

Town of Duxbury Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2019

As of the Measurement Date:
June 30, 2021

For the Reporting Date:
June 30, 2021

Delivered July 26, 2021



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July 26, 2021

Personal and Confidential

Mr. John Adams
Finance Director
Town of Duxbury
878 Tremont Street
Duxbury, MA 02332

Dear Mr. Adams:

We have performed an actuarial valuation of the Town of Duxbury Other Postemployment Benefits Plan for the Reporting Date & fiscal year ending June 30, 2021 with a Measurement Date of June 30, 2021 and a Valuation Date of July 1, 2019. The figures presented in this report reflect the adoption, by the Town of Duxbury, 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 rectangular background.

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

July 26, 2021

ACTUARIAL CERTIFICATION

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

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

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

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



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



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

EXECUTIVE SUMMARY

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

Plan Experience

For the year ending on the Measurement Date of June 30, 2021, there was no plan experience because this was an interim valuation.

Assumption Changes

- ✓ None

Investment Experience

- ✓ During the period there was an investment gain of \$605,210 due to asset performance above the expected rate of return.

Changes in Benefits Terms

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

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 5.63 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 \$4,278,838 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$300,000 annually until Fiscal 2029 and then \$1.8 Million annually thereafter.
- ✓ Investment Policy - The Town is expected to earn 6.62% 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 68.57% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase at 4.50% per year for Active plans and 4.50% per year for Medicare supplement plans.
- ✓ Discount Rate (6.25%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

Medicare Buy-In

The Town currently has 3 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

EXECUTIVE SUMMARY

Key Plan Metrics

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

Representative Plan Statistics		
Valuation Date	July 1, 2019	July 1, 2019
Measurement Date & Period Ending	June 30, 2021	June 30, 2020
Reporting Date/Fiscal Year End	June 30, 2021	June 30, 2020
Total OPEB Liability	45,438,882	43,778,129
Per Eligible Active Plan Participant	37,130	38,058
Per Retiree/Spouse Plan Participant	42,166	38,079
Total Annual Service Cost (Annual Benefit Accrual)	1,066,290	1,026,856
Per Eligible Active Plan Participant	1,760	1,694
Expected Employer Share of Retiree Costs	2,142,378	2,060,313
Per Retiree/Spouse Plan Participant	3,938	3,787
Net OPEB Liability as a % of Covered Payroll	84.00%	86.00%

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	544	45,438,882	45,438,882	2,142,378	2,142,378
June 30, 2026	644	53,942,089	46,530,920	2,595,684	2,239,060
June 30, 2031	659	63,647,002	47,359,347	3,192,307	2,375,376
June 30, 2036	651	73,226,025	47,000,999	4,063,153	2,607,983
June 30, 2041	615	84,835,051	46,971,111	4,374,382	2,421,989
June 30, 2046	587	99,063,185	47,313,129	5,292,746	2,527,845
June 30, 2051	566	117,482,802	48,401,359	5,983,103	2,464,959

EXECUTIVE SUMMARY

Continuing OPEB Disclosures

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

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

<u>Fiscal Year Ending</u>		<u>Cost</u>
June 30, 2022	(budgeted)	2,256,002
June 30, 2021	Actual	2,142,378
June 30, 2020	Actual	2,060,313
June 30, 2019	Actual	1,642,697
June 30, 2018	Actual	1,620,064
June 30, 2017	Actual	1,692,355

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 \$41,160,044 assuming a discount rate of 6.25%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$300,000 annually until Fiscal 2029 and then \$1.8 Million annually thereafter. The balance of this fund as of June 30, 2021 was \$4,278,838. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Duxbury Assuming Funding - 6.25% discount rate Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2019	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
I. Total OPEB Liability		
A. Actives	22,500,706	23,063,342
B. Retirees/Disabled	<u>22,938,176</u>	<u>20,714,787</u>
C. Total	45,438,882	43,778,129
II. Fiduciary Net Position [Plan Assets]	4,278,838	2,864,459
III. Net OPEB Liability (Asset) [I. - II.]	41,160,044	40,913,670
IV. Funded Ratio [II. / I.]	9.42%	6.54%
V. Number of Eligible Participants		
A. Actives	606	606
B. Retirees/Disabled & Dependents	<u>544</u>	<u>544</u>
C. Total	1,150	1,150
VI. Service Cost	1,066,290	1,026,856
VII. Financial Statement Expense	1,554,865	1,584,969
VIII. Employer Contribution to the OPEB Trust	(600,000)	0
IX. Deferred Inflow of Resources	(7,784,429)	(10,543,551)
X. Deferred Outflow of Resources	4,798,188	6,123,423
XI. Money Weighted Rate of Return	26.00%	3.15%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.62%	6.70%
XIV. Crossover Year	2077	2072
XV. Discount Rate	6.25%	6.25%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Dispatch Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability							
A. Actives	2,928,748	15,950,528	1,722,125	1,445,456	137,266	316,583	22,500,706
B. Retirees/Disabled	<u>10,436,571</u>	<u>11,673,544</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>828,061</u>	<u>22,938,176</u>
C. Total	13,365,319	27,624,072	1,722,125	1,445,456	137,266	1,144,644	45,438,882
II. Fiduciary Net Position [Plan Assets]	1,295,107	2,676,790	166,875	140,066	0	0	4,278,838
III. Net OPEB Liability (Asset) [I. - II.]	12,070,212	24,947,282	1,555,250	1,305,390	137,266	1,144,644	41,160,044
IV. Number of Eligible Participants							
A. Actives	112	411	33	27	15	8	606
B. Retirees/Disabled	<u>254</u>	<u>287</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>544</u>
C. Total	366	698	33	27	15	11	1,150
For the Reporting Date and Fiscal Year Ending June 30, 2021							
V. Service Cost	166,781	715,462	78,259	71,997	21,000	12,791	1,066,290
VI. Financial Statement Expense	131,918	1,153,691	109,712	98,691	25,189	35,664	1,554,865
VII. Employer Share of Costs	(968,562)	(1,111,615)	(13,619)	(15,283)	0	(33,299)	(2,142,378)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(185,244)	(370,002)	(24,312)	(20,442)	0	0	(600,000)
IX. Total Employer Contribution [VII. + VIII.]	(1,153,806)	(1,481,617)	(37,931)	(35,725)	0	(33,299)	(2,742,378)

PRINCIPAL RESULTS OF THE VALUATION

Town of Duxbury

Assuming Funding - 6.25% discount rate

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

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
Present Value of Future Benefits							
A. Participants	9,429,445	9,765,944	19,195,389	2,442,366	12,909,687	15,352,053	34,547,442
B. Spouses	<u>5,084,877</u>	<u>6,838,392</u>	<u>11,923,269</u>	<u>1,352,574</u>	<u>6,233,549</u>	<u>7,586,123</u>	<u>19,509,392</u>
C. Total	14,514,322	16,604,336	31,118,658	3,794,940	19,143,236	22,938,176	54,056,834
Total OPEB Liability							
A. Participants	6,824,579	7,080,970	13,905,549	2,442,366	12,909,687	15,352,053	29,257,602
B. Spouses	<u>3,660,553</u>	<u>4,934,604</u>	<u>8,595,157</u>	<u>1,352,574</u>	<u>6,233,549</u>	<u>7,586,123</u>	<u>16,181,280</u>
C. Total	10,485,132	12,015,574	22,500,706	3,794,940	19,143,236	22,938,176	45,438,882
Service Cost							
A. Participants	307,727	349,353	657,080	0	0	0	657,080
B. Spouses	<u>164,166</u>	<u>245,044</u>	<u>409,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>409,210</u>
C. Total	471,893	594,397	1,066,290	0	0	0	1,066,290

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

Funding - 6.25% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.62% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2021	June 30, 2021	45,438,882	4,278,838	41,160,044	9.42%	1,066,290	2,142,378	600,000	2,742,378	2,142,378	0	600,000
2022	June 30, 2022	46,914,902	4,871,868	42,043,034	10.38%	1,103,966	2,256,002	300,000	2,556,002	2,256,002	0	300,000
2023	June 30, 2023	48,572,831	5,504,157	43,068,674	11.33%	1,140,414	2,306,060	300,000	2,606,060	2,306,060	0	300,000
2024	June 30, 2024	50,325,983	6,178,303	44,147,680	12.28%	1,182,333	2,347,066	300,000	2,647,066	2,347,066	0	300,000
2025	June 30, 2025	52,124,045	6,897,078	45,226,967	13.23%	1,226,881	2,456,271	300,000	2,756,271	2,456,271	0	300,000
2026	June 30, 2026	53,942,089	7,663,435	46,278,654	14.21%	1,272,304	2,595,684	300,000	2,895,684	2,595,684	0	300,000
2027	June 30, 2027	55,798,449	8,480,525	47,317,924	15.20%	1,320,466	2,709,777	300,000	3,009,777	2,709,777	0	300,000
2028	June 30, 2028	57,708,775	9,351,707	48,357,068	16.21%	1,364,238	2,793,973	300,000	3,093,973	2,793,973	0	300,000
2029	June 30, 2029	59,673,858	10,280,561	49,393,297	17.23%	1,411,443	2,925,685	300,000	3,225,685	2,925,685	0	300,000
2030	June 30, 2030	61,633,482	12,819,759	48,813,723	20.80%	1,466,137	3,099,225	1,800,000	4,899,225	3,099,225	0	1,800,000
2031	June 30, 2031	63,647,002	15,527,052	48,119,950	24.40%	1,511,998	3,192,307	1,800,000	4,992,307	3,192,307	0	1,800,000
2032	June 30, 2032	65,537,579	18,413,568	47,124,011	28.10%	1,567,663	3,355,619	1,800,000	5,155,619	3,355,619	0	1,800,000
2033	June 30, 2033	67,431,108	21,491,172	45,939,936	31.87%	1,618,936	3,579,530	1,800,000	5,379,530	3,579,530	0	1,800,000
2034	June 30, 2034	69,378,399	24,772,513	44,605,886	35.71%	1,679,635	3,707,080	1,800,000	5,507,080	3,707,080	0	1,800,000
2035	June 30, 2035	71,323,583	28,271,079	43,052,504	39.64%	1,739,363	3,880,415	1,800,000	5,680,415	3,880,415	0	1,800,000
2036	June 30, 2036	73,226,025	32,001,250	41,224,775	43.70%	1,801,959	4,063,153	1,800,000	5,863,153	4,063,153	0	1,800,000
2037	June 30, 2037	75,344,356	35,978,358	39,365,998	47.75%	1,868,301	4,108,501	1,800,000	5,908,501	4,108,501	0	1,800,000
2038	June 30, 2038	77,486,422	40,218,751	37,267,671	51.90%	1,940,131	4,193,485	1,800,000	5,993,485	4,193,485	0	1,800,000
2039	June 30, 2039	79,722,813	44,739,858	34,982,955	56.12%	2,010,256	4,349,854	1,800,000	6,149,854	4,349,854	0	1,800,000
2040	June 30, 2040	82,234,739	49,560,262	32,674,477	60.27%	2,089,612	4,369,096	1,800,000	6,169,096	4,369,096	0	1,800,000
2041	June 30, 2041	84,835,051	54,699,777	30,135,274	64.48%	2,167,540	4,374,382	1,800,000	6,174,382	4,374,382	0	1,800,000
2042	June 30, 2042	87,413,999	60,179,528	27,234,471	68.84%	2,254,187	4,553,472	1,800,000	6,353,472	4,553,472	0	1,800,000
2043	June 30, 2043	90,358,203	66,022,038	24,336,165	73.07%	2,345,854	4,651,557	1,800,000	6,451,557	4,651,557	0	1,800,000
2044	June 30, 2044	93,195,615	72,251,322	20,944,293	77.53%	2,446,763	4,865,917	1,800,000	6,665,917	4,865,917	0	1,800,000
2045	June 30, 2045	95,985,367	78,892,985	17,092,382	82.19%	2,548,339	5,167,057	1,800,000	6,967,057	5,167,057	0	1,800,000
2046	June 30, 2046	99,063,185	85,974,326	13,088,859	86.79%	2,655,842	5,292,746	1,800,000	7,092,746	5,292,746	0	1,800,000
2047	June 30, 2047	102,227,935	93,524,452	8,703,483	91.49%	2,776,166	5,516,605	1,800,000	7,316,605	5,516,605	0	1,800,000
2048	June 30, 2048	105,648,054	101,574,396	4,073,658	96.14%	2,897,294	5,688,676	1,800,000	7,488,676	5,688,676	0	1,800,000
2049	June 30, 2049	109,395,299	110,157,246	(761,947)	100.70%	3,028,093	5,726,376	1,800,000	7,526,376	5,726,376	0	1,800,000
2050	June 30, 2050	113,335,433	114,666,431	(1,330,998)	101.17%	3,164,998	5,860,433	(2,695,435)	3,164,998	5,860,433	0	(2,695,435)
2051	June 30, 2051	117,482,802	119,489,217	(2,006,415)	101.71%	3,302,284	5,983,103	(2,680,819)	3,302,284	5,983,103	0	(2,680,819)
2052	June 30, 2052	122,031,949	124,748,376	(2,716,427)	102.23%	3,455,807	6,023,215	(2,567,408)	3,455,807	6,023,215	0	(2,567,408)

PRINCIPAL RESULTS OF THE VALUATION

SAMPLE FUNDING SCENARIO - DISPATCH

Dispatch Funding - 6.25% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.62% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2021	June 30, 2021	137,266	0	137,266	0.00%	21,000	0	0	0	0	0	0
2022	June 30, 2022	168,946	1,115	167,831	0.66%	21,742	0	0	0	0	0	0
2023	June 30, 2023	202,606	34,231	168,375	16.90%	22,460	0	32,000	32,000	0	0	32,000
2024	June 30, 2024	239,133	70,531	168,602	29.49%	23,285	0	32,960	32,960	0	0	32,960
2025	June 30, 2025	278,819	110,255	168,564	39.54%	24,163	0	33,949	33,949	0	0	33,949
2026	June 30, 2026	321,918	153,660	168,258	47.73%	25,057	0	34,967	34,967	0	0	34,967
2027	June 30, 2027	368,661	201,021	167,640	54.53%	26,006	0	36,016	36,016	0	0	36,016
2028	June 30, 2028	419,334	252,633	166,701	60.25%	26,868	0	37,096	37,096	0	0	37,096
2029	June 30, 2029	474,090	308,811	165,279	65.14%	27,798	0	38,209	38,209	0	0	38,209
2030	June 30, 2030	533,256	369,891	163,365	69.36%	28,875	0	39,355	39,355	0	0	39,355
2031	June 30, 2031	597,264	436,234	161,030	73.04%	29,778	0	40,536	40,536	0	0	40,536
2032	June 30, 2032	666,232	508,225	158,007	76.28%	30,874	0	41,752	41,752	0	0	41,752
2033	June 30, 2033	740,675	586,275	154,400	79.15%	31,884	0	43,005	43,005	0	0	43,005
2034	June 30, 2034	820,844	670,824	150,020	81.72%	33,079	0	44,295	44,295	0	0	44,295
2035	June 30, 2035	907,293	762,343	144,950	84.02%	34,256	0	45,624	45,624	0	0	45,624
2036	June 30, 2036	1,000,396	861,334	139,062	86.10%	35,489	0	46,993	46,993	0	0	46,993
2037	June 30, 2037	1,100,628	968,334	132,294	87.98%	36,795	0	48,403	48,403	0	0	48,403
2038	June 30, 2038	1,208,512	1,083,916	124,596	89.69%	38,210	0	49,855	49,855	0	0	49,855
2039	June 30, 2039	1,324,642	1,208,695	115,947	91.25%	39,591	0	51,351	51,351	0	0	51,351
2040	June 30, 2040	1,449,498	1,343,325	106,173	92.68%	41,154	0	52,892	52,892	0	0	52,892
2041	June 30, 2041	1,583,818	1,488,506	95,312	93.98%	42,689	0	54,479	54,479	0	0	54,479
2042	June 30, 2042	1,728,164	1,644,986	83,178	95.19%	44,395	0	56,113	56,113	0	0	56,113
2043	June 30, 2043	1,883,344	1,813,562	69,782	96.29%	46,200	0	57,796	57,796	0	0	57,796
2044	June 30, 2044	2,050,141	1,995,089	55,052	97.31%	48,188	0	59,530	59,530	0	0	59,530
2045	June 30, 2045	2,229,475	2,190,477	38,998	98.25%	50,188	0	61,316	61,316	0	0	61,316
2046	June 30, 2046	2,422,142	2,400,699	21,443	99.11%	52,305	0	63,155	63,155	0	0	63,155
2047	June 30, 2047	2,629,100	2,626,794	2,306	99.91%	54,675	0	65,050	65,050	0	0	65,050
2048	June 30, 2048	2,851,511	2,869,872	(18,361)	100.64%	57,061	0	67,002	67,002	0	0	67,002
2049	June 30, 2049	3,090,358	3,121,437	(31,079)	101.01%	59,637	0	59,637	59,637	0	0	59,637
2050	June 30, 2050	3,346,870	3,392,439	(45,569)	101.36%	62,333	0	62,333	62,333	0	0	62,333
2051	June 30, 2051	3,622,278	3,684,174	(61,896)	101.71%	65,037	0	65,037	65,037	0	0	65,037
2052	June 30, 2052	3,917,772	3,998,343	(80,571)	102.06%	68,060	0	68,060	68,060	0	0	68,060

PRINCIPAL RESULTS OF THE VALUATION

SAMPLE FUNDING SCENARIO - WATER

Water Funding - 6.25% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.62% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2021	June 30, 2021	1,144,644	0	1,144,644	0.00%	12,791	33,299	0	33,299	33,299	0	0
2022	June 30, 2022	1,194,111	0	1,194,111	0.00%	13,243	35,065	0	35,065	35,065	0	0
2023	June 30, 2023	1,246,669	39,238	1,207,431	3.15%	13,680	35,843	38,000	73,843	35,843	0	38,000
2024	June 30, 2024	1,302,175	82,250	1,219,925	6.32%	14,183	36,480	39,140	75,620	36,480	0	39,140
2025	June 30, 2025	1,361,028	129,322	1,231,706	9.50%	14,717	38,178	40,314	78,492	38,178	0	40,314
2026	June 30, 2026	1,422,376	180,759	1,241,617	12.71%	15,262	40,345	41,523	81,868	40,345	0	41,523
2027	June 30, 2027	1,485,904	236,887	1,249,017	15.94%	15,840	42,118	42,769	84,887	42,118	0	42,769
2028	June 30, 2028	1,552,189	298,056	1,254,133	19.20%	16,365	43,427	44,052	87,479	43,427	0	44,052
2029	June 30, 2029	1,621,825	364,639	1,257,186	22.48%	16,931	45,474	45,374	90,848	45,474	0	45,374
2030	June 30, 2030	1,694,305	437,035	1,257,270	25.79%	17,587	48,171	46,735	94,906	48,171	0	46,735
2031	June 30, 2031	1,769,232	515,672	1,253,560	29.15%	18,138	49,618	48,137	97,755	49,618	0	48,137
2032	June 30, 2032	1,847,936	601,005	1,246,931	32.52%	18,805	52,156	49,581	101,737	52,156	0	49,581
2033	June 30, 2033	1,929,651	693,523	1,236,128	35.94%	19,420	55,637	51,068	106,705	55,637	0	51,068
2034	June 30, 2034	2,013,539	793,747	1,219,792	39.42%	20,149	57,619	52,600	110,219	57,619	0	52,600
2035	June 30, 2035	2,101,401	902,236	1,199,165	42.93%	20,865	60,313	54,178	114,491	60,313	0	54,178
2036	June 30, 2036	2,192,738	1,019,585	1,173,153	46.50%	21,616	63,154	55,803	118,957	63,154	0	55,803
2037	June 30, 2037	2,287,653	1,146,431	1,141,222	50.11%	22,412	63,858	57,477	121,335	63,858	0	57,477
2038	June 30, 2038	2,388,621	1,283,454	1,105,167	53.73%	23,273	65,179	59,201	124,380	65,179	0	59,201
2039	June 30, 2039	2,495,452	1,431,382	1,064,070	57.36%	24,115	67,610	60,977	128,587	67,610	0	60,977
2040	June 30, 2040	2,607,349	1,590,991	1,016,358	61.02%	25,067	67,909	62,806	130,715	67,909	0	62,806
2041	June 30, 2041	2,726,943	1,763,112	963,831	64.66%	26,001	67,991	64,690	132,681	67,991	0	64,690
2042	June 30, 2042	2,854,919	1,948,631	906,288	68.26%	27,041	70,775	66,631	137,406	70,775	0	66,631
2043	June 30, 2043	2,989,129	2,148,496	840,633	71.88%	28,140	72,299	68,630	140,929	72,299	0	68,630
2044	June 30, 2044	3,131,324	2,363,718	767,606	75.49%	29,351	75,631	70,689	146,320	75,631	0	70,689
2045	June 30, 2045	3,280,259	2,595,378	684,881	79.12%	30,569	80,312	72,810	153,122	80,312	0	72,810
2046	June 30, 2046	3,434,971	2,844,629	590,342	82.81%	31,859	82,265	74,994	157,259	82,265	0	74,994
2047	June 30, 2047	3,598,710	3,112,703	486,007	86.49%	33,302	85,745	77,244	162,989	85,745	0	77,244
2048	June 30, 2048	3,770,629	3,400,916	369,713	90.19%	34,755	88,419	79,561	167,980	88,419	0	79,561
2049	June 30, 2049	3,952,080	3,710,674	241,406	93.89%	36,324	89,005	81,948	170,953	89,005	0	81,948
2050	June 30, 2050	4,145,935	4,043,476	102,459	97.53%	37,967	91,089	84,406	175,495	91,089	0	84,406
2051	June 30, 2051	4,351,503	4,400,924	(49,421)	101.14%	39,614	92,995	86,938	179,933	92,995	0	86,938
2052	June 30, 2052	4,569,705	4,638,402	(68,697)	101.50%	41,455	93,619	(52,164)	41,455	93,619	0	(52,164)

EXHIBIT A

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

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021	
Description	Amount
I. Service Cost	1,066,290
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,736,841
III. Deferred (Inflows)/Outflows from Plan Experience*	(426,920)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	(1,500,738)
V. Projected Earnings on OPEB Plan Investments	(209,169)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(111,439)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	1,554,865
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	1,554,865

* Amortized over 5.63 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

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

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances for the June 30, 2020 Reporting Date	43,778,129	2,864,459	40,913,670
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]	43,778,129	2,864,459	40,913,670
Changes for the year:			
IV. Service Cost	1,066,290	0	1,066,290
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,736,841	0	2,736,841
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	0	0	0
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	814,379	(814,379)
X. Employer Contributions to Trust	0	2,742,378	(2,742,378)
XI. Benefit Payments Withdrawn from Trust	0	(2,142,378)	2,142,378
XII. Benefit Payments Excluding Implicit Cost	(1,642,870)	0	(1,642,870)
XIII. Implicit Cost Amount	(499,508)	0	(499,508)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(2,142,378)	0	(2,142,378)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	1,660,753	1,414,379	246,374
XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]	45,438,882	4,278,838	41,160,044

* Recognized Immediately

** Amortized over 5.63 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	(1,896,167)	6.20	(672,838)	(305,832)	(305,832)	(305,832)	(61,174)		
2019	0	6.20	0	0	0	0	0	0	
2020	(681,729)	5.63	(439,553)	(121,088)	(121,088)	(121,088)	(121,088)	(76,289)	
2021	0	5.63	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(1,112,391)						
Net increase (decrease) in OPEB Expense				(426,920)	(426,920)	(426,920)	(182,262)	(76,289)	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	(17,398,798)	6.20	(6,173,766)	(2,806,258)	(2,806,258)	(2,806,258)	(561,250)		
2019	0	6.20	0	0	0	0	0	0	
2020	7,350,083	5.63	4,739,043	1,305,520	1,305,520	1,305,520	1,305,520	822,483	
2021	0	5.63	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(1,434,723)						
Net increase (decrease) in OPEB Expense				(1,500,738)	(1,500,738)	(1,500,738)	744,270	822,483	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	(30,595)	5.00	(6,119)	(6,119)	(6,119)				
2019	(19,964)	5.00	(7,985)	(3,993)	(3,993)	(3,992)			
2020	98,575	5.00	59,145	19,715	19,715	19,715	19,715		
2021	(605,210)	5.00	(484,168)	(121,042)	(121,042)	(121,042)	(121,042)	(121,042)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(439,127)						
Net increase (decrease) in OPEB Expense				(111,439)	(111,439)	(105,319)	(101,327)	(121,042)	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Statement of Outflows & Inflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2021 to be Reported for the Fiscal Year Ending June 30, 2021			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions made subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	0	(1,112,391)	(1,112,391)
III. Changes of Assumptions	4,739,043	(6,173,766)	(1,434,723)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>59,145</u>	<u>(498,272)</u>	<u>(439,127)</u>
V. Total [I.+II.+III.+IV.]	4,798,188	(7,784,429)	(2,986,241)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows)/Outflows

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

Year ending June 30:

2022	(2,039,097)
2023	(2,032,977)
2024	460,681
2025	625,152
2026	0
Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.25% as of June 30, 2021 and 6.25% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until Fiscal Year 2077 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 - Year High Grade Index ("SAPIHG"), which was 2.18% as of June 30, 2021. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$2,142,378. The Town also contributed \$600,000 to an OPEB Trust for a total contribution during the measurement period of \$2,742,378 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	47.00%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	6.00%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	5.75%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	2.75%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.40%
International Fixed Income	2.00%	International Fixed Income	1.30%
Alternatives	9.50%	Alternatives	6.32%
Real Estate	5.75%	Real Estate	6.25%
Cash & Cash Equivalents	1.25%	Cash & Cash Equivalents	0.00%
Total	100.00%		
		I. Real Rate of Return**	4.37%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.87%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	6.62%

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

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2021	3,143,100	(2,742,378)	400,722	48,996,784	5.60%
June 30, 2020	3,899,586	(2,060,313)	1,839,273	47,569,693	4.33%
June 30, 2019	2,220,064	(1,942,697)	277,367	45,331,009	4.29%
June 30, 2018	2,220,064	(1,920,064)	300,000	43,798,076	4.38%
June 30, 2017	2,292,355	(1,992,355)	300,000	44,107,553	4.52%

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

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	39,875,449	45,438,882	52,306,835
II. Fiduciary Net Position	<u>4,278,838</u>	<u>4,278,838</u>	<u>4,278,838</u>
III. Net OPEB Liability (Asset) [I.-II.]	35,596,611	41,160,044	48,027,997
IV. Service Cost	850,610	1,066,290	1,355,725

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	51,484,085	45,438,882	40,504,078
II. Fiduciary Net Position	<u>4,278,838</u>	<u>4,278,838</u>	<u>4,278,838</u>
III. Net OPEB Liability (Asset) [I.-II.]	47,205,247	41,160,044	36,225,240
IV. Service Cost	1,362,248	1,066,290	843,802

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - July 1, 2020	2,864,459	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	300,000	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	300,000	1	0.0833
<u>June</u>	<u>0</u>	<u>0</u>	<u>0.0000</u>
II. Total net external cash flow	600,000		
III. Earnings and increase in fair value	814,379		
IV. Ending value - June 30, 2021 [I.+II.+III.]	4,278,838		
Money Weighted Rate of Return	26.00%		
Asset Value - June 30, 2021	4,278,838		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021						
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Dispatch Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2021	13,365,319	27,624,072	1,722,125	1,445,456	137,266	1,144,644	45,438,882
II. Fiduciary Net Position as of June 30, 2021	1,295,107	2,676,790	166,875	140,066	0	0	4,278,838
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	12,070,212	24,947,282	1,555,250	1,305,390	137,266	1,144,644	41,160,044
IV. Service Cost	166,781	715,462	78,259	71,997	21,000	12,791	1,066,290
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	628,267	1,808,667	116,902	98,416	10,349	74,240	2,736,841
VI. Projected Earnings on OPEB Plan Investments	(63,354)	(130,791)	(8,168)	(6,856)	0	0	(209,169)
VII. Net Recognition of Deferred (Inflows)/Outflows	(599,776)	(1,239,647)	(77,281)	(64,866)	(6,160)	(51,367)	(2,039,097)
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VI. + VII. + VIII.]	131,918	1,153,691	109,712	98,691	25,189	35,664	1,554,865
X. Employer Share of Costs	(968,562)	(1,111,615)	(13,619)	(15,283)	0	(33,299)	(2,142,378)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(185,244)	(370,002)	(24,312)	(20,442)	0	0	(600,000)
XII. Total Employer Contribution [X. + XI.]	(1,153,806)	(1,481,617)	(37,931)	(35,725)	0	(33,299)	(2,742,378)
XIII. Net OPEB Expense [IX. + XII.]	(1,021,888)	(327,926)	71,781	62,966	25,189	2,365	(1,187,513)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

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

Valuation Date	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(1,112,391)
II. Deferred (Inflow)/Outflow from Investment Experience	(439,127)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(1,434,723)
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	6,123,423
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	1,325,235
IV. Change in Deferred Outflow (II. - III.)	(1,325,235)
V. Deferred Outflow at end of the period (I. + IV.)	4,798,188
VI. Deferred Inflow at the beginning of the period	(10,543,551)
VII. Deferred Inflow created during the period	(605,210)
VIII. Deferred Inflow recognized during the period	(3,364,332)
IX. Change in Deferred Inflow (VII. - VIII.)	2,759,122
X. Deferred Inflow at end of the period (VI. + IX.)	(7,784,429)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	40,913,670
II. Service Cost	1,066,290
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,736,841
IV. Projected Investment Income	(209,169)
V. Total Employer Contributions	(2,742,378)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	851,584
VIII. Deferred Outflow created during the period	0
IX. Deferred Inflow created during the period	(605,210)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	41,160,044
Net OPEB Expense	
I. Service Cost	1,066,290
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,736,841
III. Projected Investment Income	(209,169)
IV. Recognition of Deferred (Inflow)/Outflow	(2,039,097)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V.)	1,554,865
VII. Benefit Payments	(2,142,378)
VIII. Contributions to Trust	(600,000)
IX. Total Employer Payments (VII. + VIII.)	(2,742,378)
X. Total Net OPEB Expense under GASB 75 (VI. + IX.)	(1,187,513)

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

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

Actuarially Determined Contribution - Deficiency / (Excess)					
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	For the Fiscal Year Ending:	
				<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	1,066,290	1,026,856	767,015	733,986	1,574,616
II. Amortization of NOL	<u>2,076,810</u>	<u>2,872,730</u>	<u>1,453,049</u>	<u>1,486,078</u>	<u>717,739</u>
III. Actuarial Determined Contribution [I. + II.]	3,143,100	3,899,586	2,220,064	2,220,064	2,292,355
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(2,742,378)</u>	<u>(2,060,313)</u>	<u>(1,942,697)</u>	<u>(1,920,064)</u>	<u>(1,992,355)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>400,722</u>	<u>1,839,273</u>	<u>277,367</u>	<u>300,000</u>	<u>300,000</u>
Covered Employee Payroll	48,996,784	47,569,693	45,331,009	43,798,076	44,107,553
Contributions as a % of Covered Employee Payroll	5.60%	4.33%	4.29%	4.38%	4.52%
Discount Rate	6.25%	6.25%	7.50%	7.50%	6.00%
Money Weighted Rate of Return	26.00%	3.15%	8.89%	6.30%	5.93%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2018	July 1, 2016
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	45,438,882	43,778,129	35,481,007	33,801,101	51,784,190
I. Service Cost	1,066,290	1,026,856	767,015	733,986	1,574,616
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,736,841	2,662,225	2,555,588	2,197,954	2,145,961
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(681,729)	0	(1,896,167)	0
V. Changes of Assumptions	0	7,350,083	0	(17,398,798)	0
VI. Benefit Payments Excluding Implicit Cost	(1,642,870)	(1,556,612)	N/A	N/A	N/A
VII. Implicit Cost Amount	(499,508)	(503,701)	N/A	N/A	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(2,142,378)	(2,060,313)	(1,642,697)	(1,620,064)	(1,692,355)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	1,660,753	8,297,122	1,679,906	(17,983,089)	2,028,222
X. Total OPEB Liability - Beginning of Period	43,778,129	35,481,007	33,801,101	51,784,190	49,755,968
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	43,778,129	35,481,007	33,801,101	51,784,190	49,755,968
XIII. Total OPEB Liability - End of Period [IX.+XII.]	45,438,882	43,778,129	35,481,007	33,801,101	51,784,190
Plan Fiduciary Net Position	4,278,838	2,864,459	2,776,977	2,268,765	1,847,698
XIV. Earning from Plan Investments	814,379	87,482	208,212	121,067	90,773
XV. Employer Contribution to Trust	2,742,378	2,060,313	1,942,697	1,920,064	1,992,355
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(2,142,378)	(2,060,313)	(1,642,697)	(1,620,064)	(1,692,355)
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.]	1,414,379	87,482	508,212	421,067	390,773
XX. Plan Fiduciary Net Position - Beginning of Period	2,864,459	2,776,977	2,268,765	1,847,698	1,456,925
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	2,864,459	2,776,977	2,268,765	1,847,698	1,456,925
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	4,278,838	2,864,459	2,776,977	2,268,765	1,847,698
XXIV. Net OPEB Liability [XIII.-XXIII.]	41,160,044	40,913,670	32,704,030	31,532,336	49,936,492
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	9.42%	6.54%	7.83%	6.71%	3.57%
XXVI. Covered Employee Payroll	48,996,784	47,569,693	45,331,009	43,798,076	44,107,553
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	84.01%	86.01%	72.14%	71.99%	113.22%
Single Discount Rate to calculate Plan Liabilities	6.25%	6.25%	7.50%	7.50%	6.00%

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, 2019.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2021.

Actuarial Assumptions:

Investment Rate of Return:	6.62%, 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:	6.25%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits:	544
Active Employees:	<u>606</u>
Total:	1,150

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

✓ None

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$600,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$2,142,378. \$499,508 of the \$2,142,378 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	48,996,784	0	48,996,784	0	2,142,378	0	2,142,378
June 30, 2022	46,061,975	4,404,713	50,466,688	0	2,256,002	0	2,256,002
June 30, 2023	43,570,170	8,410,519	51,980,689	0	2,306,060	0	2,306,060
June 30, 2024	41,377,311	12,162,799	53,540,110	0	2,347,066	0	2,347,066
June 30, 2025	39,273,985	15,872,328	55,146,313	0	2,456,271	0	2,456,271
June 30, 2026	37,411,176	19,389,526	56,800,702	0	2,595,684	0	2,595,684
June 30, 2027	35,677,164	22,827,559	58,504,723	0	2,709,777	0	2,709,777
June 30, 2028	34,136,158	26,123,707	60,259,865	0	2,793,973	0	2,793,973
June 30, 2029	32,455,846	29,611,815	62,067,661	0	2,925,685	0	2,925,685
June 30, 2030	30,755,951	33,173,740	63,929,691	0	3,099,225	0	3,099,225
June 30, 2031	29,443,034	36,404,548	65,847,582	0	3,178,413	13,894	3,192,307
June 30, 2032	28,096,822	39,726,187	67,823,009	0	3,320,300	35,319	3,355,619
June 30, 2033	26,910,765	42,946,934	69,857,699	0	3,514,172	65,358	3,579,530
June 30, 2034	25,612,938	46,340,492	71,953,430	0	3,598,644	108,436	3,707,080
June 30, 2035	24,519,935	49,592,098	74,112,033	0	3,717,269	163,146	3,880,415
June 30, 2036	23,426,498	52,908,896	76,335,394	0	3,861,053	202,100	4,063,153
June 30, 2037	22,318,542	56,306,914	78,625,456	0	3,859,482	249,019	4,108,501
June 30, 2038	21,277,328	59,706,892	80,984,220	0	3,890,810	302,675	4,193,485
June 30, 2039	20,324,340	63,089,407	83,413,747	0	4,006,024	343,830	4,349,854
June 30, 2040	19,230,250	66,685,909	85,916,159	0	3,979,746	389,350	4,369,096
June 30, 2041	18,285,290	70,208,354	88,493,644	0	3,918,110	456,272	4,374,382
June 30, 2042	17,272,592	73,875,861	91,148,453	0	4,009,506	543,966	4,553,472
June 30, 2043	16,271,179	77,611,728	93,882,907	0	4,000,101	651,456	4,651,557
June 30, 2044	15,282,775	81,416,619	96,699,394	0	4,078,171	787,746	4,865,917
June 30, 2045	14,403,397	85,196,979	99,600,376	0	4,217,357	949,700	5,167,057
June 30, 2046	13,422,343	89,166,044	102,588,387	0	4,210,127	1,082,619	5,292,746
June 30, 2047	12,356,548	93,309,491	105,666,039	0	4,283,795	1,232,810	5,516,605
June 30, 2048	11,429,880	97,406,140	108,836,020	0	4,288,621	1,400,055	5,688,676
June 30, 2049	10,475,268	101,625,833	112,101,101	0	4,184,430	1,541,946	5,726,376
June 30, 2050	9,605,607	105,858,527	115,464,134	0	4,165,145	1,695,288	5,860,433
June 30, 2051	8,762,054	110,166,004	118,928,058	0	4,106,311	1,876,792	5,983,103
June 30, 2052	7,781,914	114,713,986	122,495,900	0	3,943,734	2,079,481	6,023,215
June 30, 2053	6,799,284	119,371,493	126,170,777	0	3,863,500	2,303,140	6,166,640
June 30, 2054	5,889,667	124,066,233	129,955,900	0	3,724,531	2,553,638	6,278,169
June 30, 2055	4,977,298	128,877,279	133,854,577	0	3,622,238	2,829,597	6,451,835
June 30, 2056	4,232,448	133,637,766	137,870,214	0	3,579,322	3,093,314	6,672,636
June 30, 2057	3,496,541	138,509,779	142,006,320	0	3,552,535	3,375,017	6,927,552
June 30, 2058	2,794,891	143,471,619	146,266,510	0	3,422,322	3,676,887	7,099,209
June 30, 2059	2,256,580	148,397,925	150,654,505	0	3,272,845	3,979,582	7,252,427
June 30, 2060	1,630,809	153,543,331	155,174,140	0	3,212,539	4,299,478	7,512,017

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	1,171,897	158,657,467	159,829,364	0	3,099,456	4,650,606	7,750,062
June 30, 2062	858,073	163,766,172	164,624,245	0	3,016,005	5,027,615	8,043,620
June 30, 2063	661,228	168,901,744	169,562,972	0	2,961,382	5,437,111	8,398,493
June 30, 2064	422,899	174,226,962	174,649,861	0	2,909,048	5,882,148	8,791,196
June 30, 2065	198,902	179,690,455	179,889,357	0	2,836,289	6,360,213	9,196,502
June 30, 2066	139,298	185,146,740	185,286,038	0	2,768,470	6,842,944	9,611,414
June 30, 2067	66,995	190,777,624	190,844,619	0	2,708,699	7,352,362	10,061,061
June 30, 2068	24,343	196,545,615	196,569,958	0	2,645,278	7,891,841	10,537,119
June 30, 2069	0	202,467,057	202,467,057	0	2,576,953	8,429,660	11,006,613
June 30, 2070	0	208,541,069	208,541,069	0	2,504,346	8,992,692	11,497,038
June 30, 2071	0	214,797,301	214,797,301	0	2,427,495	9,584,510	12,012,005
June 30, 2072	0	221,241,220	221,241,220	0	2,346,365	10,199,556	12,545,921
June 30, 2073	0	227,878,457	227,878,457	0	2,261,066	10,845,061	13,106,127
June 30, 2074	0	234,714,811	234,714,811	0	2,171,780	11,519,505	13,691,285
June 30, 2075	0	241,756,255	241,756,255	0	2,078,688	12,221,489	14,300,177
June 30, 2076	0	249,008,943	249,008,943	0	1,982,162	12,962,388	14,944,550
June 30, 2077	0	256,479,211	256,479,211	0	1,882,613	13,728,849	15,611,462
June 30, 2078	0	264,173,587	264,173,587	0	1,780,467	14,528,418	16,308,885
June 30, 2079	0	272,098,795	272,098,795	0	1,676,247	15,363,886	17,040,133
June 30, 2080	0	280,261,759	280,261,759	0	1,570,510	16,229,290	17,799,800
June 30, 2081	0	288,669,612	288,669,612	0	1,463,756	17,131,841	18,595,597
June 30, 2082	0	297,329,700	297,329,700	0	1,356,632	18,069,264	19,425,896
June 30, 2083	0	306,249,591	306,249,591	0	1,249,668	19,047,763	20,297,431
June 30, 2084	0	315,437,079	315,437,079	0	1,143,605	20,071,375	21,214,980
June 30, 2085	0	324,900,191	324,900,191	0	1,039,182	21,136,318	22,175,500
June 30, 2086	0	334,647,197	334,647,197	0	937,158	22,252,126	23,189,284
June 30, 2087	0	344,686,613	344,686,613	0	838,313	23,413,851	24,252,164
June 30, 2088	0	355,027,211	355,027,211	0	743,464	24,625,632	25,369,096
June 30, 2089	0	365,678,027	365,678,027	0	653,386	25,891,582	26,544,968
June 30, 2090	0	376,648,368	376,648,368	0	568,772	27,208,790	27,777,562
June 30, 2091	0	387,947,819	387,947,819	0	490,160	28,585,748	29,075,908
June 30, 2092	0	399,586,254	399,586,254	0	417,950	30,020,582	30,438,532
June 30, 2093	0	411,573,842	411,573,842	0	352,380	31,519,490	31,871,870
June 30, 2094	0	423,921,057	423,921,057	0	293,613	33,087,781	33,381,394
June 30, 2095	0	436,638,689	436,638,689	0	241,648	34,724,261	34,965,909

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you- go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2021	2,864,459	2,142,378	600,000	2,742,378	0	2,142,378	2,142,378	814,379	4,278,838
June 30, 2022	4,278,838	2,256,002	273,816	2,529,818	0	2,256,002	2,256,002	267,454	4,820,108
June 30, 2023	4,820,108	2,306,060	251,460	2,557,520	0	2,306,060	2,306,060	327,281	5,398,849
June 30, 2024	5,398,849	2,347,066	231,848	2,578,914	0	2,347,066	2,347,066	364,955	5,995,652
June 30, 2025	5,995,652	2,456,271	213,653	2,669,924	0	2,456,271	2,456,271	403,871	6,613,176
June 30, 2026	6,613,176	2,595,684	197,592	2,793,276	0	2,595,684	2,595,684	444,228	7,254,996
June 30, 2027	7,254,996	2,709,777	182,945	2,892,722	0	2,709,777	2,709,777	486,239	7,924,180
June 30, 2028	7,924,180	2,793,973	169,945	2,963,918	0	2,793,973	2,793,973	530,116	8,624,241
June 30, 2029	8,624,241	2,925,685	156,873	3,082,558	0	2,925,685	2,925,685	576,034	9,357,148
June 30, 2030	9,357,148	3,099,225	865,962	3,965,187	0	3,099,225	3,099,225	647,647	10,870,757
June 30, 2031	10,870,757	3,178,413	804,851	3,983,264	0	3,178,413	3,178,413	745,858	12,407,572
June 30, 2032	12,407,572	3,320,300	745,680	4,065,980	0	3,320,300	3,320,300	845,668	13,963,601
June 30, 2033	13,963,601	3,514,172	693,401	4,207,573	0	3,514,172	3,514,172	946,974	15,538,618
June 30, 2034	15,538,618	3,598,644	640,738	4,239,382	0	3,598,644	3,598,644	1,049,525	17,120,445
June 30, 2035	17,120,445	3,717,269	595,529	4,312,798	0	3,717,269	3,717,269	1,152,770	18,705,598
June 30, 2036	18,705,598	3,861,053	552,400	4,413,453	0	3,861,053	3,861,053	1,256,302	20,312,200
June 30, 2037	20,312,200	3,859,482	510,946	4,370,428	0	3,859,482	3,859,482	1,361,309	21,935,436
June 30, 2038	21,935,436	3,890,810	472,922	4,363,732	0	3,890,810	3,890,810	1,467,529	23,573,212
June 30, 2039	23,573,212	4,006,024	438,583	4,444,607	0	4,006,024	4,006,024	1,574,831	25,242,796
June 30, 2040	25,242,796	3,979,746	402,886	4,382,632	0	3,979,746	3,979,746	1,684,195	26,940,527
June 30, 2041	26,940,527	3,918,110	371,931	4,290,041	0	3,918,110	3,918,110	1,795,577	28,651,763
June 30, 2042	28,651,763	4,009,506	341,099	4,350,605	0	4,009,506	4,009,506	1,907,856	30,356,752
June 30, 2043	30,356,752	4,000,101	311,964	4,312,065	0	4,000,101	4,000,101	2,019,778	32,037,038
June 30, 2044	32,037,038	4,078,171	284,479	4,362,650	0	4,078,171	4,078,171	2,130,117	33,663,888
June 30, 2045	33,663,888	4,217,357	260,301	4,477,658	0	4,217,357	4,217,357	2,237,027	35,211,516
June 30, 2046	35,211,516	4,210,127	235,506	4,445,633	0	4,210,127	4,210,127	2,338,673	36,703,076
June 30, 2047	36,703,076	4,283,795	210,491	4,494,286	0	4,283,795	4,283,795	2,436,599	38,117,356
June 30, 2048	38,117,356	4,288,621	189,035	4,477,656	0	4,288,621	4,288,621	2,529,526	39,435,862
June 30, 2049	39,435,862	4,184,430	168,201	4,352,631	0	4,184,430	4,184,430	2,616,132	40,678,249
June 30, 2050	40,678,249	4,165,145	149,744	4,314,889	0	4,165,145	4,165,145	2,697,777	41,830,482
June 30, 2051	41,830,482	4,106,311	132,615	4,238,926	0	4,106,311	4,106,311	2,773,497	42,859,802
June 30, 2052	42,859,802	3,943,734	114,350	4,058,084	0	3,943,734	3,943,734	2,841,043	43,735,714
June 30, 2053	43,735,714	3,863,500	97,001	3,960,501	0	3,863,500	3,863,500	2,898,464	44,428,039
June 30, 2054	44,428,039	3,724,531	81,577	3,806,108	0	3,724,531	3,724,531	2,943,793	44,899,771
June 30, 2055	44,899,771	3,622,238	66,932	3,689,170	0	3,622,238	3,622,238	2,974,545	45,111,651
June 30, 2056	45,111,651	3,579,322	55,258	3,634,580	0	3,579,322	3,579,322	2,988,191	45,061,786
June 30, 2057	45,061,786	3,552,535	44,320	3,596,855	0	3,552,535	3,552,535	2,984,534	44,715,623
June 30, 2058	44,715,623	3,422,322	34,395	3,456,717	0	3,422,322	3,422,322	2,961,294	44,034,425
June 30, 2059	44,034,425	3,272,845	26,961	3,299,806	0	3,272,845	3,272,845	2,915,957	42,997,761
June 30, 2060	42,997,761	3,212,539	18,917	3,231,456	0	3,212,539	3,212,539	2,847,068	41,564,268

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you- go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	41,564,268	3,099,456	13,198	3,112,654	0	3,099,456	3,099,456	2,751,984	38,484,990
June 30, 2062	38,484,990	3,016,005	9,382	3,025,387	0	3,016,005	3,016,005	2,548,012	35,482,266
June 30, 2063	35,482,266	2,961,382	7,019	2,968,401	0	2,961,382	2,961,382	2,349,155	32,530,045
June 30, 2064	32,530,045	2,909,048	4,359	2,913,407	0	2,909,048	2,909,048	2,153,631	29,626,212
June 30, 2065	29,626,212	2,836,289	1,990	2,838,279	0	2,836,289	2,836,289	1,961,320	26,792,091
June 30, 2066	26,792,091	2,768,470	1,353	2,769,823	0	2,768,470	2,768,470	1,773,681	24,024,955
June 30, 2067	24,024,955	2,708,699	632	2,709,331	0	2,708,699	2,708,699	1,590,473	21,316,814
June 30, 2068	21,316,814	2,645,278	223	2,645,501	0	2,645,278	2,645,278	1,411,180	18,671,711
June 30, 2069	18,671,711	2,576,953	0	2,576,953	0	2,576,953	2,576,953	1,236,067	16,094,758
June 30, 2070	16,094,758	2,504,346	0	2,504,346	0	2,504,346	2,504,346	1,065,473	13,590,412
June 30, 2071	13,590,412	2,427,495	0	2,427,495	0	2,427,495	2,427,495	899,685	11,162,917
June 30, 2072	11,162,917	2,346,365	0	2,346,365	0	2,346,365	2,346,365	738,985	8,816,552
June 30, 2073	8,816,552	2,261,066	0	2,261,066	0	2,261,066	2,261,066	583,656	6,555,486
June 30, 2074	6,555,486	2,171,780	0	2,171,780	0	2,171,780	2,171,780	433,973	4,383,706
June 30, 2075	4,383,706	2,078,688	0	2,078,688	0	2,078,688	2,078,688	290,201	2,305,018
June 30, 2076	2,305,018	1,982,162	0	1,982,162	0	1,982,162	1,982,162	152,592	322,856
June 30, 2077	322,856	1,882,613	0	1,882,613	0	1,882,613	1,882,613	21,373	21,373
June 30, 2078	21,373	1,780,467	0	1,780,467	0	1,780,467	1,780,467	1,415	1,415
June 30, 2079	1,415	1,676,247	0	1,676,247	0	1,676,247	1,676,247	94	94
June 30, 2080	94	1,570,510	0	1,570,510	0	1,570,510	1,570,510	6	6
June 30, 2081	6	1,463,756	0	1,463,756	0	1,463,756	1,463,756	0	0
June 30, 2082	0	1,356,632	0	1,356,632	0	1,356,632	1,356,632	0	0
June 30, 2083	0	1,249,668	0	1,249,668	0	1,249,668	1,249,668	0	0
June 30, 2084	0	1,143,605	0	1,143,605	0	1,143,605	1,143,605	0	0
June 30, 2085	0	1,039,182	0	1,039,182	0	1,039,182	1,039,182	0	0
June 30, 2086	0	937,158	0	937,158	0	937,158	937,158	0	0
June 30, 2087	0	838,313	0	838,313	0	838,313	838,313	0	0
June 30, 2088	0	743,464	0	743,464	0	743,464	743,464	0	0
June 30, 2089	0	653,386	0	653,386	0	653,386	653,386	0	0
June 30, 2090	0	568,772	0	568,772	0	568,772	568,772	0	0
June 30, 2091	0	490,160	0	490,160	0	490,160	490,160	0	0
June 30, 2092	0	417,950	0	417,950	0	417,950	417,950	0	0
June 30, 2093	0	352,380	0	352,380	0	352,380	352,380	0	0
June 30, 2094	0	293,613	0	293,613	0	293,613	293,613	0	0
June 30, 2095	0	241,648	0	241,648	0	241,648	241,648	0	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.62%]	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 [6.19%]	
June 30, 2021	2,864,459	2,142,378	2,142,378	0	2,142,378	0	2,142,378	Sum of Column V.
June 30, 2022	4,278,838	2,256,002	2,256,002	0	2,115,928	0	2,124,488	48,816,184
June 30, 2023	4,820,108	2,306,060	2,306,060	0	2,028,585	0	2,045,033	
June 30, 2024	5,398,849	2,347,066	2,347,066	0	1,936,463	0	1,960,062	Sum of Column VI.
June 30, 2025	5,995,652	2,456,271	2,456,271	0	1,900,735	0	1,931,682	3,471,962
June 30, 2026	6,613,176	2,595,684	2,595,684	0	1,883,903	0	1,922,321	
June 30, 2027	7,254,996	2,709,777	2,709,777	0	1,844,597	0	1,889,829	Sum of Column VII.
June 30, 2028	7,924,180	2,793,973	2,793,973	0	1,783,822	0	1,834,957	[V. + VI.]
June 30, 2029	8,624,241	2,925,685	2,925,685	0	1,751,936	0	1,809,448	52,288,146
June 30, 2030	9,357,148	3,099,225	3,099,225	0	1,740,624	0	1,805,039	
June 30, 2031	10,870,757	3,178,413	3,178,413	0	1,674,262	0	1,743,246	
June 30, 2032	12,407,572	3,320,300	3,320,300	0	1,640,408	0	1,714,906	
June 30, 2033	13,963,601	3,514,172	3,514,172	0	1,628,392	0	1,709,232	
June 30, 2034	15,538,618	3,598,644	3,598,644	0	1,563,998	0	1,648,283	
June 30, 2035	17,120,445	3,717,269	3,717,269	0	1,515,244	0	1,603,362	
June 30, 2036	18,705,598	3,861,053	3,861,053	0	1,476,133	0	1,568,297	
June 30, 2037	20,312,200	3,859,482	3,859,482	0	1,383,917	0	1,476,272	
June 30, 2038	21,935,436	3,890,810	3,890,810	0	1,308,526	0	1,401,497	
June 30, 2039	23,573,212	4,006,024	4,006,024	0	1,263,622	0	1,358,878	
June 30, 2040	25,242,796	3,979,746	3,979,746	0	1,177,390	0	1,271,268	
June 30, 2041	26,940,527	3,918,110	3,918,110	0	1,087,184	0	1,178,618	
June 30, 2042	28,651,763	4,009,506	4,009,506	0	1,043,467	0	1,135,801	
June 30, 2043	30,356,752	4,000,101	4,000,101	0	976,383	0	1,067,081	
June 30, 2044	32,037,038	4,078,171	4,078,171	0	933,632	0	1,024,487	
June 30, 2045	33,663,888	4,217,357	4,217,357	0	905,549	0	997,691	
June 30, 2046	35,211,516	4,210,127	4,210,127	0	847,868	0	937,920	
June 30, 2047	36,703,076	4,283,795	4,283,795	0	809,139	0	898,699	
June 30, 2048	38,117,356	4,288,621	4,288,621	0	759,755	0	847,263	
June 30, 2049	39,435,862	4,184,430	4,184,430	0	695,270	0	778,487	
June 30, 2050	40,678,249	4,165,145	4,165,145	0	649,095	0	729,727	
June 30, 2051	41,830,482	4,106,311	4,106,311	0	600,194	0	677,480	
June 30, 2052	42,859,802	3,943,734	3,943,734	0	540,641	0	612,727	
June 30, 2053	43,735,714	3,863,500	3,863,500	0	496,756	0	565,269	
June 30, 2054	44,428,039	3,724,531	3,724,531	0	449,154	0	513,170	
June 30, 2055	44,899,771	3,622,238	3,622,238	0	409,696	0	469,982	
June 30, 2056	45,111,651	3,579,322	3,579,322	0	379,706	0	437,341	
June 30, 2057	45,061,786	3,552,535	3,552,535	0	353,465	0	408,764	
June 30, 2058	44,715,623	3,422,322	3,422,322	0	319,367	0	370,825	
June 30, 2059	44,034,425	3,272,845	3,272,845	0	286,455	0	333,956	
June 30, 2060	42,997,761	3,212,539	3,212,539	0	263,718	0	308,693	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.62%]	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 [6.19%]
June 30, 2061	41,564,268	3,099,456	3,099,456	0	238,637	0	280,465
June 30, 2062	38,484,990	3,016,005	3,016,005	0	217,794	0	257,004
June 30, 2063	35,482,266	2,961,382	2,961,382	0	200,572	0	237,639
June 30, 2064	32,530,045	2,909,048	2,909,048	0	184,794	0	219,831
June 30, 2065	29,626,212	2,836,289	2,836,289	0	168,985	0	201,838
June 30, 2066	26,792,091	2,768,470	2,768,470	0	154,703	0	185,527
June 30, 2067	24,024,955	2,708,699	2,708,699	0	141,965	0	170,940
June 30, 2068	21,316,814	2,645,278	2,645,278	0	130,033	0	157,206
June 30, 2069	18,671,711	2,576,953	2,576,953	0	118,809	0	144,218
June 30, 2070	16,094,758	2,504,346	2,504,346	0	108,293	0	131,984
June 30, 2071	13,590,412	2,427,495	2,427,495	0	98,452	0	120,476
June 30, 2072	11,162,917	2,346,365	2,346,365	0	89,253	0	109,661
June 30, 2073	8,816,552	2,261,066	2,261,066	0	80,668	0	99,514
June 30, 2074	6,555,486	2,171,780	2,171,780	0	72,672	0	90,012
June 30, 2075	4,383,706	2,078,688	2,078,688	0	65,238	0	81,132
June 30, 2076	2,305,018	1,982,162	1,982,162	0	58,346	0	72,854
June 30, 2077	322,856	1,882,613	897,950	984,663	24,791	294,601	65,162
June 30, 2078	21,373	1,780,467	562,083	1,218,384	14,554	356,757	58,034
June 30, 2079	1,415	1,676,247	507,664	1,168,583	12,329	334,881	51,452
June 30, 2080	94	1,570,510	471,502	1,099,008	10,740	308,229	45,396
June 30, 2081	6	1,463,756	436,741	1,027,015	9,330	281,897	39,844
June 30, 2082	0	1,356,632	402,355	954,277	8,062	256,349	34,775
June 30, 2083	0	1,249,668	368,510	881,158	6,926	231,661	30,166
June 30, 2084	0	1,143,605	335,566	808,039	5,915	207,909	25,996
June 30, 2085	0	1,039,182	303,454	735,728	5,017	185,268	22,245
June 30, 2086	0	937,158	272,602	664,556	4,227	163,778	18,892
June 30, 2087	0	838,313	242,981	595,332	3,534	143,590	15,914
June 30, 2088	0	743,464	214,819	528,645	2,930	124,788	13,291
June 30, 2089	0	653,386	188,335	465,051	2,409	107,436	11,000
June 30, 2090	0	568,772	163,588	405,184	1,963	91,610	9,017
June 30, 2091	0	490,160	140,766	349,394	1,584	77,312	7,318
June 30, 2092	0	417,950	119,894	298,056	1,265	64,547	5,876
June 30, 2093	0	352,380	101,018	251,362	1,000	53,274	4,665
June 30, 2094	0	293,613	84,173	209,440	782	43,443	3,661
June 30, 2095	0	241,648	69,294	172,354	603	34,988	2,837

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Medicare Supplement Plans: effective December 1, 2020

Non-Medicare Plans: effective June 1, 2020

Dental Plans: N/A

Creditable Service

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

Benefits Offered

Comprehensive Medical & \$2,000 of Life Insurance.

Medicare Part A

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

Medicare Part B

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

Medicare Part B Penalty reimbursements have been reflected.

Surviving Spouse Coverage

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

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-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

6.25% per annum (previously 6.25%)

Net Long Term Rate of Return

6.62% (based on investment policy)

Municipal Bond Rate

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

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

Non-Public Safety Employees

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

Public Safety Employees

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Total OPEB Liability	45,438,882	43,778,129
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>38,423,788</u>	<u>36,993,873</u>
III. Liability from Implicit Subsidy [I. - II.]	7,015,094	6,784,256

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2021</u>	<u>June 30, 2020</u>
IV. Employer Payments (Including Implicit Subsidy)	2,142,378	2,060,313
V. Actual Employer Payments	<u>1,642,870</u>	<u>1,556,612</u>
VI. Implicit Subsidy [IV. - V.]	499,508	503,701

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	4,552	2,870	44 & Under	8,947	5,863	65 to 69	4,013	4,013
25 to 29	6,716	2,986	45 to 49	9,828	7,402	70 to 74	4,013	4,013
30 to 34	8,486	3,748	50 to 54	11,561	9,749	75 to 79	4,013	4,013
35 to 39	8,742	4,706	55 to 59	13,365	12,675	80 to 84	4,013	4,013
40 to 44	8,947	5,863	60 to 64	15,904	16,264	85 to 89	4,013	4,013
45 to 49	9,828	7,402	65 to 69	19,065	20,288	90 & Over	4,013	4,013
50 to 54	11,561	9,749	70 to 74	22,482	24,312			
55 to 59	13,365	12,675	75 to 79	26,109	28,714			
60 to 64	15,904	16,264	80 to 84	29,936	33,005			
65 to 69	19,065	20,288	85 to 89	34,171	37,779			
70 & Over	22,482	24,312	90 & Over	34,171	37,779			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

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

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

Additional Comments

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

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

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2019
A. Average Age at Hire	34.99
B. Average Service	<u>11.03</u>
C. Average Current Age	46.02

Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	95
B. Age 65 & Over	<u>449</u>
C. Total	544

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	8	1								9
25-29	35	5	2							42
30-34	35	29	12							76
35-39	29	19	23	8	5					84
40-44	22	13	21	15	6					77
45-49	24	10	17	11	16	1	2			81
50-54	18	15	21	5	8	4	3			74
55-59	11	9	16	20	13	6	5	1		81
60-64	4	6	16	19	8	4	2		1	60
65-69		1	3	4	5	2	1			16
70+		1		1	1	1	1		1	6
Total	186	109	131	83	62	18	14	1	2	606

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Blue Care Elect PPO	54		106	160
Network Blue NE HMO	117		224	341
Medex	176	142		318
Total	347	142	330	819

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Blue Care Elect PPO	965.61		2,416.20
Network Blue NE HMO	797.40		1,995.66
Medex	334.40	668.80	
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
Blue Care Elect PPO	54		106	266	3,699,121.68	3,082,227.12
Network Blue NE HMO	117		224	565	6,483,883.68	5,406,372.00
Total	171	0	330	831	10,183,005.36	8,488,599.12
Blended Average Monthly Rate:						\$ 851.24

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex	176	142		460	1,845,888.00	1,845,888.00
Total	176	142	0	460	1,845,888.00	1,845,888.00
Blended Average Monthly Rate:						\$ 334.42

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is July 26, 2021 and its subject is the Town of Duxbury’s GASB 75 OPEB liabilities.

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

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