	June 30, 2027	73,891,298	4,370,660	69,520,638	5.91%	2,140,088	3,001,742	498,488	3,500,230	3,001,742	0	3,500,230		
2028	June 30, 2028	76,577,720	5,197,092	71,380,628	6.79%	2,227,521	3,169,524	513,443	3,682,967	3,169,524	0	3,682,967		
2029	June 30, 2029	79,393,090	6,095,389	73,297,701	7.68%	2,317,932	3,244,110	528,846	3,772,956	3,244,110	0	3,772,956		
2030	June 30, 2030	82,183,247	7,070,894	75,112,353	8.60%	2,408,729	3,416,148	544,711	3,960,859	3,416,148	0	3,960,859		
2031	June 30, 2031	85,074,276	8,129,326	76,944,950	9.56%	2,493,717	3,610,723	561,052	4,171,775	3,610,723	0	4,171,775		
2032	June 30, 2032	87,966,778	9,276,806	78,689,972	10.55%	2,595,433	3,736,750	577,884	4,314,634	3,736,750	0	4,314,634		
2033	June 30, 2033	90,983,830	10,519,885	80,463,945	11.56%	2,691,699	3,817,232	595,221	4,412,453	3,817,232	0	4,412,453		
2034	June 30, 2034	94,108,242	11,865,572	82,242,670	12.61%	2,793,191	3,980,522	613,078	4,593,600	3,980,522	0	4,593,600		
2035	June 30, 2035	97,413,915	13,321,366	84,092,549	13.68%	2,901,293	4,101,225	631,470	4,732,695	4,101,225	0	4,732,695		
2036	June 30, 2036	100,665,719	14,895,292	85,770,427	14.80%	3,015,187	4,193,959	650,414	4,844,373	4,193,959	0	4,844,373		
2037	June 30, 2037	104,245,651	16,595,935	87,649,716	15.92%	3,125,668	4,325,403	669,926	4,995,329	4,325,403	0	4,995,329		
2038	June 30, 2038	107,971,584	18,432,479	89,539,105	17.07%	3,253,899	4,501,547	690,024	5,191,571	4,501,547	0	5,191,571		
2039	June 30, 2039	111,832,795	20,414,747	91,418,048	18.25%	3,390,212	4,615,850	710,725	5,326,575	4,615,850	0	5,326,575		
2040	June 30, 2040	115,875,461	22,553,246	93,322,215	19.46%	3,525,132	4,703,646	732,047	5,435,693	4,703,646	0	5,435,693		
2041	June 30, 2041	120,076,797	24,859,214	95,217,583	20.70%	3,662,675	4,892,378	754,008	5,646,386	4,892,378	0	5,646,386		
2042	June 30, 2042	124,590,558	27,344,669	97,245,889	21.95%	3,813,496	5,066,737	776,628	5,843,365	5,066,737	0	5,843,365		
2043	June 30, 2043	129,174,740	30,022,464	99,152,276	23.24%	3,974,332	5,187,641	799,927	5,987,568	5,187,641	0	5,987,568		
2044	June 30, 2044	134,099,457	32,906,343	101,193,114	24.54%	4,136,277	5,405,050	823,925	6,228,975	5,405,050	0	6,228,975		
2045	June 30, 2045	139,279,838	36,011,002	103,268,836	25.86%	4,316,747	5,669,056	848,643	6,517,699	5,669,056	0	6,517,699		
2046	June 30, 2046	144,756,965	39,352,153	105,404,812	27.18%	4,502,999	5,816,611	874,102	6,690,713	5,816,611	0	6,690,713		
2047	June 30, 2047	150,362,075	42,946,596	107,415,479	28.56%	4,703,434	6,013,754	900,325	6,914,079	6,013,754	0	6,914,079		
2048	June 30, 2048	156,289,232	46,812,292	109,476,940	29.95%	4,905,795	6,222,314	927,335	7,149,649	6,222,314	0	7,149,649		
2049	June 30, 2049	162,766,861	50,968,442	111,798,419	31.31%	5,130,207	6,328,039	955,155	7,283,194	6,328,039	0	7,283,194		
2050	June 30, 2050	169,408,400	55,435,572	113,972,828	32.72%	5,364,995	6,514,765	983,810	7,498,575	6,514,765	0	7,498,575		
2051	June 30, 2051	176,554,669	60,235,624	116,319,045	34.12%	5,599,283	6,689,476	1,013,324	7,702,800	6,689,476	0	7,702,800		
2052	June 30, 2052	184,235,176	65,392,051	118,843,125	35.49%	5,864,930	6,883,833	1,043,724	7,927,557	6,883,833	0	7,927,557		
2053	June 30, 2053	192,234,732	70,929,923	121,304,809	36.90%	6,141,396	7,154,753	1,075,036	8,229,789	7,154,753	0	8,229,789		
2054	June 30, 2054	200,648,002	76,876,034	123,771,968	38.31%	6,431,080	7,483,537	1,107,287	8,590,824	7,483,537	0	8,590,824		
2055	June 30, 2055	209,495,981	83,259,021	126,236,960	39.74%	6,742,833	7,806,808	1,140,506	8,947,314	7,806,808	0	8,947,314		
2056	June 30, 2056	218,814,832	90,109,491	128,705,341	41.18%	7,064,027	8,086,146	1,174,721	9,260,867	8,086,146	0	9,260,867		
2057	June 30, 2057	228,631,298	97,460,153	131,171,145	42.63%	7,403,078	8,362,174	1,209,963	9,572,137	8,362,174	0	9,572,137		

EXHIBIT A

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

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021	
Description	Amount
I. Service Cost	3,083,486
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,209,746
III. Deferred (Inflows)/Outflows from Plan Experience*	(1,057,275)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	3,364,259
V. Projected Earnings on OPEB Plan Investments	(39,509)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(774)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	7,559,933
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	7,559,933

* Amortized over 5.94 years

** Amortized over 5.00 years

*** Recognized Immediately

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

2. Changes in Net OPEB Liability

	Changes in Net OPEB Liability	Increase (Decrease)		
		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I.	Balances for the June 30, 2020 Reporting Date	78,236,198	571,289	77,664,909
II.	Prior Period Adjustment	0	0	0
III.	Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]	78,236,198	571,289	77,664,909
	Changes for the year:			
IV.	Service Cost	3,083,486	0	3,083,486
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,209,746	0	2,209,746
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	3,968,247	0	3,968,247
VIII.	Differences Between Actual and Expected Experience **	0	0	0
IX.	Net Investment Income	0	67,348	(67,348)
X.	Employer Contributions to Trust	0	1,968,746	(1,968,746)
XI.	Benefit Payments Withdrawn from Trust	0	(1,943,746)	1,943,746
XII.	Benefit Payments Excluding Implicit Cost	(1,520,975)	0	(1,520,975)
XIII.	Implicit Cost Amount	(422,771)	0	(422,771)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,943,746)	0	(1,943,746)
XV.	Administrative Expense	0	0	0
XVI.	Other Charges	0	0	0
XVII.	Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	7,317,733	92,348	7,225,385
XVIII.	Balances for the June 30, 2021 Reporting Date [III.+XVII.]	85,553,931	663,637	84,890,294

* Recognized Immediately

** Amortized over 5.94 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	1,834,685	5.64	533,489	325,299	325,299	208,190	0	0	0
2019	0	5.64	0	0	0	0	0	0	0
2020	(8,212,492)	5.94	(5,447,344)	(1,382,574)	(1,382,574)	(1,382,574)	(1,382,574)	(1,299,622)	0
2021	0	5.94	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(4,913,855)						
Net increase (decrease) in OPEB Expense			(1,057,275)	(1,057,275)	(1,174,384)	(1,382,574)	(1,299,622)	0	

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from			2021	2022	2023	2024	2025	2026
	Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	4,502,203	5.64	1,309,151	798,263	798,263	510,888			
2019	8,898,393	5.64	4,165,206	1,577,729	1,577,729	1,577,729	1,009,748		
2020	1,902,062	5.94	1,261,638	320,212	320,212	320,212	320,212	301,002	
2021	3,968,247	5.94	3,300,192	668,055	668,055	668,055	668,055	668,055	627,972
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			10,036,187						
Net increase (decrease) in OPEB Expense			3,364,259	3,364,259	3,076,884	1,998,015	969,057	627,972	

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	10,976	5.00	2,196	2,195	2,196				
2019	6,674	5.00	2,669	1,335	1,335	1,334			
2020	6,318	5.00	3,790	1,264	1,264	1,264	1,262		
2021	(27,839)	5.00	(22,271)	(5,568)	(5,568)	(5,568)	(5,568)	(5,567)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(13,616)						
Net increase (decrease) in OPEB Expense				(774)	(773)	(2,970)	(4,306)	(5,567)	0

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

 3. Changes in Net OPEB Expense (Continued)

Statement of Outflows & Inflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2021 to be Reported for the Fiscal Year Ending June 30, 2021			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions made subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	533,489	(5,447,344)	(4,913,855)
III. Changes of Assumptions	10,036,187	0	10,036,187
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>8,655</u>	(22,271)	(13,616)
V. Total [I.+II.+III.+IV.]	10,578,331	(5,469,615)	5,108,716

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows)/Outflows

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

Year ending June 30:	
2022	2,306,211
2023	1,899,530
2024	611,135
2025	(336,132)
2026	627,972
Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 2.50% as of June 30, 2021 and 2.75% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 - Year High Grade Index ("SAPIHG"), which was 2.18% as of June 30, 2021. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

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

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$1,943,746. The Town also contributed \$25,000 to an OPEB Trust for a total contribution during the measurement period of \$1,968,746 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			Long-Term Expected Real Rate of Return*
Asset Class	Target Allocation	Asset Class	
Domestic Equity - Large Cap	14.50%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	3.50%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	16.00%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	6.00%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.40%
International Fixed Income	3.00%	International Fixed Income	1.30%
Alternatives	23.00%	Alternatives	6.32%
Real Estate	14.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.00%	Cash & Cash Equivalents	0.00%
Total	100.00%		
		I. Real Rate of Return**	4.77%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	7.27%
		IV. Investment Expense	0.50%
		V. Net Investment Return [III.-IV.]	6.77%

* 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	5,718,045	(1,968,746)	3,749,299	33,130,449	5.94%
June 30, 2020	6,639,492	(1,820,876)	4,818,616	32,165,485	5.66%
June 30, 2019	7,075,463	(1,715,869)	5,359,594	30,891,835	5.55%
June 30, 2018	5,580,666	(1,525,583)	4,055,083	29,992,073	5.09%
June 30, 2017	5,575,718	(1,210,598)	4,365,120	27,445,923	4.41%

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

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	71,316,946	85,553,931	104,222,594
II. Fiduciary Net Position	<u>663,637</u>	<u>663,637</u>	<u>663,637</u>
III. Net OPEB Liability (Asset) [I.-II.]	70,653,309	84,890,294	103,558,957
IV. Service Cost	2,297,776	3,083,486	4,223,217

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	102,005,370	85,553,931	72,687,812
II. Fiduciary Net Position	<u>663,637</u>	<u>663,637</u>	<u>663,637</u>
III. Net OPEB Liability (Asset) [I.-II.]	101,341,733	84,890,294	72,024,175
IV. Service Cost	4,162,916	3,083,486	2,311,933

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

 10. Money Weighted Rate of Return

	Plan		
	Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - July 1, 2020	571,289	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	25,000	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
June	0	0	0.0000
II. Total net external cash flow	25,000		
III. Earnings and increase in fair value	67,348		
IV. Ending value - June 30, 2021 [I.+II.+III.]	663,637		
Money Weighted Rate of Return	11.67%		
Asset Value - June 30, 2021	663,637		

EXHIBIT A
FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

 11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021								
	School		Police		Highway		Sanitation		
	Town Employees and Retirees	Employees and Retirees	Employees and Retirees	Fire Employees and Retirees	Total				
I. Total OPEB Liability as of June 30, 2021	23,973,805	47,863,250	5,912,237	4,687,407	1,051,535	166,059	204,983	1,694,655	85,553,931
II. Fiduciary Net Position as of June 30, 2021	185,963	371,273	45,861	36,360	8,157	1,288	1,590	13,145	663,637
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	23,787,842	47,491,977	5,866,376	4,651,047	1,043,378	164,771	203,393	1,681,510	84,890,294
IV. Service Cost	184,966	2,302,045	223,077	244,736	22,074	25,241	8,475	72,872	3,083,486
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	770,800	1,119,276	137,051	110,499	23,690	4,386	4,754	39,290	2,209,746
VI. Projected Earnings on OPEB Plan Investments	(11,052)	(22,119)	(2,731)	(2,167)	(485)	(77)	(95)	(783)	(39,509)
VII. Net Recognition of Deferred (Inflows)/Outflows	646,243	1,290,212	159,372	126,355	28,345	4,476	5,526	45,681	2,306,210
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VI. + VII. + VIII.]	1,590,957	4,689,414	516,769	479,423	73,624	34,026	18,660	157,060	7,559,933
X. Employer Share of Costs	(925,513)	(830,645)	(65,376)	(51,643)	(28,756)	(3)	(3,736)	(38,074)	(1,943,746)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(6,656)	(14,262)	(1,752)	(1,413)	(300)	(57)	(61)	(499)	(25,000)
XII. Total Employer Contribution [X. + XI.]	(932,169)	(844,907)	(67,128)	(53,056)	(29,056)	(60)	(3,797)	(38,573)	(1,968,746)
XIII. Net OPEB Expense [IX. + XII.]	658,788	3,844,507	449,641	426,367	44,568	33,966	14,863	118,487	5,591,187

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

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

Valuation Date	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(4,913,855)
II. Deferred (Inflow)/Outflow from Investment Experience	(13,616)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	10,036,187
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	10,304,436
II. Deferred Outflow created during the period	3,968,247
III. Deferred Outflow recognized during the period	3,694,352
IV. Change in Deferred Outflow (II. - III.)	273,895
V. Deferred Outflow at end of the period (I. + IV.)	10,578,331
VI. Deferred Inflow at the beginning of the period	(6,829,918)
VII. Deferred Inflow created during the period	(27,839)
VIII. Deferred Inflow recognized during the period	(1,388,142)
IX. Change in Deferred Inflow (VII. - VIII.)	1,360,303
X. Deferred Inflow at end of the period (VI. + IX.)	(5,469,615)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	77,664,909
II. Service Cost	3,083,486
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,209,746
IV. Projected Investment Income	(39,509)
V. Total Employer Contributions	(1,968,746)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	3,284,977
VIII. Deferred Outflow created during the period	3,968,247
IX. Deferred Inflow created during the period	(27,839)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	84,890,294
Net OPEB Expense	
I. Service Cost	3,083,486
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,209,746
III. Projected Investment Income	(39,509)
IV. Recognition of Deferred (Inflow)/Outflow	2,306,210
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V.)	7,559,933
VII. Benefit Payments	(1,943,746)
VIII. Contributions to Trust	(25,000)
IX. Total Employer Payments (VII. + VIII.)	(1,968,746)
X. Total Net OPEB Expense under GASB 75 (VI. + IX.)	5,591,187

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

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

	Actuarially Determined Contribution - Deficiency / (Excess)				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	3,083,486	2,906,707	3,201,129	2,517,169	2,771,538
II. Amortization of NOL	<u>2,634,559</u>	<u>2,498,644</u>	<u>3,874,334</u>	<u>3,063,497</u>	<u>2,804,180</u>
III. Actuarial Determined Contribution [I. + II.]	5,718,045	6,639,492	7,075,463	5,580,666	5,575,718
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(1,968,746)</u>	<u>(1,820,876)</u>	<u>(1,715,869)</u>	<u>(1,525,583)</u>	<u>(1,210,598)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>3,749,299</u>	<u>4,818,616</u>	<u>5,359,594</u>	<u>4,055,083</u>	<u>4,365,120</u>
 Covered Employee Payroll	 33,130,449	 32,165,485	 30,891,835	 29,992,073	 27,445,923
Contributions as a % of Covered Employee Payroll	5.94%	5.66%	5.55%	5.09%	4.41%
Discount Rate	2.50%	2.75%	2.75%	3.50%	3.25%
Money Weighted Rate of Return	11.67%	1.32%	1.43%	0.57%	2.75%

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

Valuation Date GASB 75 Measurement Date For the Reporting Period & Fiscal Year Ending on:	Schedule of Changes in the Town's Net OPEB Liability and Related Ratios				
	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2016
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	85,553,931	78,236,198	81,124,133	68,268,802	58,819,995
I. Service Cost	3,083,486	2,906,707	3,201,129	2,517,169	2,771,538
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,209,746	2,286,664	2,471,678	2,120,333	1,871,855
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(8,212,492)	0	1,834,685	0
V. Changes of Assumptions	3,968,247	1,902,062	8,898,393	4,502,203	0
VI. Benefit Payments Excluding Implicit Cost	(1,520,975)	(1,388,583)	(1,435,737)	(1,286,488)	N/A
VII. Implicit Cost Amount	(422,771)	(382,293)	(280,132)	(239,095)	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(1,943,746)	(1,770,876)	(1,715,869)	(1,525,583)	(1,284,525)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	7,317,733	(2,887,935)	12,855,331	9,448,807	3,358,868
X. Total OPEB Liability - Beginning of Period	78,236,198	81,124,133	68,268,802	58,819,995	55,461,127
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	78,236,198	81,124,133	68,268,802	58,819,995	55,461,127
XIII. Total OPEB Liability - End of Period [IX.+XII.]	85,553,931	78,236,198	81,124,133	68,268,802	58,819,995
Plan Fiduciary Net Position	663,637	571,289	514,133	506,868	503,984
XIV. Earning from Plan Investments	67,348	7,156	7,265	2,884	1,508
XV. Employer Contribution to Trust	1,968,746	1,820,876	1,715,869	1,525,583	1,210,598
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,943,746)	(1,770,876)	(1,715,869)	(1,525,583)	(1,210,598)
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.]	92,348	57,156	7,265	2,884	1,508
XX. Plan Fiduciary Net Position - Beginning of Period	571,289	514,133	506,868	503,984	502,476
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	571,289	514,133	506,868	503,984	502,476
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	663,637	571,289	514,133	506,868	503,984
XXIV. Net OPEB Liability [XIII.-XXIII.]	84,890,294	77,664,909	80,610,000	67,761,934	58,316,011
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	0.78%	0.73%	0.63%	0.74%	0.86%
XXVI. Covered Employee Payroll	33,130,449	32,165,485	30,891,835	29,992,073	27,445,923
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	256.23%	241.45%	260.94%	225.93%	212.48%
Single Discount Rate to calculate Plan Liabilities	2.50%	2.75%	2.75%	3.50%	3.25%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2019.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2021.

Actuarial Assumptions:

Investment Rate of Return:	6.77%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	2.50%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Pre-Retirement Mortality:

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

Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females

Post-Retirement Mortality:

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

Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Disabled Mortality:

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

Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Plan Membership

At July 1, 2019, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	313
Active Employees:	<u>476</u>
Total:	789

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 2.75% to 2.50%

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$25,000 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 \$1,943,746. \$422,771 of the \$1,943,746 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, 2019 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	33,130,449	0	33,130,449	0	1,943,746	0	1,943,746
June 30, 2022	31,021,364	3,102,998	34,124,362	0	2,139,202	0	2,139,202
June 30, 2023	29,177,616	5,970,477	35,148,093	0	2,334,756	0	2,334,756
June 30, 2024	27,430,829	8,771,707	36,202,536	0	2,484,319	0	2,484,319
June 30, 2025	25,942,944	11,345,668	37,288,612	0	2,658,592	0	2,658,592
June 30, 2026	24,525,096	13,882,174	38,407,270	0	2,802,529	0	2,802,529
June 30, 2027	23,181,959	16,377,529	39,559,488	0	3,001,742	0	3,001,742
June 30, 2028	21,856,143	18,890,130	40,746,273	0	3,169,524	0	3,169,524
June 30, 2029	20,618,688	21,349,973	41,968,661	0	3,244,110	0	3,244,110
June 30, 2030	19,515,594	23,712,127	43,227,721	0	3,416,148	0	3,416,148
June 30, 2031	18,447,675	26,076,878	44,524,553	0	3,592,789	17,934	3,610,723
June 30, 2032	17,431,896	28,428,394	45,860,290	0	3,695,308	41,442	3,736,750
June 30, 2033	16,599,859	30,636,240	47,236,099	0	3,742,967	74,265	3,817,232
June 30, 2034	15,772,146	32,881,036	48,653,182	0	3,859,990	120,532	3,980,522
June 30, 2035	14,969,391	35,143,386	50,112,777	0	3,924,027	177,198	4,101,225
June 30, 2036	14,217,758	37,398,402	51,616,160	0	3,971,289	222,670	4,193,959
June 30, 2037	13,553,439	39,611,206	53,164,645	0	4,046,608	278,795	4,325,403
June 30, 2038	12,804,121	41,955,463	54,759,584	0	4,159,095	342,452	4,501,547
June 30, 2039	12,107,113	44,295,259	56,402,372	0	4,220,098	395,752	4,615,850
June 30, 2040	11,558,458	46,535,985	58,094,443	0	4,246,705	456,941	4,703,646
June 30, 2041	10,985,330	48,851,946	59,837,276	0	4,349,750	542,628	4,892,378
June 30, 2042	10,444,506	51,187,888	61,632,394	0	4,419,342	647,395	5,066,737
June 30, 2043	9,922,826	53,558,540	63,481,366	0	4,414,332	773,309	5,187,641
June 30, 2044	9,475,615	55,910,192	65,385,807	0	4,475,686	929,364	5,405,050
June 30, 2045	8,919,778	58,427,603	67,347,381	0	4,558,554	1,110,502	5,669,056
June 30, 2046	8,432,048	60,935,754	69,367,802	0	4,546,671	1,269,940	5,816,611
June 30, 2047	7,924,540	63,524,296	71,448,836	0	4,560,137	1,453,617	6,013,754
June 30, 2048	7,464,554	66,127,747	73,592,301	0	4,565,452	1,656,862	6,222,314
June 30, 2049	6,892,765	68,907,305	75,800,070	0	4,487,869	1,840,170	6,328,039
June 30, 2050	6,343,092	71,730,980	78,074,072	0	4,472,721	2,042,044	6,514,765
June 30, 2051	5,853,089	74,563,205	80,416,294	0	4,410,404	2,279,072	6,689,476
June 30, 2052	5,287,121	77,541,662	82,828,783	0	4,346,748	2,537,085	6,883,833
June 30, 2053	4,762,612	80,551,034	85,313,646	0	4,336,454	2,818,299	7,154,753
June 30, 2054	4,266,468	83,606,587	87,873,055	0	4,353,234	3,130,303	7,483,537
June 30, 2055	3,702,452	86,806,795	90,509,247	0	4,335,345	3,471,463	7,806,808
June 30, 2056	3,206,450	90,018,074	93,224,524	0	4,283,016	3,803,130	8,086,146
June 30, 2057	2,705,703	93,315,557	96,021,260	0	4,200,235	4,161,939	8,362,174
June 30, 2058	2,215,216	96,686,682	98,901,898	0	4,120,640	4,546,978	8,667,618
June 30, 2059	1,784,385	100,084,570	101,868,955	0	4,012,430	4,937,998	8,950,128
June 30, 2060	1,424,445	103,500,579	104,925,024	0	3,908,943	5,350,812	9,259,755

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2019 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	1,109,272	106,963,503	108,072,775	0	3,803,796	5,804,533	9,608,329
June 30, 2062	812,929	110,502,029	111,314,958	0	3,719,557	6,289,238	10,008,795
June 30, 2063	528,021	114,126,386	114,654,407	0	3,655,678	6,805,583	10,461,261
June 30, 2064	311,904	117,782,135	118,094,039	0	3,579,399	7,362,504	10,941,903
June 30, 2065	194,900	121,441,960	121,636,860	0	3,506,090	7,959,962	11,466,052
June 30, 2066	107,450	125,178,516	125,285,966	0	3,433,466	8,566,051	11,999,517
June 30, 2067	47,701	128,996,844	129,044,545	0	3,356,437	9,208,188	12,564,625
June 30, 2068	11,286	132,904,595	132,915,881	0	3,274,076	9,889,733	13,163,809
June 30, 2069	0	136,903,357	136,903,357	0	3,186,938	10,578,552	13,765,490
June 30, 2070	0	141,010,458	141,010,458	0	3,096,140	11,300,071	14,396,211
June 30, 2071	0	145,240,772	145,240,772	0	3,001,623	12,062,809	15,064,432
June 30, 2072	0	149,597,995	149,597,995	0	2,903,377	12,857,899	15,761,276
June 30, 2073	0	154,085,935	154,085,935	0	2,801,380	13,686,104	16,487,484
June 30, 2074	0	158,708,513	158,708,513	0	2,695,665	14,549,841	17,245,506
June 30, 2075	0	163,469,768	163,469,768	0	2,586,249	15,454,161	18,040,410
June 30, 2076	0	168,373,861	168,373,861	0	2,473,309	16,398,868	18,872,177
June 30, 2077	0	173,425,077	173,425,077	0	2,357,048	17,378,256	19,735,304
June 30, 2078	0	178,627,829	178,627,829	0	2,237,680	18,403,384	20,641,064
June 30, 2079	0	183,986,664	183,986,664	0	2,115,657	19,473,424	21,589,081
June 30, 2080	0	189,506,264	189,506,264	0	1,991,340	20,581,536	22,572,876
June 30, 2081	0	195,191,452	195,191,452	0	1,865,165	21,737,467	23,602,632
June 30, 2082	0	201,047,196	201,047,196	0	1,737,790	22,942,795	24,680,585
June 30, 2083	0	207,078,612	207,078,612	0	1,609,909	24,196,736	25,806,645
June 30, 2084	0	213,290,970	213,290,970	0	1,482,319	25,504,251	26,986,570
June 30, 2085	0	219,689,699	219,689,699	0	1,355,881	26,871,237	28,227,118
June 30, 2086	0	226,280,390	226,280,390	0	1,231,624	28,297,797	29,529,421
June 30, 2087	0	233,068,802	233,068,802	0	1,110,481	29,781,478	30,891,959
June 30, 2088	0	240,060,866	240,060,866	0	993,401	31,332,315	32,325,716
June 30, 2089	0	247,262,692	247,262,692	0	881,232	32,952,415	33,833,647
June 30, 2090	0	254,680,573	254,680,573	0	774,680	34,638,757	35,413,437
June 30, 2091	0	262,320,990	262,320,990	0	674,448	36,399,273	37,073,721
June 30, 2092	0	270,190,620	270,190,620	0	581,093	38,239,180	38,820,273
June 30, 2093	0	278,296,339	278,296,339	0	495,070	40,160,833	40,655,903
June 30, 2094	0	286,645,229	286,645,229	0	416,683	42,168,427	42,585,110
June 30, 2095	0	295,244,586	295,244,586	0	346,161	44,267,962	44,614,123

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1, 2019 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you- go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members [V. + VI.]	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
			25,000	1,968,746	0	1,943,746	1,943,746	67,348	663,637
June 30, 2021	571,289	1,943,746	25,000	1,968,746	0	1,943,746	1,943,746	67,348	663,637
June 30, 2022	663,637	2,139,202	45,453	2,184,655	0	2,139,202	2,139,202	42,356	751,446
June 30, 2023	751,446	2,334,756	41,507	2,376,263	0	2,334,756	2,334,756	52,255	845,208
June 30, 2024	845,208	2,484,319	37,885	2,522,204	0	2,484,319	2,484,319	58,482	941,575
June 30, 2025	941,575	2,658,592	34,787	2,693,379	0	2,658,592	2,658,592	64,903	1,041,265
June 30, 2026	1,041,265	2,802,529	31,928	2,834,457	0	2,802,529	2,802,529	71,557	1,144,750
June 30, 2027	1,144,750	3,001,742	29,300	3,031,042	0	3,001,742	3,001,742	78,475	1,252,525
June 30, 2028	1,252,525	3,169,524	26,820	3,196,344	0	3,169,524	3,169,524	85,689	1,365,034
June 30, 2029	1,365,034	3,244,110	24,564	3,268,674	0	3,244,110	3,244,110	93,231	1,482,829
June 30, 2030	1,482,829	3,416,148	22,573	3,438,721	0	3,416,148	3,416,148	101,139	1,606,541
June 30, 2031	1,606,541	3,592,789	20,716	3,613,505	0	3,592,789	3,592,789	109,453	1,718,776
June 30, 2032	1,718,776	3,695,308	19,005	3,714,313	0	3,695,308	3,695,308	116,994	1,813,333
June 30, 2033	1,813,333	3,742,967	17,571	3,760,538	0	3,742,967	3,742,967	123,348	1,879,987
June 30, 2034	1,879,987	3,859,990	16,209	3,876,199	0	3,859,990	3,859,990	127,815	1,903,479
June 30, 2035	1,903,479	3,924,027	14,936	3,938,963	0	3,924,027	3,924,027	129,363	1,870,580
June 30, 2036	1,870,580	3,971,289	13,773	3,985,062	0	3,971,289	3,971,289	127,097	1,788,780
June 30, 2037	1,788,780	4,046,608	12,747	4,059,355	0	4,046,608	4,046,608	121,525	1,644,257
June 30, 2038	1,644,257	4,159,095	11,691	4,170,786	0	4,159,095	4,159,095	111,705	1,425,201
June 30, 2039	1,425,201	4,220,098	10,733	4,230,831	0	4,220,098	4,220,098	96,843	1,137,025
June 30, 2040	1,137,025	4,246,705	9,948	4,256,653	0	4,246,705	4,246,705	77,308	767,340
June 30, 2041	767,340	4,349,750	9,179	4,358,929	0	4,349,750	4,349,750	52,255	286,146
June 30, 2042	286,146	4,419,342	8,473	4,427,815	0	4,419,342	4,419,342	19,654	28,127
June 30, 2043	28,127	4,414,332	7,816	4,422,148	0	4,414,332	4,414,332	2,164	9,980
June 30, 2044	9,980	4,475,686	7,246	4,482,932	0	4,475,686	4,475,686	917	8,163
June 30, 2045	8,163	4,558,554	6,622	4,565,176	0	4,558,554	4,558,554	773	7,395
June 30, 2046	7,395	4,546,671	6,078	4,552,749	0	4,546,671	4,546,671	703	6,781
June 30, 2047	6,781	4,560,137	5,546	4,565,683	0	4,560,137	4,560,137	644	6,190
June 30, 2048	6,190	4,565,452	5,072	4,570,524	0	4,565,452	4,565,452	588	5,660
June 30, 2049	5,660	4,487,869	4,547	4,492,416	0	4,487,869	4,487,869	535	5,082
June 30, 2050	5,082	4,472,721	4,062	4,476,783	0	4,472,721	4,472,721	479	4,541
June 30, 2051	4,541	4,410,404	3,639	4,414,043	0	4,410,404	4,410,404	429	4,068
June 30, 2052	4,068	4,346,748	3,192	4,349,940	0	4,346,748	4,346,748	382	3,574
June 30, 2053	3,574	4,336,454	2,791	4,339,245	0	4,336,454	4,336,454	335	3,126
June 30, 2054	3,126	4,353,234	2,428	4,355,662	0	4,353,234	4,353,234	292	2,720
June 30, 2055	2,720	4,335,345	2,045	4,337,390	0	4,335,345	4,335,345	252	2,297
June 30, 2056	2,297	4,283,016	1,720	4,284,736	0	4,283,016	4,283,016	213	1,933
June 30, 2057	1,933	4,200,235	1,409	4,201,644	0	4,200,235	4,200,235	178	1,587
June 30, 2058	1,587	4,120,640	1,120	4,121,760	0	4,120,640	4,120,640	145	1,265
June 30, 2059	1,265	4,012,430	876	4,013,306	0	4,012,430	4,012,430	115	991
June 30, 2060	991	3,908,943	679	3,909,622	0	3,908,943	3,908,943	90	769

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS
FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)
Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1, 2019 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you- go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members [V. + VI.]	VII. Trust Withdrawals for Current Plan Members		VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	769	3,803,796	513	3,804,309	0	3,803,796	3,803,796		69	582
June 30, 2062	582	3,719,557	365	3,719,922	0	3,719,557	3,719,557		52	417
June 30, 2063	417	3,655,678	230	3,655,908	0	3,655,678	3,655,678		36	266
June 30, 2064	266	3,579,399	132	3,579,531	0	3,579,399	3,579,399		22	154
June 30, 2065	154	3,506,090	80	3,506,170	0	3,506,090	3,506,090		13	93
June 30, 2066	93	3,433,466	43	3,433,509	0	3,433,466	3,433,466		8	51
June 30, 2067	51	3,356,437	18	3,356,455	0	3,356,437	3,356,437		4	22
June 30, 2068	22	3,274,076	4	3,274,080	0	3,274,076	3,274,076		2	6
June 30, 2069	6	3,186,938	0	3,186,938	0	3,186,938	3,186,938		0	0
June 30, 2070	0	3,096,140	0	3,096,140	0	3,096,140	3,096,140		0	0
June 30, 2071	0	3,001,623	0	3,001,623	0	3,001,623	3,001,623		0	0
June 30, 2072	0	2,903,377	0	2,903,377	0	2,903,377	2,903,377		0	0
June 30, 2073	0	2,801,380	0	2,801,380	0	2,801,380	2,801,380		0	0
June 30, 2074	0	2,695,665	0	2,695,665	0	2,695,665	2,695,665		0	0
June 30, 2075	0	2,586,249	0	2,586,249	0	2,586,249	2,586,249		0	0
June 30, 2076	0	2,473,309	0	2,473,309	0	2,473,309	2,473,309		0	0
June 30, 2077	0	2,357,048	0	2,357,048	0	2,357,048	2,357,048		0	0
June 30, 2078	0	2,237,680	0	2,237,680	0	2,237,680	2,237,680		0	0
June 30, 2079	0	2,115,657	0	2,115,657	0	2,115,657	2,115,657		0	0
June 30, 2080	0	1,991,340	0	1,991,340	0	1,991,340	1,991,340		0	0
June 30, 2081	0	1,865,165	0	1,865,165	0	1,865,165	1,865,165		0	0
June 30, 2082	0	1,737,790	0	1,737,790	0	1,737,790	1,737,790		0	0
June 30, 2083	0	1,609,909	0	1,609,909	0	1,609,909	1,609,909		0	0
June 30, 2084	0	1,482,319	0	1,482,319	0	1,482,319	1,482,319		0	0
June 30, 2085	0	1,355,881	0	1,355,881	0	1,355,881	1,355,881		0	0
June 30, 2086	0	1,231,624	0	1,231,624	0	1,231,624	1,231,624		0	0
June 30, 2087	0	1,110,481	0	1,110,481	0	1,110,481	1,110,481		0	0
June 30, 2088	0	993,401	0	993,401	0	993,401	993,401		0	0
June 30, 2089	0	881,232	0	881,232	0	881,232	881,232		0	0
June 30, 2090	0	774,680	0	774,680	0	774,680	774,680		0	0
June 30, 2091	0	674,448	0	674,448	0	674,448	674,448		0	0
June 30, 2092	0	581,093	0	581,093	0	581,093	581,093		0	0
June 30, 2093	0	495,070	0	495,070	0	495,070	495,070		0	0
June 30, 2094	0	416,683	0	416,683	0	416,683	416,683		0	0
June 30, 2095	0	346,161	0	346,161	0	346,161	346,161		0	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2019 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members		IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.77%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [2.45%]	Sum of Column V. Sum of Column VI. Sum of Column VII. [V. + VI.] 117,369,557
		III. Funded Portion of Benefit Payments						
June 30, 2021	571,289	1,943,746	571,289	1,372,457	571,289	1,372,457	1,943,746	
June 30, 2022	663,637	2,139,202	663,637	1,475,565	621,558	1,444,110	2,088,122	14,207,936
June 30, 2023	751,446	2,334,756	751,446	1,583,310	659,173	1,516,526	2,224,588	
June 30, 2024	845,208	2,484,319	845,208	1,639,111	694,410	1,536,505	2,310,572	
June 30, 2025	941,575	2,658,592	941,575	1,717,017	724,533	1,575,224	2,413,614	
June 30, 2026	1,041,265	2,802,529	1,041,265	1,761,264	750,438	1,581,372	2,483,535	
June 30, 2027	1,144,750	3,001,742	1,144,750	1,856,992	772,708	1,631,780	2,596,555	
June 30, 2028	1,252,525	3,169,524	1,252,525	1,916,999	791,848	1,648,600	2,676,222	
June 30, 2029	1,365,034	3,244,110	1,365,034	1,879,076	808,257	1,581,538	2,673,793	117,369,557
June 30, 2030	1,482,829	3,416,148	1,482,829	1,933,319	822,333	1,592,505	2,748,355	
June 30, 2031	1,606,541	3,592,789	1,606,541	1,986,248	834,448	1,601,226	2,821,447	
June 30, 2032	1,718,776	3,695,308	1,718,776	1,976,532	836,137	1,559,426	2,832,662	
June 30, 2033	1,813,333	3,742,967	1,813,333	1,929,634	826,203	1,489,971	2,800,685	
June 30, 2034	1,879,987	3,859,990	1,879,987	1,980,003	802,259	1,496,272	2,819,281	
June 30, 2035	1,903,479	3,924,027	1,903,479	2,020,548	760,779	1,494,362	2,797,617	
June 30, 2036	1,870,580	3,971,289	1,870,580	2,100,709	700,225	1,520,528	2,763,705	
June 30, 2037	1,788,780	4,046,608	1,788,780	2,257,828	627,147	1,599,416	2,748,878	
June 30, 2038	1,644,257	4,159,095	1,644,257	2,514,838	539,924	1,743,502	2,757,828	
June 30, 2039	1,425,201	4,220,098	1,425,201	2,794,897	438,318	1,896,357	2,731,460	
June 30, 2040	1,137,025	4,246,705	1,137,025	3,109,680	327,517	2,064,961	2,683,048	
June 30, 2041	767,340	4,349,750	767,340	3,582,410	207,016	2,328,163	2,682,530	
June 30, 2042	286,146	4,419,342	286,146	4,133,196	72,303	2,628,851	2,660,370	
June 30, 2043	28,127	4,414,332	28,127	4,386,205	6,656	2,730,303	2,593,901	
June 30, 2044	9,980	4,475,686	9,980	4,465,706	2,212	2,720,533	2,567,155	
June 30, 2045	8,163	4,558,554	8,163	4,550,391	1,695	2,713,029	2,552,252	
June 30, 2046	7,395	4,546,671	7,395	4,539,276	1,438	2,648,709	2,484,814	
June 30, 2047	6,781	4,560,137	6,781	4,553,356	1,235	2,600,286	2,432,665	
June 30, 2048	6,190	4,565,452	6,190	4,559,262	1,056	2,548,156	2,377,345	
June 30, 2049	5,660	4,487,869	5,660	4,482,209	904	2,451,690	2,281,144	
June 30, 2050	5,082	4,472,721	5,082	4,467,639	760	2,391,627	2,219,158	
June 30, 2051	4,541	4,410,404	4,541	4,405,863	636	2,308,278	2,135,988	
June 30, 2052	4,068	4,346,748	4,068	4,342,680	534	2,226,676	2,054,892	
June 30, 2053	3,574	4,336,454	3,574	4,332,880	439	2,174,291	2,001,075	
June 30, 2054	3,126	4,353,234	3,126	4,350,108	360	2,136,402	1,960,851	
June 30, 2055	2,720	4,335,345	2,720	4,332,625	293	2,082,457	1,906,164	
June 30, 2056	2,297	4,283,016	2,297	4,280,719	232	2,013,648	1,838,190	
June 30, 2057	1,933	4,200,235	1,933	4,198,302	183	1,932,780	1,759,617	
June 30, 2058	1,587	4,120,640	1,587	4,119,053	141	1,855,872	1,685,052	
June 30, 2059	1,265	4,012,430	1,265	4,011,165	105	1,768,736	1,601,622	
June 30, 2060	991	3,908,943	991	3,907,952	77	1,686,489	1,523,057	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2019 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.77%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [2.45%]
June 30, 2061	769	3,803,796	769	3,803,027	56	1,606,222	1,446,698
June 30, 2062	582	3,719,557	582	3,718,975	40	1,537,239	1,380,880
June 30, 2063	417	3,655,678	417	3,655,261	27	1,478,695	1,324,758
June 30, 2064	266	3,579,399	266	3,579,133	16	1,417,033	1,266,143
June 30, 2065	154	3,506,090	154	3,505,936	9	1,358,463	1,210,598
June 30, 2066	93	3,433,466	93	3,433,373	5	1,301,987	1,157,214
June 30, 2067	51	3,356,437	51	3,356,386	3	1,245,660	1,104,240
June 30, 2068	22	3,274,076	22	3,274,054	1	1,189,202	1,051,423
June 30, 2069	6	3,186,938	6	3,186,932	0	1,132,881	999,002
June 30, 2070	0	3,096,140	0	3,096,140	0	1,077,145	947,365
June 30, 2071	0	3,001,623	0	3,001,623	0	1,022,001	896,514
June 30, 2072	0	2,903,377	0	2,903,377	0	967,477	846,464
June 30, 2073	0	2,801,380	0	2,801,380	0	913,590	797,225
June 30, 2074	0	2,695,665	0	2,695,665	0	860,373	748,822
June 30, 2075	0	2,586,249	0	2,586,249	0	807,855	701,273
June 30, 2076	0	2,473,309	0	2,473,309	0	756,107	654,635
June 30, 2077	0	2,357,048	0	2,357,048	0	705,205	608,966
June 30, 2078	0	2,237,680	0	2,237,680	0	655,219	564,322
June 30, 2079	0	2,115,657	0	2,115,657	0	606,284	520,809
June 30, 2080	0	1,991,340	0	1,991,340	0	558,493	478,501
June 30, 2081	0	1,865,165	0	1,865,165	0	511,955	437,480
June 30, 2082	0	1,737,790	0	1,737,790	0	466,824	397,871
June 30, 2083	0	1,609,909	0	1,609,909	0	423,253	359,791
June 30, 2084	0	1,482,319	0	1,482,319	0	381,401	323,366
June 30, 2085	0	1,355,881	0	1,355,881	0	341,432	288,721
June 30, 2086	0	1,231,624	0	1,231,624	0	303,530	256,000
June 30, 2087	0	1,110,481	0	1,110,481	0	267,841	225,308
June 30, 2088	0	993,401	0	993,401	0	234,494	196,740
June 30, 2089	0	881,232	0	881,232	0	203,582	170,358
June 30, 2090	0	774,680	0	774,680	0	175,152	146,184
June 30, 2091	0	674,448	0	674,448	0	149,239	124,231
June 30, 2092	0	581,093	0	581,093	0	125,841	104,479
June 30, 2093	0	495,070	0	495,070	0	104,926	86,887
June 30, 2094	0	416,683	0	416,683	0	86,430	71,384
June 30, 2095	0	346,161	0	346,161	0	70,272	57,886

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Medicare Supplement Plans: effective July 1, 2020

Non-Medicare Plans: effective July 1, 2020

Dental Plans: N/A

Creditable Service

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

Benefits Offered

Comprehensive Medical Insurance and \$1,000 of Group Term Life Insurance.

Medicare Part A

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

Medicare Part B

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

Medicare Part B Penalty reimbursements have been reflected.

Surviving Spouse Coverage

Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

2.50% per annum (previously 2.75%)

Net Long Term Rate of Return

6.77% (based on investment policy)

Municipal Bond Rate

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

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

Non-Public Safety Employees

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

Public Safety Employees

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Total OPEB Liability	85,553,931	78,236,198
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>73,420,939</u>	<u>66,772,743</u>
III. Liability from Implicit Subsidy [I. - II.]	12,132,992	11,463,455

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2021</u>	<u>June 30, 2020</u>
IV. Employer Payments (Including Implicit Subsidy)	1,943,746	1,770,876
V. Actual Employer Payments	<u>1,520,975</u>	<u>1,388,583</u>
VI. Implicit Subsidy [IV. - V.]	422,771	382,293

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		
Age Bracket	Female	Male
24 & Under	4,910	3,096
25 to 29	7,244	3,221
30 to 34	9,154	4,043
35 to 39	9,430	5,076
40 to 44	9,652	6,324
45 to 49	10,602	7,986
50 to 54	12,472	10,517
55 to 59	14,417	13,673
60 to 64	17,156	17,545
65 to 69	20,566	21,885
70 & Over	24,252	26,227

RETIREE - NOT MEDICARE ELIGIBLE		
Age Bracket	Female	Male
44 & Under	10,086	6,609
45 to 49	11,079	8,345
50 to 54	13,033	10,990
55 to 59	15,066	14,288
60 to 64	17,928	18,335
65 to 69	21,491	22,870
70 to 74	25,343	27,407
75 to 79	29,432	32,369
80 to 84	33,746	37,206
85 to 89	38,521	42,587
90 & Over	38,521	42,587

RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male
65 to 69	6,796	6,796
70 to 74	6,796	6,796
75 to 79	6,796	6,796
80 to 84	6,796	6,796
85 to 89	6,796	6,796
90 & Over	6,796	6,796

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

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

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

Additional Comments

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

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

APPENDIX IV – PLAN DEMOGRAPHICS
Active Employees

Valuation Date	July 1, 2019
A. Average Age at Hire	35.81
B. Average Service	<u>11.18</u>
C. Average Current Age	46.99

Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	35
B. Age 65 & Over	<u>278</u>
C. Total	313

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	11									11
25-29	44	1								45
30-34	27	23	1							51
35-39	25	15	10	4						54
40-44	20	10	8	5	1					44
45-49	11	9	10	17	11	1				59
50-54	11	21	7	9	11	7	1			67
55-59	6	11	12	15	9	1	4	1		59
60-64	7	3	6	18	12	8	2			56
65-69	3	5	2	3	5	1	1			20
70+			1	1	2	3			3	10
Total	165	98	57	72	51	21	8	1	3	476

APPENDIX IV – PLAN DEMOGRAPHICS
Plan Offerings

 Master Health Plus
 HMO Blue
 Harvard Pilgrim
 Medex
 Total

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Master Health Plus	1		1	2
HMO Blue	98		196	294
Harvard Pilgrim	42		87	129
Medex	106	69		175
Total	247	69	284	600

Per Contract Costs (monthly)

 Master Health Plus
 HMO Blue
 Harvard Pilgrim
 Medex
 Dental Plan

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Master Health Plus	2,532.94		6,284.72
HMO Blue	952.89		2,480.44
Harvard Pilgrim	952.89		2,480.43
Medex	591.84	1,183.68	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Master Health Plus	1		1	3	105,811.92	91,185.84
HMO Blue	98		196	490	6,954,593.52	5,602,993.20
Harvard Pilgrim	42		87	216	3,069,825.48	2,469,890.88
Total	141	0	284	709	10,130,230.92	8,164,069.92
						Blended Average Monthly Rate: \$ 959.58

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex	106	69		244	1,732,907.52	1,732,907.52
Total	106	69	0	244	1,732,907.52	1,732,907.52
						Blended Average Monthly Rate: \$ 591.83

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is August 9, 2021 and its subject is the Town of Bellingham’s GASB 75 OPEB liabilities.

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

²These 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 Bellingham 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 earning 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.