

# Town of Foxborough Other Postemployment Benefits Plan

## GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2020

As of the Measurement Date:  
June 30, 2021

For the Reporting Date:  
June 30, 2021

Delivered October 23, 2021



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October 23, 2021

*Personal and Confidential*

Ms. Paula Maloney  
Treasurer/Collector  
Town of Foxborough  
40 South Street  
Foxborough, MA 02035

Dear Ms. Maloney:

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

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

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

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

Very truly yours,

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

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



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### ACTUARIAL CERTIFICATION

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

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

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

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

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

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

## EXECUTIVE SUMMARY

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

#### Plan Experience

For the year ending on the Measurement Date of June 30, 2021, the Plan saw an experience gain of \$7,109,500 or 18.42% of the beginning Total OPEB Liability ("TOL"). This was mainly due to higher turnover than expected as well as the average Medicare Supplement plan premium decreasing rather than the expected 4.5% increase over the one-year period.

#### Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$6.4 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 7.00% to 6.50% increasing the disclosed liability by \$2.4 million.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims increasing the disclosed liability by \$4.0 million.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs. This change had no material impact on plan liabilities.

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

#### Investment Experience

- ✓ During the period there was an investment gain of \$2,270,871 due to asset performance above the expected rate of return.

#### Changes in Benefits Terms

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

## EXECUTIVE SUMMARY

### Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.66 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 \$13,962,123 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$1,064,069 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB.
- ✓ Investment Policy - The Town is expected to earn 6.51% per year on assets based on its investment policy.

## EXECUTIVE SUMMARY

### Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 74.20% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
- ✓ Discount Rate (6.50%) – 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 14 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.

<b>Representative Plan Statistics</b>		
<b>Valuation Date</b>	<b>July 1, 2020</b>	<b>July 1, 2018</b>
<b>Measurement Date &amp; Period Ending</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
<b>Reporting Date/Fiscal Year End</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total OPEB Liability	39,666,529	38,607,015
Per Eligible Active Plan Participant	30,702	32,745
Per Retiree/Spouse Plan Participant	52,586	48,943
Total Annual Service Cost (Annual Benefit Accrual)	1,001,394	964,594
Per Eligible Active Plan Participant	1,605	1,548
Expected Employer Share of Retiree Costs	1,952,941	1,811,791
Per Retiree/Spouse Plan Participant	5,008	4,870
Net OPEB Liability as a % of Covered Payroll	63.00%	67.00%



EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2021	390	39,666,529	39,666,529	1,952,941	1,952,941
June 30, 2026	459	49,508,319	42,706,311	2,201,139	1,898,722
June 30, 2031	494	60,240,711	44,824,746	2,934,190	2,183,313
June 30, 2036	503	71,794,926	46,082,431	3,648,212	2,341,648
June 30, 2041	499	84,017,912	46,518,681	4,549,935	2,519,189
June 30, 2046	491	98,528,901	47,057,952	5,356,266	2,558,182
June 30, 2051	486	116,263,104	47,898,859	5,992,680	2,468,905

## EXECUTIVE SUMMARY

### Continuing OPEB Disclosures

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

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

<u>Fiscal Year Ending</u>		<u>Cost</u>
June 30, 2022	(budgeted)	1,727,314
June 30, 2021	Actual	1,952,941
June 30, 2020	Actual	1,811,791
June 30, 2019	Actual	1,655,975
June 30, 2018	Actual	1,382,116
June 30, 2017	Actual	1,382,116

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 \$25,704,406 assuming a discount rate of 6.50%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$1,064,069 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB. The balance of this fund as of June 30, 2021 was \$13,962,123. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

**Town of Foxborough**  
**Assuming Funding - 6.50% discount rate**  
**Comparison of Plan Liabilities to Prior Valuation**

Valuation Date	July 1, 2020	July 1, 2018
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
<b>I. Total OPEB Liability</b>		
A. Actives	19,157,952	20,400,156
B. Retirees/Disabled	<u>20,508,577</u>	<u>18,206,859</u>
C. Total	39,666,529	38,607,015
<b>II. Fiduciary Net Position [Plan Assets]</b>	13,962,123	10,976,671
<b>III. Net OPEB Liability (Asset) [I. - II.]</b>	25,704,406	27,630,344
<b>IV. Funded Ratio [II. / I.]</b>	35.20%	28.43%
<b>V. Number of Eligible Participants</b>		
A. Actives	624	623
B. Retirees/Disabled & Dependents	<u>390</u>	<u>372</u>
C. Total	1,014	995
<b>VI. Service Cost</b>	1,001,394	964,594
<b>VII. Financial Statement Expense/(Income)</b>	2,537,684	2,939,973
<b>VIII. Employer Contribution to the OPEB Trust</b>	0	(964,069)
<b>IX. Deferred Inflow of Resources</b>	(9,523,483)	(2,188,005)
<b>X. Deferred Outflow of Resources</b>	7,319,145	2,494,348
<b>XI. Money Weighted Rate of Return</b>	27.20%	2.69%
<b>XII. 20-year Municipal Bond Rate (SAPIHG)</b>	2.18%	2.66%
<b>XIII. Expected Long Term Rate of Return (Net of Expense)</b>	6.51%	7.00%
<b>XIV. Crossover Year</b>	N/A	N/A
<b>XV. Discount Rate</b>	6.50%	7.00%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability						
A. Actives	948,106	15,745,470	2,206,938	114,066	143,372	19,157,952
B. Retirees/Disabled	<u>1,953,735</u>	<u>15,284,567</u>	<u>2,528,113</u>	<u>742,162</u>	<u>0</u>	<u>20,508,577</u>
C. Total	2,901,841	31,030,037	4,735,051	856,228	143,372	39,666,529
II. Fiduciary Net Position [Plan Assets]	978,912	10,467,728	1,597,331	727,979	190,173	13,962,123
III. Net OPEB Liability (Asset) [I. - II.]	1,922,929	20,562,309	3,137,720	128,249	(46,801)	25,704,406
IV. Number of Eligible Participants						
A. Actives	77	452	76	12	7	624
B. Retirees/Disabled	<u>52</u>	<u>282</u>	<u>46</u>	<u>10</u>	<u>0</u>	<u>390</u>
C. Total	129	734	122	22	7	1,014
<b>For the Reporting Date and Fiscal Year Ending June 30, 2021</b>						
V. Service Cost	101,392	709,718	169,773	13,765	6,746	1,001,394
VI. Financial Statement Expense/(Income)	216,213	1,926,847	363,716	24,855	6,053	2,537,684
VII. Employer Share of Costs	(233,503)	(1,462,194)	(194,868)	(61,620)	(756)	(1,952,941)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	0	0	0	0	0	0
IX. Total Employer Contribution [VII. + VIII.]	(233,503)	(1,462,194)	(194,868)	(61,620)	(756)	(1,952,941)

PRINCIPAL RESULTS OF THE VALUATION

**Town of Foxborough**  
**Assuming Funding - 6.50% discount rate**  
**For the Period Ending on the June 30, 2021 Measurement Date**

	<b>Actives</b>			<b>Retirees/Disabled</b>			<b>Grand Total</b>
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
<b>Present Value of Future Benefits</b>							
A. Participants	7,429,756	11,352,871	18,782,627	1,527,031	14,634,575	16,161,606	34,944,233
B. Spouses	<u>3,937,022</u>	<u>5,661,802</u>	<u>9,598,824</u>	<u>936,732</u>	<u>3,410,239</u>	<u>4,346,971</u>	<u>13,945,795</u>
C. Total	11,366,778	17,014,673	28,381,451	2,463,763	18,044,814	20,508,577	48,890,028
<b>Total OPEB Liability</b>							
A. Participants	5,145,476	7,606,730	12,752,206	1,527,031	14,634,575	16,161,606	28,913,812
B. Spouses	<u>2,624,610</u>	<u>3,781,136</u>	<u>6,405,746</u>	<u>936,732</u>	<u>3,410,239</u>	<u>4,346,971</u>	<u>10,752,717</u>
C. Total	7,770,086	11,387,866	19,157,952	2,463,763	18,044,814	20,508,577	39,666,529
<b>Service Cost</b>							
A. Participants	230,105	429,345	659,450	0	0	0	659,450
B. Spouses	<u>129,013</u>	<u>212,931</u>	<u>341,944</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>341,944</u>
C. Total	359,118	642,276	1,001,394	0	0	0	1,001,394

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

**Funding - 6.50% discount rate**

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			with an expected 6.51% return	with an expected 6.51% return									
2021	June 30, 2021	39,666,529	13,962,123	25,704,406	35.20%	1,001,394	1,952,941	0	1,952,941	1,952,941	0	0	
2022	June 30, 2022	41,683,636	15,969,216	25,714,420	38.31%	1,146,808	1,727,314	1,064,069	2,791,383	1,727,314	0	1,064,069	
2023	June 30, 2023	43,503,626	18,106,970	25,396,656	41.62%	1,180,717	1,772,915	1,064,069	2,836,984	1,772,915	0	1,064,069	
2024	June 30, 2024	45,480,460	20,383,892	25,096,568	44.82%	1,213,499	1,919,771	1,064,069	2,983,840	1,919,771	0	1,064,069	
2025	June 30, 2025	47,467,036	22,809,042	24,657,994	48.05%	1,257,037	2,092,767	1,064,069	3,156,836	2,092,767	0	1,064,069	
2026	June 30, 2026	49,508,319	25,392,069	24,116,250	51.29%	1,297,292	2,201,139	1,064,069	3,265,208	2,201,139	0	1,064,069	
2027	June 30, 2027	51,568,539	28,143,251	23,425,288	54.57%	1,337,703	2,359,408	1,064,069	3,423,477	2,359,408	0	1,064,069	
2028	June 30, 2028	53,675,041	31,073,535	22,601,506	57.89%	1,375,323	2,470,485	1,064,069	3,534,554	2,470,485	0	1,064,069	
2029	June 30, 2029	55,833,318	34,194,581	21,638,737	61.24%	1,421,223	2,605,772	1,064,069	3,669,841	2,605,772	0	1,064,069	
2030	June 30, 2030	58,030,964	37,518,807	20,512,157	64.65%	1,461,955	2,710,017	1,064,069	3,774,086	2,710,017	0	1,064,069	
2031	June 30, 2031	60,240,711	41,059,440	19,181,271	68.16%	1,513,308	2,934,190	1,064,069	3,998,259	2,934,190	0	1,064,069	
2032	June 30, 2032	62,525,035	53,015,695	9,509,340	84.79%	1,561,289	3,038,516	8,995,111	12,033,627	3,038,516	0	8,995,111	
2033	June 30, 2033	64,808,763	64,808,763	(941,540)	101.45%	1,612,860	3,144,566	8,995,111	12,139,677	3,144,566	0	8,995,111	
2034	June 30, 2034	67,066,008	68,248,196	(1,182,188)	101.76%	1,658,861	3,385,981	(1,727,120)	1,658,861	3,385,981	0	(1,727,120)	
2035	June 30, 2035	69,467,204	70,863,521	(1,396,317)	102.01%	1,714,240	3,485,139	(1,770,899)	1,714,240	3,485,139	0	(1,770,899)	
2036	June 30, 2036	71,794,926	73,539,597	(1,744,671)	102.43%	1,771,206	3,648,212	(1,877,006)	1,771,206	3,648,212	0	(1,877,006)	
2037	June 30, 2037	74,120,673	76,203,276	(2,082,603)	102.81%	1,825,013	3,882,836	(2,057,823)	1,825,013	3,882,836	0	(2,057,823)	
2038	June 30, 2038	76,541,162	78,929,577	(2,388,415)	103.12%	1,883,981	4,049,148	(2,165,167)	1,883,981	4,049,148	0	(2,165,167)	
2039	June 30, 2039	78,971,094	81,726,215	(2,755,121)	103.49%	1,949,666	4,218,652	(2,268,986)	1,949,666	4,218,652	0	(2,268,986)	
2040	June 30, 2040	81,369,270	84,530,132	(3,160,862)	103.88%	2,013,283	4,451,626	(2,438,343)	2,013,283	4,451,626	0	(2,438,343)	
2041	June 30, 2041	84,017,912	87,483,493	(3,465,581)	104.12%	2,079,528	4,549,935	(2,470,407)	2,079,528	4,549,935	0	(2,470,407)	
2042	June 30, 2042	86,638,752	90,558,097	(3,919,345)	104.52%	2,150,250	4,689,473	(2,539,223)	2,150,250	4,689,473	0	(2,539,223)	
2043	June 30, 2043	89,351,603	93,663,221	(4,311,618)	104.83%	2,221,526	4,925,120	(2,703,594)	2,221,526	4,925,120	0	(2,703,594)	
2044	June 30, 2044	92,346,125	96,991,452	(4,645,327)	105.03%	2,300,299	4,983,580	(2,683,281)	2,300,299	4,983,580	0	(2,683,281)	
2045	June 30, 2045	95,463,271	100,517,514	(5,054,243)	105.29%	2,383,784	5,085,317	(2,701,533)	2,383,784	5,085,317	0	(2,701,533)	
2046	June 30, 2046	98,528,901	104,079,831	(5,550,930)	105.63%	2,467,442	5,356,266	(2,888,824)	2,467,442	5,356,266	0	(2,888,824)	
2047	June 30, 2047	101,770,531	107,836,351	(6,065,820)	105.96%	2,555,692	5,481,050	(2,925,358)	2,555,692	5,481,050	0	(2,925,358)	
2048	June 30, 2048	105,121,333	111,816,144	(6,694,811)	106.37%	2,647,514	5,593,488	(2,945,974)	2,647,514	5,593,488	0	(2,945,974)	
2049	June 30, 2049	108,610,327	115,988,185	(7,377,858)	106.79%	2,742,449	5,753,185	(3,010,736)	2,742,449	5,753,185	0	(3,010,736)	
2050	June 30, 2050	112,371,717	120,369,950	(7,998,233)	107.12%	2,844,569	5,915,260	(3,070,691)	2,844,569	5,915,260	0	(3,070,691)	
2051	June 30, 2051	116,263,104	125,068,158	(8,805,054)	107.57%	2,952,211	5,992,680	(3,040,469)	2,952,211	5,992,680	0	(3,040,469)	
2052	June 30, 2052	120,447,895	130,066,782	(9,618,887)	107.99%	3,056,054	6,101,791	(3,045,737)	3,056,054	6,101,791	0	(3,045,737)	

EXHIBIT A

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

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

1. OPEB Expense Development

<b>Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021</b>	
<b>Description</b>	<b>Amount</b>
I. Service Cost	1,001,394
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,705,392
III. Deferred (Inflows)/Outflows from Plan Experience*	(1,590,719)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	1,441,776
V. Projected Earnings on OPEB Plan Investments	(714,581)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(305,578)
VII. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	2,537,684
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense/(Income) [VII. + VIII.]	2,537,684

\* Amortized over 6.66 years

\*\* Amortized over 5.00 years

\*\*\* Recognized Immediately

EXHIBIT A

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

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>I. Balances for the June 30, 2020 Reporting Date</b>	38,607,015	10,976,671	27,630,344
<b>II. Prior Period Adjustment</b>	0	0	0
<b>III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]</b>	38,607,015	10,976,671	27,630,344
<b>Changes for the year:</b>			
IV. Service Cost	1,001,394	0	1,001,394
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,705,392	0	2,705,392
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	6,415,169	0	6,415,169
VIII. Differences Between Actual and Expected Experience **	(7,109,500)	0	(7,109,500)
IX. Net Investment Income	0	2,985,452	(2,985,452)
X. Employer Contributions to Trust	0	1,952,941	(1,952,941)
XI. Benefit Payments Withdrawn from Trust	0	(1,952,941)	1,952,941
XII. Benefit Payments Excluding Implicit Cost	(1,144,016)	0	(1,144,016)
XIII. Implicit Cost Amount	(808,925)	0	(808,925)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,952,941)	0	(1,952,941)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
<b>XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]</b>	<b>1,059,514</b>	<b>2,985,452</b>	<b>(1,925,938)</b>
<b>XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]</b>	<b>39,666,529</b>	<b>13,962,123</b>	<b>25,704,406</b>

\* Recognized Immediately

\*\* Amortized over 6.66 years



EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences Between			2021	2022	2023	2024	2025	2026
	Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	0	5.94	0	0	0	0			
2019	(3,227,930)	6.18	(1,660,976)	(522,318)	(522,318)	(522,318)	(522,318)	(94,022)	
2020	(5,620)	6.18	(3,802)	(909)	(909)	(909)	(909)	(909)	(166)
2021	(7,109,500)	6.66	(6,042,008)	(1,067,492)	(1,067,492)	(1,067,492)	(1,067,492)	(1,067,492)	(1,067,492)
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(7,706,786)						
Net increase (decrease) in OPEB Expense				(1,590,719)	(1,590,719)	(1,590,719)	(1,590,719)	(1,162,423)	(1,067,658)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from			2021	2022	2023	2024	2025	2026
	Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	0	5.94	0	0	0	0			
2019	2,957,370	6.18	1,521,756	478,538	478,538	478,538	478,538	86,142	
2020	0	6.18	0	0	0	0	0	0	0
2021	6,415,169	6.66	5,451,931	963,238	963,238	963,238	963,238	963,238	963,238
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			6,973,687						
Net increase (decrease) in OPEB Expense				1,441,776	1,441,776	1,441,776	1,441,776	1,049,380	963,238

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	199,267	5.00	39,854	39,854	39,854				
2019	103,126	5.00	41,251	20,625	20,625	20,626			
2020	440,587	5.00	264,353	88,117	88,117	88,117	88,119		
2021	(2,270,871)	5.00	(1,816,697)	(454,174)	(454,174)	(454,174)	(454,174)	(454,175)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(1,471,239)						
Net increase (decrease) in OPEB Expense				(305,578)	(305,578)	(345,431)	(366,055)	(454,175)	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Statement of Outflows & Inflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2021 to be Reported for the Fiscal Year Ending June 30, 2021			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions made subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	0	(7,706,786)	(7,706,786)
III. Changes of Assumptions	6,973,687	0	6,973,687
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>345,458</u>	<u>(1,816,697)</u>	<u>(1,471,239)</u>
V. Total [I.+II.+III.+IV.]	7,319,145	(9,523,483)	(2,204,338)

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

<b>Annual Amortization of Deferred (Inflows)/Outflows</b>	
The balance of deferred (inflows)/outflows as of June 30, 2021 will be recognized in future years as shown below.	
	<b>Year ending June 30:</b>
	2022 (454,521)
	2023 (494,374)
	2024 (514,998)
	2025 (567,218)
	2026 (104,420)
	Thereafter (68,807)

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.50% as of June 30, 2021 and 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town’s funding policy. Based on these assumptions, the OPEB Plan’s Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefits payments.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$1,952,941. The Town also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$1,952,941 to be reported on the financial statement for the fiscal year ending June 30, 2021.

6. Investment Policy

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

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	21.25%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	17.75%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	12.25%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	8.50%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	24.75%	Domestic Fixed Income	1.40%
International Fixed Income	4.75%	International Fixed Income	1.30%
Alternatives	10.50%	Alternatives	6.32%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.25%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>4.26%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.76%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>6.51%</u>

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

EXHIBIT A

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

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2021	2,335,839	(1,952,941)	382,898	40,787,681	4.79%
June 30, 2020	3,045,557	(2,775,860)	269,697	41,262,727	6.73%
June 30, 2019	2,970,708	(2,720,044)	250,664	40,060,900	6.79%
June 30, 2018	2,928,465	(2,346,185)	582,280	41,776,289	5.62%
June 30, 2017	3,032,780	(2,346,185)	686,595	40,559,503	5.78%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	34,697,762	39,666,529	45,812,444
<b>II. Fiduciary Net Position</b>	<u>13,962,123</u>	<u>13,962,123</u>	<u>13,962,123</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	20,735,639	25,704,406	31,850,321
<b>IV. Service Cost</b>	791,383	1,001,394	1,283,824

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	45,128,899	39,666,529	35,197,396
<b>II. Fiduciary Net Position</b>	<u>13,962,123</u>	<u>13,962,123</u>	<u>13,962,123</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	31,166,776	25,704,406	21,235,273
<b>IV. Service Cost</b>	1,273,281	1,001,394	795,645

EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2020	10,976,671	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	0		
III. Earnings and increase in fair value	2,985,452		
IV. Ending value - June 30, 2021 [I.+II.+III.]	13,962,123		
Money Weighted Rate of Return	27.20%		
Asset Value - June 30, 2021	13,962,123		



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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021					Total
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2021	2,901,841	31,030,037	4,735,051	856,228	143,372	39,666,529
II. Fiduciary Net Position as of June 30, 2021	978,912	10,467,728	1,597,331	727,979	190,173	13,962,123
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	1,922,929	20,562,309	3,137,720	128,249	(46,801)	25,704,406
IV. Service Cost	101,392	709,718	169,773	13,765	6,746	1,001,394
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	198,229	2,109,216	330,160	57,354	10,433	2,705,392
VI. Projected Earnings on OPEB Plan Investments	(50,157)	(536,528)	(81,960)	(36,453)	(9,483)	(714,581)
VII. Net Recognition of Deferred (Inflows)/Outflows	(33,251)	(355,559)	(54,257)	(9,811)	(1,643)	(454,521)
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0
IX. Financial Statement Expense/(Income) [IV. + V. + VI. + VII. + VIII.]	216,213	1,926,847	363,716	24,855	6,053	2,537,684
X. Employer Share of Costs	(233,503)	(1,462,194)	(194,868)	(61,620)	(756)	(1,952,941)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	0	0	0	0	0	0
XII. Total Employer Contribution [X. + XI.]	(233,503)	(1,462,194)	(194,868)	(61,620)	(756)	(1,952,941)
XIII. Net OPEB Expense/(Income) [IX. + XII.]	(17,290)	464,653	168,848	(36,765)	5,297	584,743

EXHIBIT A

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

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

Valuation Date	July 1, 2020
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(7,706,786)
II. Deferred (Inflow)/Outflow from Investment Experience	(1,471,239)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	6,973,687
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	2,494,348
II. Deferred Outflow created during the period	6,415,169
III. Deferred Outflow recognized during the period	1,590,372
IV. Change in Deferred Outflow (II. - III. )	4,824,797
V. Deferred Outflow at end of the period (I. + IV. )	7,319,145
VI. Deferred Inflow at the beginning of the period	(2,188,005)
VII. Deferred Inflow created during the period	(9,380,371)
VIII. Deferred Inflow recognized during the period	(2,044,893)
IX. Change in Deferred Inflow (VII. - VIII. )	(7,335,478)
X. Deferred Inflow at end of the period (VI. + IX. )	(9,523,483)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	27,630,344
II. Service Cost	1,001,394
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,705,392
IV. Projected Investment Income	(714,581)
V. Total Employer Contributions	(1,952,941)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	1,039,264
VIII. Deferred Outflow created during the period	6,415,169
IX. Deferred Inflow created during the period	(9,380,371)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	25,704,406
<b>Net OPEB Expense</b>	
I. Service Cost	1,001,394
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,705,392
III. Projected Investment Income	(714,581)
IV. Recognition of Deferred (Inflow)/Outflow	(454,521)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. )	2,537,684
VII. Benefit Payments	(1,952,941)
VIII. Contributions to Trust	0
IX. Total Employer Payments (VII. + VIII. )	(1,952,941)
X. Total Net OPEB Expense/(Income) under GASB 75 (VI. + IX. )	584,743

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:

	<b>Actuarially Determined Contribution - Deficiency / (Excess)</b>				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<b>For the Fiscal Year Ending:</b>	
				<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	1,001,394	964,594	927,039	925,445	925,445
II. Amortization of NOL	<u>1,334,445</u>	<u>2,080,963</u>	<u>2,043,669</u>	<u>2,003,020</u>	<u>2,107,335</u>
III. Actuarial Determined Contribution [I. + II.]	2,335,839	3,045,557	2,970,708	2,928,465	3,032,780
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(1,952,941)</u>	<u>(2,775,860)</u>	<u>(2,720,044)</u>	<u>(2,346,185)</u>	<u>(2,346,185)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>382,898</u>	<u>269,697</u>	<u>250,664</u>	<u>582,280</u>	<u>686,595</u>
Covered Employee Payroll	40,787,681	41,262,727	40,060,900	41,776,289	40,559,503
Contributions as a % of Covered Employee Payroll	4.79%	6.73%	6.79%	5.62%	5.78%
Discount Rate	6.50%	7.00%	7.00%	7.00%	7.00%
Money Weighted Rate of Return	27.20%	2.69%	5.84%	4.30%	7.01%

**EXHIBIT B**

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	39,666,529	38,607,015	36,873,505	35,387,932	33,483,529
I. Service Cost	1,001,394	964,594	927,039	925,445	925,445
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,705,392	2,586,327	2,485,069	2,361,074	2,236,485
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(7,109,500)	(5,620)	(3,227,930)	0	0
V. Changes of Assumptions	6,415,169	0	2,957,370	0	0
VI. Benefit Payments Excluding Implicit Cost	(1,144,016)	(1,241,797)	(1,131,895)	(1,207,989)	(1,207,989)
VII. Implicit Cost Amount	(808,925)	(569,994)	(524,080)	(174,127)	(174,127)
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(1,952,941)	(1,811,791)	(1,655,975)	(1,382,116)	(1,382,116)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	1,059,514	1,733,510	1,485,573	1,904,403	1,779,814
X. Total OPEB Liability - Beginning of Period	38,607,015	36,873,505	35,387,932	33,483,529	31,703,715
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	38,607,015	36,873,505	35,387,932	33,483,529	31,703,715
XIII. Total OPEB Liability - End of Period [IX.+XII.]	39,666,529	38,607,015	36,873,505	35,387,932	33,483,529
<b>Plan Fiduciary Net Position</b>	13,962,123	10,976,671	9,738,334	8,168,952	6,888,077
XIV. Earning from Plan Investments	2,985,452	274,268	505,313	316,806	420,991
XV. Employer Contribution to Trust	1,952,941	2,775,860	2,720,044	2,346,185	2,346,185
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,952,941)	(1,811,791)	(1,655,975)	(1,382,116)	(1,382,116)
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.]	2,985,452	1,238,337	1,569,382	1,280,875	1,385,060
XX. Plan Fiduciary Net Position - Beginning of Period	10,976,671	9,738,334	8,168,952	6,888,077	5,503,017
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	10,976,671	9,738,334	8,168,952	6,888,077	5,503,017
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	13,962,123	10,976,671	9,738,334	8,168,952	6,888,077
XXIV. Net OPEB Liability [XIII.-XXIII.]	25,704,406	27,630,344	27,135,171	27,218,980	26,595,452
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	35.20%	28.43%	26.41%	23.08%	20.57%
XXVI. Covered Employee Payroll	40,787,681	41,262,727	40,060,900	41,776,289	40,559,503
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	63.02%	66.96%	67.73%	65.15%	65.57%
Single Discount Rate to calculate Plan Liabilities	6.50%	7.00%	7.00%	7.00%	7.00%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	6.51%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	6.50%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits:	390
Active Employees:	<u>624</u>
Total:	1,014

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 7.00% to 6.50%
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims
- ✓ Based on recent actuarial research we have adopted the Getzen model for future healthcare cost increases

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$0 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$1,952,941. \$808,925 of the \$1,952,941 represents implicit cost.

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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



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

**CONTRIBUTION PROJECTION DISCLOSURES**

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	40,787,681	0	40,787,681	0	1,952,941	0	1,952,941
June 30, 2022	37,974,350	4,036,961	42,011,311	0	1,727,314	0	1,727,314
June 30, 2023	35,611,426	7,660,224	43,271,650	0	1,772,915	0	1,772,915
June 30, 2024	33,472,006	11,097,794	44,569,800	0	1,919,771	0	1,919,771
June 30, 2025	31,792,494	14,114,400	45,906,894	0	2,092,767	0	2,092,767
June 30, 2026	30,288,316	16,995,785	47,284,101	0	2,201,139	0	2,201,139
June 30, 2027	28,831,904	19,870,720	48,702,624	0	2,359,408	0	2,359,408
June 30, 2028	27,271,643	22,892,060	50,163,703	0	2,470,485	0	2,470,485
June 30, 2029	25,856,523	25,812,091	51,668,614	0	2,605,772	0	2,605,772
June 30, 2030	24,375,539	28,843,133	53,218,672	0	2,710,017	0	2,710,017
June 30, 2031	23,056,150	31,759,082	54,815,232	0	2,934,190	0	2,934,190
June 30, 2032	21,948,394	34,511,295	56,459,689	0	3,023,225	15,291	3,038,516
June 30, 2033	20,930,073	37,223,407	58,153,480	0	3,104,852	39,714	3,144,566
June 30, 2034	19,775,390	40,122,694	59,898,084	0	3,311,407	74,574	3,385,981
June 30, 2035	18,813,735	42,881,292	61,695,027	0	3,359,661	125,478	3,485,139
June 30, 2036	17,948,553	45,597,325	63,545,878	0	3,459,214	188,998	3,648,212
June 30, 2037	17,004,854	48,447,400	65,452,254	0	3,655,370	227,466	3,882,836
June 30, 2038	16,115,921	51,299,901	67,415,822	0	3,774,153	274,995	4,049,148
June 30, 2039	15,395,151	54,043,146	69,438,297	0	3,887,576	331,076	4,218,652
June 30, 2040	14,634,309	56,887,137	71,521,446	0	4,084,896	366,730	4,451,626
June 30, 2041	13,859,098	59,807,991	73,667,089	0	4,140,235	409,700	4,549,935
June 30, 2042	13,177,566	62,699,536	75,877,102	0	4,204,889	484,584	4,689,473
June 30, 2043	12,392,648	65,760,767	78,153,415	0	4,342,258	582,862	4,925,120
June 30, 2044	11,646,148	68,851,869	80,498,017	0	4,278,143	705,437	4,983,580
June 30, 2045	10,951,234	71,961,724	82,912,958	0	4,219,363	865,954	5,085,317
June 30, 2046	10,218,056	75,182,291	85,400,347	0	4,303,045	1,053,221	5,356,266
June 30, 2047	9,505,490	78,456,867	87,962,357	0	4,289,030	1,192,020	5,481,050
June 30, 2048	8,781,151	81,820,077	90,601,228	0	4,241,614	1,351,874	5,593,488
June 30, 2049	7,973,945	85,345,320	93,319,265	0	4,221,974	1,531,211	5,753,185
June 30, 2050	7,246,071	88,872,772	96,118,843	0	4,248,240	1,667,020	5,915,260
June 30, 2051	6,617,715	92,384,693	99,002,408	0	4,172,389	1,820,291	5,992,680
June 30, 2052	5,940,752	96,031,728	101,972,480	0	4,081,786	2,020,005	6,101,791
June 30, 2053	5,304,398	99,727,256	105,031,654	0	4,105,329	2,237,197	6,342,526
June 30, 2054	4,725,776	103,456,828	108,182,604	0	4,082,193	2,478,113	6,560,306
June 30, 2055	4,221,148	107,206,934	111,428,082	0	4,052,991	2,755,343	6,808,334
June 30, 2056	3,633,037	111,137,887	114,770,924	0	3,981,791	3,050,603	7,032,394
June 30, 2057	3,083,833	115,130,219	118,214,052	0	3,918,090	3,323,528	7,241,618
June 30, 2058	2,543,834	119,216,640	121,760,474	0	3,851,058	3,613,609	7,464,667
June 30, 2059	2,100,400	123,312,888	125,413,288	0	3,750,600	3,920,651	7,671,251
June 30, 2060	1,708,070	127,467,617	129,175,687	0	3,671,398	4,214,400	7,885,798

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	1,351,655	131,699,303	133,050,958	0	3,557,097	4,522,091	8,079,188
June 30, 2062	1,007,403	136,035,084	137,042,487	0	3,484,720	4,878,709	8,363,429
June 30, 2063	752,606	140,401,156	141,153,762	0	3,359,816	5,252,020	8,611,836
June 30, 2064	492,154	144,896,221	145,388,375	0	3,318,466	5,656,581	8,975,047
June 30, 2065	335,704	149,414,322	149,750,026	0	3,270,912	6,101,107	9,372,019
June 30, 2066	204,322	154,038,205	154,242,527	0	3,182,538	6,567,111	9,749,649
June 30, 2067	135,103	158,734,700	158,869,803	0	3,113,924	7,035,852	10,149,776
June 30, 2068	59,228	163,576,669	163,635,897	0	3,057,233	7,525,441	10,582,674
June 30, 2069	41,794	168,503,180	168,544,974	0	2,992,638	8,037,514	11,030,152
June 30, 2070	16,944	173,584,379	173,601,323	0	2,901,343	8,532,254	11,433,597
June 30, 2071	13,878	178,795,485	178,809,363	0	2,827,035	9,046,569	11,873,604
June 30, 2072	0	184,173,644	184,173,644	0	2,737,525	9,592,176	12,329,701
June 30, 2073	0	189,698,853	189,698,853	0	2,644,833	10,148,908	12,793,741
June 30, 2074	0	195,389,819	195,389,819	0	2,544,034	10,727,607	13,271,641
June 30, 2075	0	201,251,514	201,251,514	0	2,425,734	11,327,852	13,753,586
June 30, 2076	0	207,289,059	207,289,059	0	2,314,532	11,942,514	14,257,046
June 30, 2077	0	213,507,731	213,507,731	0	2,191,650	12,594,010	14,785,660
June 30, 2078	0	219,912,963	219,912,963	0	2,070,717	13,258,355	15,329,072
June 30, 2079	0	226,510,352	226,510,352	0	1,944,911	13,943,152	15,888,063
June 30, 2080	0	233,305,663	233,305,663	0	1,809,654	14,653,273	16,462,927
June 30, 2081	0	240,304,833	240,304,833	0	1,678,908	15,381,248	17,060,156
June 30, 2082	0	247,513,978	247,513,978	0	1,544,071	16,135,036	17,679,107
June 30, 2083	0	254,939,397	254,939,397	0	1,416,501	16,909,857	18,326,358
June 30, 2084	0	262,587,579	262,587,579	0	1,284,964	17,711,315	18,996,279
June 30, 2085	0	270,465,206	270,465,206	0	1,157,456	18,541,433	19,698,889
June 30, 2086	0	278,579,162	278,579,162	0	1,037,258	19,397,834	20,435,092
June 30, 2087	0	286,936,537	286,936,537	0	923,342	20,292,718	21,216,060
June 30, 2088	0	295,544,633	295,544,633	0	815,302	21,212,787	22,028,089
June 30, 2089	0	304,410,972	304,410,972	0	714,452	22,163,833	22,878,285
June 30, 2090	0	313,543,301	313,543,301	0	621,422	23,150,488	23,771,910
June 30, 2091	0	322,949,600	322,949,600	0	536,220	24,166,464	24,702,684
June 30, 2092	0	332,638,088	332,638,088	0	458,723	25,213,517	25,672,240
June 30, 2093	0	342,617,231	342,617,231	0	388,780	26,298,103	26,686,883
June 30, 2094	0	352,895,748	352,895,748	0	326,175	27,419,516	27,745,691
June 30, 2095	0	363,482,620	363,482,620	0	270,640	28,579,367	28,850,007

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2021	10,976,671	1,952,941	0	1,952,941	0	1,952,941	1,952,941	2,985,452	13,962,123
June 30, 2022	13,962,123	1,727,314	961,820	2,689,134	0	1,727,314	1,727,314	852,407	15,776,350
June 30, 2023	15,776,350	1,772,915	875,701	2,648,616	0	1,772,915	1,772,915	1,055,095	17,707,146
June 30, 2024	17,707,146	1,919,771	799,118	2,718,889	0	1,919,771	1,919,771	1,178,336	19,684,600
June 30, 2025	19,684,600	2,092,767	736,913	2,829,680	0	2,092,767	2,092,767	1,305,076	21,726,589
June 30, 2026	21,726,589	2,201,139	681,600	2,882,739	0	2,201,139	2,201,139	1,436,237	23,844,426
June 30, 2027	23,844,426	2,359,408	629,928	2,989,336	0	2,359,408	2,359,408	1,572,453	26,046,807
June 30, 2028	26,046,807	2,470,485	578,484	3,048,969	0	2,470,485	2,470,485	1,714,180	28,339,471
June 30, 2029	28,339,471	2,605,772	532,492	3,138,264	0	2,605,772	2,605,772	1,861,959	30,733,922
June 30, 2030	30,733,922	2,710,017	487,371	3,197,388	0	2,710,017	2,710,017	2,016,392	33,237,685
June 30, 2031	33,237,685	2,934,190	447,564	3,381,754	0	2,934,190	2,934,190	2,178,112	35,863,361
June 30, 2032	35,863,361	3,023,225	3,496,800	6,520,025	0	3,023,225	3,023,225	2,446,731	41,791,601
June 30, 2033	41,791,601	3,104,852	3,237,439	6,342,291	0	3,104,852	3,104,852	2,824,350	47,813,676
June 30, 2034	47,813,676	3,311,407	2,969,742	6,281,149	0	3,311,407	3,311,407	3,211,811	53,916,655
June 30, 2035	53,916,655	3,359,661	2,743,035	6,102,696	0	3,359,661	3,359,661	3,597,852	60,132,064
June 30, 2036	60,132,064	3,459,214	2,540,672	5,999,886	0	3,459,214	3,459,214	3,995,992	66,479,730
June 30, 2037	66,479,730	3,655,370	2,336,979	5,992,349	0	3,655,370	3,655,370	4,402,700	72,991,943
June 30, 2038	72,991,943	3,774,153	2,150,304	5,924,457	0	3,774,153	3,774,153	4,820,664	79,687,916
June 30, 2039	79,687,916	3,887,576	1,994,304	5,881,880	0	3,887,576	3,887,576	5,251,574	86,602,718
June 30, 2040	86,602,718	4,084,896	1,840,528	5,925,424	0	4,084,896	4,084,896	5,696,802	93,773,318
June 30, 2041	93,773,318	4,140,235	1,692,264	5,832,499	0	4,140,235	4,140,235	6,158,858	101,214,740
June 30, 2042	101,214,740	4,204,889	1,562,180	5,767,069	0	4,204,889	4,204,889	6,639,127	108,931,463
June 30, 2043	108,931,463	4,342,258	1,426,339	5,768,597	0	4,342,258	4,342,258	7,137,134	116,912,074
June 30, 2044	116,912,074	4,278,143	1,301,379	5,579,522	0	4,278,143	4,278,143	7,652,668	125,160,684
June 30, 2045	125,160,684	4,219,363	1,188,084	5,407,447	0	4,219,363	4,219,363	8,186,023	133,668,837
June 30, 2046	133,668,837	4,303,045	1,076,255	5,379,300	0	4,303,045	4,303,045	8,736,321	142,428,192
June 30, 2047	142,428,192	4,289,030	972,040	5,261,070	0	4,289,030	4,289,030	9,303,216	151,511,428
June 30, 2048	151,511,428	4,241,614	871,814	5,113,428	0	4,241,614	4,241,614	9,891,324	160,922,692
June 30, 2049	160,922,692	4,221,974	768,614	4,990,588	0	4,221,974	4,221,974	10,500,691	170,660,786
June 30, 2050	170,660,786	4,248,240	678,111	4,926,351	0	4,248,240	4,248,240	11,131,742	180,803,619
June 30, 2051	180,803,619	4,172,389	601,269	4,773,658	0	4,172,389	4,172,389	11,789,578	191,374,175
June 30, 2052	191,374,175	4,081,786	524,041	4,605,827	0	4,081,786	4,081,786	12,475,247	202,353,458
June 30, 2053	202,353,458	4,105,329	454,279	4,559,608	0	4,105,329	4,105,329	13,187,764	213,758,304
June 30, 2054	213,758,304	4,082,193	392,936	4,475,129	0	4,082,193	4,082,193	13,928,254	225,601,381
June 30, 2055	225,601,381	4,052,991	340,755	4,393,746	0	4,052,991	4,052,991	14,697,567	237,884,360
June 30, 2056	237,884,360	3,981,791	284,737	4,266,528	0	3,981,791	3,981,791	15,495,394	250,613,888
June 30, 2057	250,613,888	3,918,090	234,654	4,152,744	0	3,918,090	3,918,090	16,322,482	263,847,496
June 30, 2058	263,847,496	3,851,058	187,927	4,038,985	0	3,851,058	3,851,058	17,182,493	277,604,307
June 30, 2059	277,604,307	3,750,600	150,649	3,901,249	0	3,750,600	3,750,600	18,076,867	291,911,172
June 30, 2060	291,911,172	3,671,398	118,941	3,790,339	0	3,671,398	3,671,398	19,007,228	306,822,941

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	306,822,941	3,557,097	91,381	3,648,478	0	3,557,097	3,557,097	19,977,101	303,468,790
June 30, 2062	303,468,790	3,484,720	66,123	3,550,843	0	3,484,720	3,484,720	19,757,937	300,129,311
June 30, 2063	300,129,311	3,359,816	47,960	3,407,776	0	3,359,816	3,359,816	19,539,955	296,873,679
June 30, 2064	296,873,679	3,318,466	30,449	3,348,915	0	3,318,466	3,318,466	19,327,452	293,620,638
June 30, 2065	293,620,638	3,270,912	20,165	3,291,077	0	3,270,912	3,270,912	19,115,350	290,392,578
June 30, 2066	290,392,578	3,182,538	11,916	3,194,454	0	3,182,538	3,182,538	18,904,939	287,235,083
June 30, 2067	287,235,083	3,113,924	7,649	3,121,573	0	3,113,924	3,113,924	18,699,249	284,137,061
June 30, 2068	284,137,061	3,057,233	3,256	3,060,489	0	3,057,233	3,057,233	18,497,427	281,086,523
June 30, 2069	281,086,523	2,992,638	2,231	2,994,869	0	2,992,638	2,992,638	18,298,804	278,098,422
June 30, 2070	278,098,422	2,901,343	878	2,902,221	0	2,901,343	2,901,343	18,104,235	275,198,846
June 30, 2071	275,198,846	2,827,035	698	2,827,733	0	2,827,035	2,827,035	17,915,467	272,373,202
June 30, 2072	272,373,202	2,737,525	0	2,737,525	0	2,737,525	2,737,525	17,731,495	269,635,677
June 30, 2073	269,635,677	2,644,833	0	2,644,833	0	2,644,833	2,644,833	17,553,283	266,990,844
June 30, 2074	266,990,844	2,544,034	0	2,544,034	0	2,544,034	2,544,034	17,381,104	264,446,810
June 30, 2075	264,446,810	2,425,734	0	2,425,734	0	2,425,734	2,425,734	17,215,487	262,021,076
June 30, 2076	262,021,076	2,314,532	0	2,314,532	0	2,314,532	2,314,532	17,057,572	259,706,544
June 30, 2077	259,706,544	2,191,650	0	2,191,650	0	2,191,650	2,191,650	16,906,896	257,514,894
June 30, 2078	257,514,894	2,070,717	0	2,070,717	0	2,070,717	2,070,717	16,764,220	255,444,177
June 30, 2079	255,444,177	1,944,911	0	1,944,911	0	1,944,911	1,944,911	16,629,416	253,499,266
June 30, 2080	253,499,266	1,809,654	0	1,809,654	0	1,809,654	1,809,654	16,502,802	251,689,612
June 30, 2081	251,689,612	1,678,908	0	1,678,908	0	1,678,908	1,678,908	16,384,994	250,010,704
June 30, 2082	250,010,704	1,544,071	0	1,544,071	0	1,544,071	1,544,071	16,275,697	248,466,633
June 30, 2083	248,466,633	1,416,501	0	1,416,501	0	1,416,501	1,416,501	16,175,178	247,050,132
June 30, 2084	247,050,132	1,284,964	0	1,284,964	0	1,284,964	1,284,964	16,082,964	245,765,168
June 30, 2085	245,765,168	1,157,456	0	1,157,456	0	1,157,456	1,157,456	15,999,312	244,607,712
June 30, 2086	244,607,712	1,037,258	0	1,037,258	0	1,037,258	1,037,258	15,923,962	243,570,454
June 30, 2087	243,570,454	923,342	0	923,342	0	923,342	923,342	15,856,437	242,647,112
June 30, 2088	242,647,112	815,302	0	815,302	0	815,302	815,302	15,796,327	241,831,810
June 30, 2089	241,831,810	714,452	0	714,452	0	714,452	714,452	15,743,251	241,117,358
June 30, 2090	241,117,358	621,422	0	621,422	0	621,422	621,422	15,696,740	240,495,936
June 30, 2091	240,495,936	536,220	0	536,220	0	536,220	536,220	15,656,285	239,959,716
June 30, 2092	239,959,716	458,723	0	458,723	0	458,723	458,723	15,621,378	239,500,993
June 30, 2093	239,500,993	388,780	0	388,780	0	388,780	388,780	15,591,515	239,112,213
June 30, 2094	239,112,213	326,175	0	326,175	0	326,175	326,175	15,566,205	238,786,038
June 30, 2095	238,786,038	270,640	0	270,640	0	270,640	270,640	15,544,971	238,515,398

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

**BENEFIT PAYMENT PROJECTION DISCLOSURES**

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.51%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.51%]	
June 30, 2021	10,976,671	1,952,941	1,952,941	0	1,952,941	0	1,952,941	<b>Sum of Column V.</b>
June 30, 2022	13,962,123	1,727,314	1,727,314	0	1,621,739	0	1,621,739	46,934,203
June 30, 2023	15,776,350	1,772,915	1,772,915	0	1,562,813	0	1,562,813	
June 30, 2024	17,707,146	1,919,771	1,919,771	0	1,588,833	0	1,588,833	<b>Sum of Column VI.</b>
June 30, 2025	19,684,600	2,092,767	2,092,767	0	1,626,145	0	1,626,145	0
June 30, 2026	21,726,589	2,201,139	2,201,139	0	1,605,815	0	1,605,815	
June 30, 2027	23,844,426	2,359,408	2,359,408	0	1,616,072	0	1,616,072	<b>Sum of Column VII.</b>
June 30, 2028	26,046,807	2,470,485	2,470,485	0	1,588,728	0	1,588,728	[V. + VI.]
June 30, 2029	28,339,471	2,605,772	2,605,772	0	1,573,306	0	1,573,306	46,934,203
June 30, 2030	30,733,922	2,710,017	2,710,017	0	1,536,238	0	1,536,238	
June 30, 2031	33,237,685	2,934,190	2,934,190	0	1,561,652	0	1,561,652	
June 30, 2032	35,863,361	3,023,225	3,023,225	0	1,510,693	0	1,510,693	
June 30, 2033	41,791,601	3,104,852	3,104,852	0	1,456,654	0	1,456,654	
June 30, 2034	47,813,676	3,311,407	3,311,407	0	1,458,605	0	1,458,605	
June 30, 2035	53,916,655	3,359,661	3,359,661	0	1,389,409	0	1,389,409	
June 30, 2036	60,132,064	3,459,214	3,459,214	0	1,343,141	0	1,343,141	
June 30, 2037	66,479,730	3,655,370	3,655,370	0	1,332,555	0	1,332,555	
June 30, 2038	72,991,943	3,774,153	3,774,153	0	1,291,763	0	1,291,763	
June 30, 2039	79,687,916	3,887,576	3,887,576	0	1,249,258	0	1,249,258	
June 30, 2040	86,602,718	4,084,896	4,084,896	0	1,232,434	0	1,232,434	
June 30, 2041	93,773,318	4,140,235	4,140,235	0	1,172,782	0	1,172,782	
June 30, 2042	101,214,740	4,204,889	4,204,889	0	1,118,295	0	1,118,295	
June 30, 2043	108,931,463	4,342,258	4,342,258	0	1,084,244	0	1,084,244	
June 30, 2044	116,912,074	4,278,143	4,278,143	0	1,002,943	0	1,002,943	
June 30, 2045	125,160,684	4,219,363	4,219,363	0	928,705	0	928,705	
June 30, 2046	133,668,837	4,303,045	4,303,045	0	889,234	0	889,234	
June 30, 2047	142,428,192	4,289,030	4,289,030	0	832,164	0	832,164	
June 30, 2048	151,511,428	4,241,614	4,241,614	0	772,664	0	772,664	
June 30, 2049	160,922,692	4,221,974	4,221,974	0	722,079	0	722,079	
June 30, 2050	170,660,786	4,248,240	4,248,240	0	682,163	0	682,163	
June 30, 2051	180,803,619	4,172,389	4,172,389	0	629,033	0	629,033	
June 30, 2052	191,374,175	4,081,786	4,081,786	0	577,761	0	577,761	
June 30, 2053	202,353,458	4,105,329	4,105,329	0	545,577	0	545,577	
June 30, 2054	213,758,304	4,082,193	4,082,193	0	509,344	0	509,344	
June 30, 2055	225,601,381	4,052,991	4,052,991	0	474,791	0	474,791	
June 30, 2056	237,884,360	3,981,791	3,981,791	0	437,940	0	437,940	
June 30, 2057	250,613,888	3,918,090	3,918,090	0	404,595	0	404,595	
June 30, 2058	263,847,496	3,851,058	3,851,058	0	373,367	0	373,367	
June 30, 2059	277,604,307	3,750,600	3,750,600	0	341,402	0	341,402	
June 30, 2060	291,911,172	3,671,398	3,671,398	0	313,766	0	313,766	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.51%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.51%]
June 30, 2061	306,822,941	3,557,097	3,557,097	0	285,417	0	285,417
June 30, 2062	303,468,790	3,484,720	3,484,720	0	262,520	0	262,520
June 30, 2063	300,129,311	3,359,816	3,359,816	0	237,640	0	237,640
June 30, 2064	296,873,679	3,318,466	3,318,466	0	220,369	0	220,369
June 30, 2065	293,620,638	3,270,912	3,270,912	0	203,935	0	203,935
June 30, 2066	290,392,578	3,182,538	3,182,538	0	186,297	0	186,297
June 30, 2067	287,235,083	3,113,924	3,113,924	0	171,140	0	171,140
June 30, 2068	284,137,061	3,057,233	3,057,233	0	157,754	0	157,754
June 30, 2069	281,086,523	2,992,638	2,992,638	0	144,983	0	144,983
June 30, 2070	278,098,422	2,901,343	2,901,343	0	131,968	0	131,968
June 30, 2071	275,198,846	2,827,035	2,827,035	0	120,729	0	120,729
June 30, 2072	272,373,202	2,737,525	2,737,525	0	109,761	0	109,761
June 30, 2073	269,635,677	2,644,833	2,644,833	0	99,563	0	99,563
June 30, 2074	266,990,844	2,544,034	2,544,034	0	89,915	0	89,915
June 30, 2075	264,446,810	2,425,734	2,425,734	0	80,494	0	80,494
June 30, 2076	262,021,076	2,314,532	2,314,532	0	72,109	0	72,109
June 30, 2077	259,706,544	2,191,650	2,191,650	0	64,108	0	64,108
June 30, 2078	257,514,894	2,070,717	2,070,717	0	56,868	0	56,868
June 30, 2079	255,444,177	1,944,911	1,944,911	0	50,148	0	50,148
June 30, 2080	253,499,266	1,809,654	1,809,654	0	43,809	0	43,809
June 30, 2081	251,689,612	1,678,908	1,678,908	0	38,160	0	38,160
June 30, 2082	250,010,704	1,544,071	1,544,071	0	32,950	0	32,950
June 30, 2083	248,466,633	1,416,501	1,416,501	0	28,380	0	28,380
June 30, 2084	247,050,132	1,284,964	1,284,964	0	24,171	0	24,171
June 30, 2085	245,765,168	1,157,456	1,157,456	0	20,442	0	20,442
June 30, 2086	244,607,712	1,037,258	1,037,258	0	17,199	0	17,199
June 30, 2087	243,570,454	923,342	923,342	0	14,375	0	14,375
June 30, 2088	242,647,112	815,302	815,302	0	11,917	0	11,917
June 30, 2089	241,831,810	714,452	714,452	0	9,805	0	9,805
June 30, 2090	241,117,358	621,422	621,422	0	8,007	0	8,007
June 30, 2091	240,495,936	536,220	536,220	0	6,487	0	6,487
June 30, 2092	239,959,716	458,723	458,723	0	5,210	0	5,210
June 30, 2093	239,500,993	388,780	388,780	0	4,146	0	4,146
June 30, 2094	239,112,213	326,175	326,175	0	3,266	0	3,266
June 30, 2095	238,786,038	270,640	270,640	0	2,544	0	2,544

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	<b>Medicare Supplement Plans:</b> effective January 1, 2021 <b>Active Plans:</b> effective September 1, 2020 <b>Dental Plans:</b> N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Medical Insurance well as \$3,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements have been reflected.
<u>Surviving Spouse Coverage</u>	Surviving spouses pay 100% of premiums.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

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



### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Pre-Retirement Mortality

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

#### Post-Retirement Mortality

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

#### Disabled Mortality

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

#### Assumption Experience Study

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

#### Discount Rate

6.50% per annum (previously 7.00%)

#### Net Long Term Rate of Return

6.51% (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**

<b>Service</b>	<b>Male</b>	<b>Female</b>
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**

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

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

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

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

### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Participation Rate

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

#### Spouse Participation Rate

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

#### Medicare Eligibility

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

#### Compensation Increases

3.00% per year.

#### Inflation Rate

2.50% per year.

#### COVID-19

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Implicit Subsidy

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

<b>Impact of Implicit Subsidy</b>		
	<b>As of the Measurement Date</b>	
<b>Impact on Liability</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
I. Total OPEB Liability	39,666,529	38,607,015
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>27,290,280</u>	<u>30,969,300</u>
III. Liability from Implicit Subsidy [I. - II.]	12,376,249	7,637,715

	<b>For the Measurement Period Ending</b>	
<b>Impact on Payments</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
IV. Employer Payments (Including Implicit Subsidy)	1,952,941	1,811,791
V. Actual Employer Payments	<u>1,144,016</u>	<u>1,241,797</u>
VI. Implicit Subsidy [IV. - V.]	808,925	569,994

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

**ANNUAL PER CAPITA CLAIMS\***

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,663	2,939	44 & Under	9,233	6,050	65 to 69	3,021	3,102
25 to 29	6,879	3,059	45 to 49	10,142	7,639	70 to 74	3,564	3,717
30 to 34	8,693	3,839	50 to 54	11,931	10,061	75 to 79	4,135	4,390
35 to 39	8,954	4,820	55 to 59	13,793	13,080	80 to 84	4,742	5,046
40 to 44	9,164	6,005	60 to 64	16,413	16,785	85 to 89	5,302	5,622
45 to 49	10,067	7,582	65 to 69	19,675	20,937	90 & Over	5,302	5,622
50 to 54	11,842	9,986	70 to 74	23,201	25,090			
55 to 59	13,690	12,983	75 to 79	26,944	29,633			
60 to 64	16,291	16,660	80 to 84	30,894	34,061			
65 to 69	19,529	20,781	85 to 89	35,264	38,987			
70 & Over	23,028	24,903	90 & Over	35,264	38,987			

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

### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Open Group Forecast

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

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

#### Additional Comments

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

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



APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2020	July 1, 2018
A. Average Age at Hire	37.59	36.41
B. Average Service	<u>8.68</u>	<u>9.91</u>
C. Average Current Age	46.27	46.32

Retired Employees & Spouses

Valuation Date	July 1, 2020	July 1, 2018
A. Under Age 65	71	65
B. Age 65 & Over	<u>319</u>	<u>307</u>
C. Total	390	372

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	16									16
25-29	47	6								53
30-34	41	19	4							64
35-39	37	21	15	3						76
40-44	35	15	15	17	2					84
45-49	35	8	6	9	12	2				72
50-54	29	17	14	19	11	2				92
55-59	21	13	11	17	7	2				71
60-64	13	10	16	13	9	5				66
65-69	7	2	4	2	7	1		1		24
70+	1		1	2			1	1		6
<b>Total</b>	282	111	86	82	48	12	1	2		624

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
PPO	8		3	11
HMO Blue NE	155		294	449
HMO Blue Select	3		2	5
Managed Blue	6	5		11
Medex	127	85		212
Total	299	90	299	688

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
PPO	1,028.32		2,658.52
HMO Blue NE	842.65		2,178.75
HMO Blue Select	783.66		2,026.23
Managed Blue	326.81	653.62	
Medex	349.04	698.08	
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
PPO	8		3	14	194,425.44	172,757.76
HMO Blue NE	155		294	743	9,253,959.00	7,513,067.40
HMO Blue Select	3		2	7	76,841.28	65,827.44
<b>Total</b>	<b>166</b>	<b>0</b>	<b>299</b>	<b>764</b>	<b>9,525,225.72</b>	<b>7,751,652.60</b>
Blended Average Monthly Rate:						\$ 845.51

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Managed Blue	6	5		16	62,747.52	62,747.52
Medex	127	85		297	1,243,978.56	1,243,978.56
<b>Total</b>	<b>133</b>	<b>90</b>	<b>0</b>	<b>313</b>	<b>1,306,726.08</b>	<b>1,306,726.08</b>
Blended Average Monthly Rate:						\$ 347.92

## APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

## APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

## APPENDIX VI – ASOP 41 DISCLOSURES

The Actuarial Standards Board (the “ASB”), vested by the U.S.-based actuarial organizations<sup>1</sup>, promulgates actuarial standards of practice (“ASOPs”) for use by actuaries when providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct<sup>2</sup>, to observe the ASOPs of the ASB when practicing in the United States.

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

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

### Identification of the Responsible Actuary

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

### Identification of Actuarial Documents

The date of this document is October 23, 2021 and its subject is the Town of Foxborough’s GASB 75 OPEB liabilities.

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

<sup>2</sup>These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

## APPENDIX VI – ASOP 41 DISCLOSURES

### Disclosures in Actuarial Reports

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

## APPENDIX VI – ASOP 41 DISCLOSURES

### Events Subsequent to the Measurement Date

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

### Actuarial Findings

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

### Methods, Procedures, Assumptions, and Data

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

### Assumptions or Methods Prescribed by Law

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

### Responsibility for Assumptions and Methods

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

### Deviation from the Guidance of an ASOP

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

### Rounding

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



## GLOSSARY

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

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

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

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

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

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

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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