

Town of Duxbury Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2021

As of the Measurement Date:
June 30, 2022

For the Reporting Date:
June 30, 2022

Delivered October 26, 2022



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October 26, 2022

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, 2022 with a Measurement Date of June 30, 2022 and a Valuation Date of July 1, 2021. 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").

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

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

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

Very truly yours,

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

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

October 26, 2022

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, 2021 with a Measurement Date of June 30, 2022 for the Reporting Date & Fiscal Year Ending June 30, 2022 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

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

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

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

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

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

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

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

EXECUTIVE SUMMARY

How did plan liabilities change from FY 21 to FY 22?

Plan Experience

For the year ending on the Measurement Date of June 30, 2022, experience was largely in line with expectation, with an experience gain of \$447,731 or 0.99% of the beginning Total OPEB Liability ("TOL"). This was mainly due to higher turnover than expected as well as the Medicare Supplement plan staying the same rather than increasing by 4.50% over the 1-year period.

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by approximately \$17 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.25% to 5.71% increasing the disclosed liability by approximately \$4.3 million.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs increasing the disclosed liability by approximately \$6.9 million.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims increasing the disclosed liability by approximately \$5.6 million.

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

Investment Experience

- ✓ During the period investments earned approximately \$580 thousand less than expected.

Changes in Benefit 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.

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 75.25% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 9.00% increase in fiscal year 2022 and an ultimate trend rate of 3.60% in fiscal year 2061.
- ✓ Discount Rate (5.71%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

EXECUTIVE SUMMARY

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.09% as of June 30, 2022.
- ✓ Current Asset Level – The Town had \$4,287,807 of OPEB assets as of June 30, 2022.
- ✓ Future Funding Policy – The Town is expected to contribute \$300,000 annually until Fiscal 2029 and then \$1.8 Million annually thereafter beyond pay-as-you-go costs.
- ✓ Investment Policy – The Town is expected to earn 6.13% per year on assets based on its investment policy.

Low Default Risk Obligation Measure (LDROM)

For purposes of this LDROM, we have used a discount rate of 4.09% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDROM Total OPEB Liability is \$81 million vs. the \$64 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$17 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

Medicare Buy-In

The Town currently has 5 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, 2021	July 1, 2019
Measurement Date & Period Ending	June 30, 2022	June 30, 2021
Reporting Date/Fiscal Year End	June 30, 2022	June 30, 2021
Total OPEB Liability	63,598,683	45,438,882
Per Eligible Active Plan Participant	52,664	37,130
Per Retiree/Spouse Plan Participant	53,163	42,166
Total Annual Service Cost (Annual Benefit Accrual)	1,103,966	1,066,291
Per Eligible Active Plan Participant	1,816	1,760
Expected Employer Share of Retiree Costs	2,256,002	2,142,378
Per Retiree/Spouse Plan Participant	3,798	3,938
Net OPEB Liability as a % of Covered Payroll	121.76%	84.01%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Present Value at 3.00% of Total OPEB 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, 2022	594	63,598,683	63,598,683	2,256,002	2,256,002
June 30, 2027	657	77,430,596	66,792,312	3,001,676	2,589,272
June 30, 2032	669	91,556,826	68,126,877	4,083,630	3,038,604
June 30, 2037	654	105,490,599	67,710,401	5,133,568	3,295,042
June 30, 2042	616	121,320,686	67,172,322	5,826,759	3,226,135
June 30, 2047	582	139,783,296	66,761,281	7,087,085	3,384,831
June 30, 2052	562	162,783,282	67,064,557	7,722,358	3,181,509

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, 2023 (Projected)	2,289,178
June 30, 2022	2,256,002
June 30, 2021	2,142,378
June 30, 2020	2,060,313
June 30, 2019	1,642,697
June 30, 2018	1,620,064

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2022 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$59,310,876 assuming a discount rate of 5.71%. 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 beyond pay-as-you-go costs. The balance of this fund as of June 30, 2022 was \$4,287,807. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Duxbury Assuming Funding - 5.71% discount rate Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2021	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2022	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2022	June 30, 2021
I. Total OPEB Liability		
A. Actives	32,019,933	22,500,706
B. Retirees/Disabled	<u>31,578,750</u>	<u>22,938,176</u>
C. Total	63,598,683	45,438,882
II. Fiduciary Net Position [Plan Assets]	4,287,807	4,278,839
III. Net OPEB Liability (Asset) [I. - II.]	59,310,876	41,160,043
IV. Funded Ratio [II. / I.]	6.74%	9.42%
V. Number of Eligible Participants		
A. Actives	608	606
B. Retirees/Disabled & Dependents	<u>594</u>	<u>544</u>
C. Total	1,202	1,150
VI. Service Cost	1,103,966	1,066,291
VII. Financial Statement Expense/(Income)	4,653,925	1,554,865
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(300,000)	(600,000)
IX. Deferred Inflow of Resources	(4,421,185)	(7,725,284)
X. Deferred Outflow of Resources	17,487,853	4,739,043
XI. Money Weighted Rate of Return	(6.68%)	26.00%
XII. 20-year Municipal Bond Rate (SAPIHG)	4.09%	2.18%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.13%	6.62%
XIV. Crossover Year	2069	2077
XV. Discount Rate	5.71%	6.25%

PRINCIPAL RESULTS OF THE VALUATION

Town of Duxbury Plan Liabilities as of the June 30, 2022 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	3,943,635	23,035,776	2,247,809	1,886,730	362,358	543,625	32,019,933
B. Retirees/Disabled	<u>11,927,326</u>	<u>18,141,486</u>	<u>254,272</u>	<u>426,651</u>	<u>0</u>	<u>829,015</u>	<u>31,578,750</u>
C. Total	15,870,961	41,177,262	2,502,081	2,313,381	362,358	1,372,640	63,598,683
II. Fiduciary Net Position [Plan Assets]	1,100,025	2,854,019	173,421	160,342	0	0	4,287,807
III. Net OPEB Liability (Asset) [I. - II.]	14,770,936	38,323,243	2,328,660	2,153,039	362,358	1,372,640	59,310,876
For the Reporting Date and Fiscal Year Ending June 30, 2022							
IV. Service Cost	172,674	740,742	81,024	74,541	21,742	13,243	1,103,966
V. Financial Statement Expense/(Income)	1,040,071	3,041,990	224,265	206,894	44,852	95,853	4,653,925
VI. Employer Share of Costs	(1,019,931)	(1,170,571)	(14,341)	(16,094)	0	(35,065)	(2,256,002)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(76,964)	(199,684)	(12,134)	(11,218)	0	0	(300,000)
VIII. Total Employer Contribution [VI. + VII.]	(1,096,895)	(1,370,255)	(26,475)	(27,312)	0	(35,065)	(2,556,002)

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

Funding - 5.71% 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 6.13% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / 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.]
2022	June 30, 2022	63,598,683	4,287,807	59,310,876	6.74%	1,103,966	2,256,002	300,000	2,556,002	2,256,002	0	300,000
2023	June 30, 2023	66,456,119	4,859,708	61,596,411	7.31%	1,494,256	2,289,178	300,000	2,589,178	2,289,178	0	300,000
2024	June 30, 2024	69,163,151	5,466,666	63,696,485	7.90%	1,547,693	2,401,876	300,000	2,701,876	2,401,876	0	300,000
2025	June 30, 2025	71,913,145	6,110,831	65,802,314	8.50%	1,605,507	2,574,521	300,000	2,874,521	2,574,521	0	300,000
2026	June 30, 2026	74,644,572	6,794,483	67,850,089	9.10%	1,662,605	2,824,714	300,000	3,124,714	2,824,714	0	300,000
2027	June 30, 2027	77,430,596	7,520,043	69,910,553	9.71%	1,732,132	3,001,676	300,000	3,301,676	3,001,676	0	300,000
2028	June 30, 2028	80,224,835	8,290,080	71,934,755	10.33%	1,788,743	3,201,490	300,000	3,501,490	3,201,490	0	300,000
2029	June 30, 2029	83,027,599	9,107,320	73,920,279	10.97%	1,854,878	3,451,419	300,000	3,751,419	3,451,419	0	300,000
2030	June 30, 2030	85,835,769	11,519,948	74,315,821	13.42%	1,926,433	3,695,718	1,800,000	5,495,718	3,695,718	0	1,800,000
2031	June 30, 2031	88,703,075	14,080,470	74,622,605	15.87%	1,991,160	3,857,879	1,800,000	5,657,879	3,857,879	0	1,800,000
2032	June 30, 2032	91,556,826	16,797,952	74,758,874	18.35%	2,062,809	4,083,630	1,800,000	5,883,630	4,083,630	0	1,800,000
2033	June 30, 2033	94,347,675	19,682,016	74,665,659	20.86%	2,127,874	4,383,776	1,800,000	6,183,776	4,383,776	0	1,800,000
2034	June 30, 2034	97,119,547	22,742,873	74,376,674	23.42%	2,201,632	4,590,963	1,800,000	6,390,963	4,590,963	0	1,800,000
2035	June 30, 2035	99,896,649	25,991,361	73,905,288	26.02%	2,272,538	4,771,144	1,800,000	6,571,144	4,771,144	0	1,800,000
2036	June 30, 2036	102,613,125	29,438,981	73,174,144	28.69%	2,348,343	5,024,190	1,800,000	6,824,190	5,024,190	0	1,800,000
2037	June 30, 2037	105,490,599	33,097,940	72,392,659	31.38%	2,423,613	5,133,568	1,800,000	6,933,568	5,133,568	0	1,800,000
2038	June 30, 2038	108,478,711	36,981,193	71,497,518	34.09%	2,507,923	5,239,060	1,800,000	7,039,060	5,239,060	0	1,800,000
2039	June 30, 2039	111,470,614	41,102,490	70,368,124	36.87%	2,589,925	5,498,427	1,800,000	7,298,427	5,498,427	0	1,800,000
2040	June 30, 2040	114,732,431	45,476,422	69,256,009	39.64%	2,677,231	5,594,212	1,800,000	7,394,212	5,594,212	0	1,800,000
2041	June 30, 2041	118,050,926	50,118,476	67,932,450	42.45%	2,769,565	5,609,583	1,800,000	7,409,583	5,609,583	0	1,800,000
2042	June 30, 2042	121,320,686	55,045,088	66,275,598	45.37%	2,864,239	5,826,759	1,800,000	7,626,759	5,826,759	0	1,800,000
2043	June 30, 2043	124,996,686	60,273,701	64,722,985	48.22%	2,959,752	5,998,073	1,800,000	7,798,073	5,998,073	0	1,800,000
2044	June 30, 2044	128,596,176	65,822,828	62,773,348	51.19%	3,068,436	6,279,432	1,800,000	8,079,432	6,279,432	0	1,800,000
2045	June 30, 2045	132,128,306	71,712,117	60,416,189	54.27%	3,175,023	6,590,338	1,800,000	8,390,338	6,590,338	0	1,800,000
2046	June 30, 2046	135,908,962	77,962,419	57,946,543	57.36%	3,286,171	6,774,373	1,800,000	8,574,373	6,774,373	0	1,800,000
2047	June 30, 2047	139,783,296	84,595,865	55,187,431	60.52%	3,408,266	7,087,085	1,800,000	8,887,085	7,087,085	0	1,800,000
2048	June 30, 2048	143,923,437	91,635,941	52,287,496	63.67%	3,531,815	7,308,840	1,800,000	9,108,840	7,308,840	0	1,800,000
2049	June 30, 2049	148,355,055	99,107,574	49,247,481	66.80%	3,664,116	7,362,782	1,800,000	9,162,782	7,362,782	0	1,800,000
2050	June 30, 2050	152,885,520	107,037,218	45,848,302	70.01%	3,801,329	7,578,198	1,800,000	9,378,198	7,578,198	0	1,800,000
2051	June 30, 2051	157,610,223	115,452,949	42,157,274	73.25%	3,940,289	7,712,878	1,800,000	9,512,878	7,712,878	0	1,800,000
2052	June 30, 2052	162,783,282	124,384,564	38,398,718	76.41%	4,089,762	7,722,358	1,800,000	9,522,358	7,722,358	0	1,800,000

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 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, 2022	
Description	Amount
I. Service Cost	1,103,966
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,839,496
III. Deferred (Inflows)/Outflows from Plan Experience*	(506,445)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	1,504,603
V. Projected Earnings on OPEB Plan Investments	(293,078)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	5,383
VII. OPEB Plan Administrative Expense	0
VIII. Other Changes in Fiduciary Net Position	0
IX. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ ... + VII. + VIII.]	4,653,925
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	4,653,925

* Amortized over 5.63 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES (As of the June 30, 2022 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, 2021 Reporting Date	45,438,883	4,278,839	41,160,044
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2021 Reporting Date with Adjustment [I. + II.]	45,438,883	4,278,839	41,160,044
Changes for the year:			
IV. Service Cost	1,103,966	0	1,103,966
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,839,496	0	2,839,496
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	16,920,071	0	16,920,071
VIII. Differences Between Actual and Expected Experience **	(447,731)	0	(447,731)
IX. Net Investment Income	0	(291,032)	291,032
X. Employer Contributions to Trust	0	2,556,002	(2,556,002)
XI. Benefit Payments Withdrawn from Trust	0	(2,256,002)	2,256,002
XII. Benefit Payments Excluding Implicit Cost	(1,826,287)	0	(1,826,287)
XIII. Implicit Cost Amount	(429,715)	0	(429,715)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(2,256,002)	0	(2,256,002)
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.]	18,159,800	8,968	18,150,832
XVIII. Balances for the June 30, 2022 Reporting Date [III.+XVII.]	63,598,683	4,287,807	59,310,876

* Recognized Immediately

** Amortized over 5.63 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 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	2022	2023	2024	2025	2026	2027
2017									
2018	(1,896,167)	6.20	(367,006)	(305,832)	(305,832)	(61,174)			
2019	0	6.20	0	0	0	0	0		
2020	(681,729)	5.63	(318,465)	(121,088)	(121,088)	(121,088)	(76,289)		
2021	0	5.63	0	0	0	0	0	0	
2022	(447,731)	5.63	(368,206)	(79,525)	(79,525)	(79,525)	(79,525)	(79,525)	(50,106)
2023									
2024									
2025									
2026									
Total Remaining Balance			(1,053,677)						
Net increase (decrease) in OPEB Expense				(506,445)	(506,445)	(261,787)	(155,814)	(79,525)	(50,106)

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	2022	2023	2024	2025	2026	2027
2017									
2018	(17,398,798)	6.20	(3,367,508)	(2,806,258)	(2,806,258)	(561,250)			
2019	0	6.20	0	0	0	0	0		
2020	7,350,083	5.63	3,433,523	1,305,520	1,305,520	1,305,520	822,483		
2021	0	5.63	0	0	0	0	0	0	
2022	16,920,071	5.63	13,914,730	3,005,341	3,005,341	3,005,341	3,005,341	3,005,341	1,893,366
2023									
2024									
2025									
2026									
Total Remaining Balance			13,980,745						
Net increase (decrease) in OPEB Expense				1,504,603	1,504,603	3,749,611	3,827,824	3,005,341	1,893,366

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 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	2022	2023	2024	2025	2026	2027
2017									
2018	(30,595)	5.00	0	(6,119)					
2019	(19,964)	5.00	(3,992)	(3,993)	(3,992)				
2020	98,575	5.00	39,430	19,715	19,715	19,715			
2021	(605,210)	5.00	(363,126)	(121,042)	(121,042)	(121,042)	(121,042)		
2022	584,110	5.00	467,288	116,822	116,822	116,822	116,822	116,822	
2023									
2024									
2025									
2026									
Total Remaining Balance			139,600						
Net increase (decrease) in OPEB Expense				5,383	11,503	15,495	(4,220)	116,822	0

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Statement of (Inflows) & Outflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2022 to be Reported for the Fiscal Year Ending June 30, 2022			
	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	(1,053,677)	(1,053,677)
III. Changes of Assumptions	17,348,253	(3,367,508)	13,980,745
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	139,600	0	139,600
VI. Total [I. + II. + III. + IV.]	17,487,853	(4,421,185)	13,066,668

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES (As of the June 30, 2022 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows) & Outflows		
The balance of deferred (inflows) & outflows as of the Reporting Date of June 30, 2022 will be recognized in future years as shown below.		
	Year ending June 30:	
	2023	1,009,661
	2024	3,503,319
	2025	3,667,790
	2026	3,042,638
	2027	1,843,260
	Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.71% as of June 30, 2022 and 6.25% as of June 30, 2021. 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 2069 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 4.09% as of June 30, 2022. 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, 2022 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, 2022 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$2,256,002. The Town also contributed \$300,000 to an OPEB Trust for a total contribution during the measurement period of \$2,556,002 to be reported on the financial statement for the fiscal year ending June 30, 2022.

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	45.50%	Domestic Equity - Large Cap	4.42%
Domestic Equity - Small/Mid Cap	5.50%	Domestic Equity - Small/Mid Cap	4.81%
International Equity - Developed Market	5.25%	International Equity - Developed Market	4.91%
International Equity - Emerging Market	2.75%	International Equity - Emerging Market	5.58%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.00%
International Fixed Income	3.50%	International Fixed Income	1.04%
Alternatives	10.75%	Alternatives	5.98%
Real Estate	5.00%	Real Estate	6.25%
Cash	1.75%	Cash	0.00%
Total	100.00%		
		I. Real Rate of Return	3.88%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.38%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	6.13%

* Mean Geometric Returns based on 2021 Horizon Survey of Capital Market Assumptions

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 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, 2022	3,913,532	(2,556,002)	1,357,530	48,710,155	5.25%
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%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 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, 2022 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	50,532,863	59,310,876	70,391,688

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2022 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	69,299,482	5.71%	51,314,913

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 Measurement Date)

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2021	4,278,839	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	300,000	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	300,000		
III. Earnings and increase in fair value	(291,032)		
IV. Ending value - June 30, 2022 [I.+II.+III.]	4,287,807		
Money Weighted Rate of Return	(6.68%)		
Asset Value - June 30, 2022	4,287,807		

EXHIBIT A
FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2022 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2022						Total
	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	
I. Total OPEB Liability as of June 30, 2022	15,870,961	41,177,262	2,502,081	2,313,381	362,358	1,372,640	63,598,683
II. Fiduciary Net Position as of June 30, 2022	1,100,025	2,854,019	173,421	160,342	0	0	4,287,807
III. Net OPEB Liability (Asset) as of June 30, 2022 [I. - II.]	14,770,936	38,323,243	2,328,660	2,153,039	362,358	1,372,640	59,310,876
IV. Service Cost	172,674	740,742	81,024	74,541	21,742	13,243	1,103,966
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	692,265	1,846,449	115,622	106,817	17,392	60,951	2,839,496
VI. Projected Earnings on OPEB Plan Investments	(75,301)	(194,948)	(11,862)	(10,967)	0	0	(293,078)
VII. Net Recognition of Deferred (Inflows)/Outflows	250,433	649,747	39,481	36,503	5,718	21,659	1,003,541
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	1,040,071	3,041,990	224,265	206,894	44,852	95,853	4,653,925
XI. Employer Share of Costs	(1,019,931)	(1,170,571)	(14,341)	(16,094)	0	(35,065)	(2,256,002)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(76,964)	(199,684)	(12,134)	(11,218)	0	0	(300,000)
XIII. Total Employer Contribution [XI. + XII.]	(1,096,895)	(1,370,255)	(26,475)	(27,312)	0	(35,065)	(2,556,002)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	(56,824)	1,671,735	197,790	179,582	44,852	60,788	2,097,923

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 Measurement Date)

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

Valuation Date	July 1, 2021
For the Measurement Period ending on the Measurement Date of:	June 30, 2022
For the Reporting Period & Fiscal Year ending on:	June 30, 2022

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(1,053,677)
II. Deferred (Inflow)/Outflow from Investment Experience	139,600
III. Deferred (Inflow)/Outflow from Changes in Assumptions	13,980,745

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	4,798,188
II. Deferred Outflow created during the period	17,504,181
III. Deferred Outflow recognized during the period	4,447,398
IV. Change in Deferred Outflow (II. - III.)	13,056,783
V. Deferred Outflow at end of the period (I. + IV.)	17,854,971
VI. Deferred Inflow at the beginning of the period	(7,784,429)
VII. Deferred Inflow created during the period	(447,731)
VIII. Deferred Inflow recognized during the period	(3,443,857)
IX. Change in Deferred Inflow (VII. - VIII.)	2,996,126
X. Deferred Inflow at end of the period (VI. + IX.)	(4,788,303)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	41,160,044
II. Service Cost	1,103,966
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,839,496
IV. Projected Investment Income	(293,078)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(2,556,002)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	1,094,382
IX. Deferred Outflow created during the period	17,504,181
X. Deferred Inflow created during the period	(447,731)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	59,310,876

Net OPEB Expense	
I. Service Cost	1,103,966
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,839,496
III. Projected Investment Income	(293,078)
IV. Recognition of Deferred (Inflow)/Outflow	1,003,541
V. OPEB Plan Administrative Expense	0
VI. Expense Related to Change in Benefit Terms	0
VII. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. + VI.)	4,653,925
VIII. Benefit Payments	(2,256,002)
IX. Contributions to Trust	(300,000)
X. Total Employer Payments (VIII. + IX.)	(2,556,002)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	2,097,923

EXHIBIT A
REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2022 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios						
Valuation Date	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2018	July 1, 2016
Measurement Date	June 30, 2022	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	63,598,683	45,438,883	43,778,129	35,481,007	33,801,101	51,784,190
I. Service Cost	1,103,966	1,066,291	1,026,856	767,015	733,986	1,574,616
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,839,496	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	0
IV. Difference Between Expected & Actual Plan Experience	(447,731)	0	(681,729)	0	(1,896,167)	0
V. Changes of Assumptions	16,920,071	0	7,350,083	0	(17,398,798)	0
VI. Benefit Payments Excluding Implicit Cost	(1,826,287)	(1,642,870)	(1,556,612)	N/A	N/A	N/A
VII. Implicit Cost Amount	(429,715)	(499,508)	(503,701)	N/A	N/A	N/A
VIII. Total Benefit Payments	(2,256,002)	(2,142,378)	(2,060,313)	(1,642,697)	(1,620,064)	(1,692,355)
IX. Other	0	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	18,159,800	1,660,754	8,297,122	1,679,906	(17,983,089)	2,028,222
XI. Total OPEB Liability - Beginning of Period	45,438,883	43,778,129	35,481,007	33,801,101	51,784,190	49,755,968
XII. Change Due to Proportional Share	0	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	45,438,883	43,778,129	35,481,007	33,801,101	51,784,190	49,755,968
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	63,598,683	45,438,883	43,778,129	35,481,007	33,801,101	51,784,190
Plan Fiduciary Net Position	4,287,807	4,278,839	2,864,459	2,776,977	2,268,765	1,847,698
XV. Earnings from Plan Investments	(291,032)	814,380	87,482	208,212	121,067	90,773
XVI. Employer Contribution to Trust	2,556,002	2,742,378	2,060,313	1,942,697	1,920,064	1,992,355
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(2,256,002)	(2,142,378)	(2,060,313)	(1,642,697)	(1,620,064)	(1,692,355)
XVIII. Administrative Expense	0	0	0	0	0	0
XIX. Other	0	0	0	0	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	8,968	1,414,380	87,482	508,212	421,067	390,773
XXI. Plan Fiduciary Net Position - Beginning of Period	4,278,839	2,864,459	2,776,977	2,268,765	1,847,698	1,456,925
XXII. Prior Period Adjustment	0	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	4,278,839	2,864,459	2,776,977	2,268,765	1,847,698	1,456,925
XXIV. Plan Fiduciary Net Position - End of Period [XXIII.+XXII.]	4,287,807	4,278,839	2,864,459	2,776,977	2,268,765	1,847,698
XXV. Net OPEB Liability [XIV.-XXIV.]	59,310,876	41,160,044	40,913,670	32,704,030	31,532,336	49,936,492
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	6.74%	9.42%	6.54%	7.83%	6.71%	3.57%
XXVII. Covered Employee Payroll	48,710,155	48,996,784	47,569,693	45,331,009	43,798,076	44,107,553
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	121.76%	84.01%	86.01%	72.14%	71.99%	113.22%
Single Discount Rate to Calculate Plan Liabilities	5.71%	6.25%	6.25%	7.50%	7.50%	6.00%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 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 2022 and future years we have used a 30-year amortization increasing by 3.00% per year of the Town's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Town's annual ADC and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)						
For the Fiscal Year Ending:	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	1,103,966	1,066,290	1,026,856	767,015	733,986	1,574,616
II. 30 Year Level Dollar Amortization of NOL	<u>2,809,566</u>	<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.]	3,913,532	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>(2,556,002)</u>	<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>1,357,530</u>	<u>400,722</u>	<u>1,839,273</u>	<u>277,367</u>	<u>300,000</u>	<u>300,000</u>
Covered Employee Payroll	48,710,155	48,996,784	47,569,693	45,331,009	43,798,076	44,107,553
Contributions as a % of Covered Employee Payroll	5.25%	5.60%	4.33%	4.29%	4.38%	4.52%
Discount Rate	5.71%	6.25%	6.25%	7.50%	7.50%	6.00%
Money Weighted Rate of Return	<u>(6.68%)</u>	26.00%	3.15%	8.89%	6.30%	5.93%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2021.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2022.

Actuarial Assumptions:

Investment Rate of Return:	6.13%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	5.71%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2022 and for future periods
Salary Increases:	3.00% annually as of June 30, 2022 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

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

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Plan Membership

At July 1, 2021, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	594
Actives:	<u>608</u>
Total:	1,202

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, 2021 to June 30, 2022

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.25% to 5.71%.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$300,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2022 Measurement Date. For the year ending on the June 30, 2022 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$2,256,002. \$429,715 of the \$2,256,002 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 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, 2021 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, 2022	48,710,155	0	48,710,155	0	2,256,002	0	2,256,002
June 30, 2023	45,796,586	4,374,874	50,171,460	0	2,289,178	0	2,289,178
June 30, 2024	43,226,634	8,449,970	51,676,604	0	2,401,876	0	2,401,876
June 30, 2025	41,017,459	12,209,443	53,226,902	0	2,574,521	0	2,574,521
June 30, 2026	38,918,721	15,904,988	54,823,709	0	2,824,714	0	2,824,714
June 30, 2027	37,303,398	19,165,022	56,468,420	0	3,001,676	0	3,001,676
June 30, 2028	35,503,945	22,658,528	58,162,473	0	3,201,490	0	3,201,490
June 30, 2029	33,791,315	26,116,032	59,907,347	0	3,451,419	0	3,451,419
June 30, 2030	32,377,777	29,326,790	61,704,567	0	3,695,718	0	3,695,718
June 30, 2031	30,946,699	32,609,005	63,555,704	0	3,857,879	0	3,857,879
June 30, 2032	29,636,089	35,826,286	65,462,375	0	4,083,630	0	4,083,630
June 30, 2033	28,277,769	39,148,477	67,426,246	0	4,369,408	14,368	4,383,776
June 30, 2034	27,024,781	42,424,252	69,449,033	0	4,552,868	38,095	4,590,963
June 30, 2035	25,749,010	45,783,494	71,532,504	0	4,698,674	72,470	4,771,144
June 30, 2036	24,535,240	49,143,239	73,678,479	0	4,901,725	122,465	5,024,190
June 30, 2037	23,344,156	52,544,677	75,888,833	0	4,947,154	186,414	5,133,568
June 30, 2038	22,299,517	55,865,981	78,165,498	0	5,010,963	228,097	5,239,060
June 30, 2039	21,188,675	59,321,788	80,510,463	0	5,219,831	278,596	5,498,427
June 30, 2040	20,157,568	62,768,209	82,925,777	0	5,256,548	337,664	5,594,212
June 30, 2041	19,131,631	66,281,919	85,413,550	0	5,231,206	378,377	5,609,583
June 30, 2042	18,123,387	69,852,570	87,975,957	0	5,403,921	422,838	5,826,759
June 30, 2043	17,140,119	73,475,117	90,615,236	0	5,499,525	498,548	5,998,073
June 30, 2044	16,304,135	77,029,558	93,333,693	0	5,681,746	597,686	6,279,432
June 30, 2045	15,409,869	80,723,835	96,133,704	0	5,868,775	721,563	6,590,338
June 30, 2046	14,461,029	84,556,686	99,017,715	0	5,888,142	886,231	6,774,373
June 30, 2047	13,598,278	88,389,968	101,988,246	0	6,005,973	1,081,112	7,087,085
June 30, 2048	12,732,673	92,315,220	105,047,893	0	6,073,475	1,235,365	7,308,840
June 30, 2049	11,921,826	96,277,504	108,199,330	0	5,952,746	1,410,036	7,362,782
June 30, 2050	11,093,657	100,351,653	111,445,310	0	5,971,857	1,606,341	7,578,198
June 30, 2051	10,127,946	104,660,723	114,788,669	0	5,946,633	1,766,245	7,712,878
June 30, 2052	9,143,960	109,088,369	118,232,329	0	5,787,174	1,935,184	7,722,358
June 30, 2053	8,249,540	113,529,759	121,779,299	0	5,753,292	2,149,207	7,902,499
June 30, 2054	7,268,313	118,164,365	125,432,678	0	5,634,102	2,384,256	8,018,358
June 30, 2055	6,473,329	122,722,329	129,195,658	0	5,497,499	2,643,061	8,140,560
June 30, 2056	5,645,886	127,425,642	133,071,528	0	5,500,590	2,943,998	8,444,588
June 30, 2057	4,839,152	132,224,522	137,063,674	0	5,498,827	3,270,432	8,769,259
June 30, 2058	4,165,500	137,010,084	141,175,584	0	5,391,842	3,581,846	8,973,688
June 30, 2059	3,411,162	141,999,690	145,410,852	0	5,235,794	3,911,044	9,146,838
June 30, 2060	2,765,906	147,007,272	149,773,178	0	5,222,840	4,263,529	9,486,369
June 30, 2061	2,263,498	152,002,875	154,266,373	0	5,128,873	4,610,348	9,739,221

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2021 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, 2062	1,827,792	157,066,572	158,894,364	0	5,017,281	4,964,590	9,981,871
June 30, 2063	1,446,063	162,215,132	163,661,195	0	4,927,811	5,369,734	10,297,545
June 30, 2064	1,019,994	167,551,037	168,571,031	0	4,817,757	5,800,125	10,617,882
June 30, 2065	805,855	172,822,307	173,628,162	0	4,701,201	6,263,908	10,965,109
June 30, 2066	551,360	178,285,647	178,837,007	0	4,611,277	6,772,438	11,383,715
June 30, 2067	348,592	183,853,525	184,202,117	0	4,506,131	7,313,253	11,819,384
June 30, 2068	183,478	189,544,703	189,728,181	0	4,436,272	7,861,855	12,298,127
June 30, 2069	61,380	195,358,646	195,420,026	0	4,395,787	8,434,655	12,830,442
June 30, 2070	40,654	201,241,973	201,282,627	0	4,311,203	9,037,684	13,348,887
June 30, 2071	12,032	207,309,074	207,321,106	0	4,232,323	9,633,494	13,865,817
June 30, 2072	0	213,540,739	213,540,739	0	4,143,587	10,245,428	14,389,015
June 30, 2073	0	219,946,961	219,946,961	0	4,034,935	10,895,246	14,930,181
June 30, 2074	0	226,545,370	226,545,370	0	3,935,538	11,565,486	15,501,024
June 30, 2075	0	233,341,731	233,341,731	0	3,806,695	12,258,188	16,064,883
June 30, 2076	0	240,341,983	240,341,983	0	3,669,582	12,980,901	16,650,483
June 30, 2077	0	247,552,242	247,552,242	0	3,517,998	13,725,440	17,243,438
June 30, 2078	0	254,978,809	254,978,809	0	3,366,690	14,509,439	17,876,129
June 30, 2079	0	262,628,173	262,628,173	0	3,217,876	15,315,090	18,532,966
June 30, 2080	0	270,507,018	270,507,018	0	3,042,859	16,144,835	19,187,694
June 30, 2081	0	278,622,229	278,622,229	0	2,876,977	17,007,308	19,884,285
June 30, 2082	0	286,980,896	286,980,896	0	2,704,107	17,889,943	20,594,050
June 30, 2083	0	295,590,323	295,590,323	0	2,523,961	18,802,100	21,326,061
June 30, 2084	0	304,458,033	304,458,033	0	2,346,932	19,745,807	22,092,739
June 30, 2085	0	313,591,774	313,591,774	0	2,164,872	20,715,875	22,880,747
June 30, 2086	0	322,999,527	322,999,527	0	1,985,774	21,718,377	23,704,151
June 30, 2087	0	332,689,513	332,689,513	0	1,810,222	22,756,184	24,566,406
June 30, 2088	0	342,670,198	342,670,198	0	1,634,798	23,834,254	25,469,052
June 30, 2089	0	352,950,304	352,950,304	0	1,466,605	24,944,845	26,411,450
June 30, 2090	0	363,538,813	363,538,813	0	1,306,834	26,091,427	27,398,261
June 30, 2091	0	374,444,977	374,444,977	0	1,155,293	27,282,937	28,438,230
June 30, 2092	0	385,678,326	385,678,326	0	1,013,714	28,509,276	29,522,990
June 30, 2093	0	397,248,676	397,248,676	0	882,513	29,773,234	30,655,747
June 30, 2094	0	409,166,136	409,166,136	0	762,055	31,082,754	31,844,809
June 30, 2095	0	421,441,120	421,441,120	0	652,432	32,434,058	33,086,490
June 30, 2096	0	434,084,354	434,084,354	0	553,511	33,830,494	34,384,005

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 2021 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	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2022	4,278,839	2,256,002	300,000	2,556,002	0	2,256,002	2,256,002	(291,032)	4,287,807
June 30, 2023	4,287,807	2,289,178	273,840	2,563,018	0	2,289,178	2,289,178	248,192	4,809,839
June 30, 2024	4,809,839	2,401,876	250,945	2,652,821	0	2,401,876	2,401,876	302,420	5,363,204
June 30, 2025	5,363,204	2,574,521	231,185	2,805,706	0	2,574,521	2,574,521	335,745	5,930,134
June 30, 2026	5,930,134	2,824,714	212,967	3,037,681	0	2,824,714	2,824,714	369,948	6,513,049
June 30, 2027	6,513,049	3,001,676	198,182	3,199,858	0	3,001,676	3,001,676	405,234	7,116,465
June 30, 2028	7,116,465	3,201,490	183,128	3,384,618	0	3,201,490	3,201,490	441,769	7,741,362
June 30, 2029	7,741,362	3,451,419	169,218	3,620,637	0	3,451,419	3,451,419	479,655	8,390,235
June 30, 2030	8,390,235	3,695,718	944,501	4,640,219	0	3,695,718	3,695,718	542,840	9,877,576
June 30, 2031	9,877,576	3,857,879	876,460	4,734,339	0	3,857,879	3,857,879	631,959	11,385,995
June 30, 2032	11,385,995	4,083,630	814,895	4,898,525	0	4,083,630	4,083,630	722,567	12,923,457
June 30, 2033	12,923,457	4,369,408	754,899	5,124,307	0	4,383,776	4,383,776	815,001	14,478,989
June 30, 2034	14,478,989	4,552,868	700,436	5,253,304	0	4,590,963	4,590,963	908,711	16,050,041
June 30, 2035	16,050,041	4,698,674	647,932	5,346,606	0	4,771,144	4,771,144	1,003,431	17,628,934
June 30, 2036	17,628,934	4,901,725	599,407	5,501,132	0	5,024,190	5,024,190	1,098,752	19,204,628
June 30, 2037	19,204,628	4,947,154	553,698	5,500,852	0	5,133,568	5,133,568	1,193,962	20,765,874
June 30, 2038	20,765,874	5,010,963	513,515	5,524,478	0	5,239,060	5,239,060	1,288,453	22,339,745
June 30, 2039	22,339,745	5,219,831	473,722	5,693,553	0	5,498,427	5,498,427	1,383,730	23,918,601
June 30, 2040	23,918,601	5,256,548	437,543	5,694,091	0	5,594,212	5,594,212	1,479,421	25,497,901
June 30, 2041	25,497,901	5,231,206	403,179	5,634,385	0	5,609,583	5,609,583	1,575,195	27,097,898
June 30, 2042	27,097,898	5,403,921	370,807	5,774,728	0	5,826,759	5,826,759	1,672,297	28,718,164
June 30, 2043	28,718,164	5,499,525	340,475	5,840,000	0	5,998,073	5,998,073	1,770,704	30,330,795
June 30, 2044	30,330,795	5,681,746	314,436	5,996,182	0	6,279,432	6,279,432	1,868,772	31,916,317
June 30, 2045	31,916,317	5,868,775	288,533	6,157,308	0	6,590,338	6,590,338	1,965,182	33,448,469
June 30, 2046	33,448,469	5,888,142	262,881	6,151,023	0	6,774,373	6,774,373	2,058,329	34,883,448
June 30, 2047	34,883,448	6,005,973	239,997	6,245,970	0	7,087,085	7,087,085	2,145,602	36,187,935
June 30, 2048	36,187,935	6,073,475	218,175	6,291,650	0	7,308,840	7,308,840	2,224,908	37,395,653
June 30, 2049	37,395,653	5,952,746	198,331	6,151,077	0	7,362,782	7,362,782	2,298,342	38,482,290
June 30, 2050	38,482,290	5,971,857	179,178	6,151,035	0	7,578,198	7,578,198	2,364,375	39,419,502
June 30, 2051	39,419,502	5,946,633	158,816	6,105,449	0	7,712,878	7,712,878	2,421,211	40,233,284
June 30, 2052	40,233,284	5,787,174	139,210	5,926,384	0	7,722,358	7,722,358	2,470,504	40,907,814
June 30, 2053	40,907,814	5,753,292	121,935	5,875,227	0	7,902,499	7,902,499	2,511,331	41,391,873
June 30, 2054	41,391,873	5,634,102	104,303	5,738,405	0	8,018,358	8,018,358	2,540,471	41,652,391
June 30, 2055	41,652,391	5,497,499	90,189	5,587,688	0	8,140,560	8,140,560	2,556,015	41,655,534
June 30, 2056	41,655,534	5,500,590	76,369	5,576,959	0	8,444,588	8,444,588	2,555,790	41,343,695
June 30, 2057	41,343,695	5,498,827	63,551	5,562,378	0	8,769,259	8,769,259	2,536,287	40,673,101
June 30, 2058	40,673,101	5,391,842	53,110	5,444,952	0	8,973,688	8,973,688	2,494,865	39,639,230
June 30, 2059	39,639,230	5,235,794	42,226	5,278,020	0	9,146,838	9,146,838	2,431,160	38,201,572
June 30, 2060	38,201,572	5,222,840	33,241	5,256,081	0	9,486,369	9,486,369	2,342,760	36,314,044
June 30, 2061	36,314,044	5,128,873	26,411	5,155,284	0	9,739,221	9,739,221	2,226,848	33,956,955

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 2021 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	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2062	33,956,955	5,017,281	20,706	5,037,987	0	9,981,871	9,981,871	2,082,187	31,095,258
June 30, 2063	31,095,258	4,927,811	15,904	4,943,715	0	10,297,545	10,297,545	1,906,620	27,648,048
June 30, 2064	27,648,048	4,817,757	10,891	4,828,648	0	10,617,882	10,617,882	1,695,154	23,553,968
June 30, 2065	23,553,968	4,701,201	8,354	4,709,555	0	10,965,109	10,965,109	1,444,110	18,742,524
June 30, 2066	18,742,524	4,611,277	5,549	4,616,826	0	11,383,715	11,383,715	1,149,084	13,124,719
June 30, 2067	13,124,719	4,506,131	3,406	4,509,537	0	11,819,384	11,819,384	804,648	6,619,520
June 30, 2068	6,619,520	4,436,272	1,741	4,438,013	0	12,298,127	12,298,127	405,829	0
June 30, 2069	0	4,395,787	565	4,396,352	0	12,830,442	12,830,442	17	0
June 30, 2070	0	4,311,203	364	4,311,567	0	13,348,887	13,348,887	11	0
June 30, 2071	0	4,232,323	104	4,232,427	0	13,865,817	13,865,817	3	0
June 30, 2072	0	4,143,587	0	4,143,587	0	14,389,015	14,389,015	0	0
June 30, 2073	0	4,034,935	0	4,034,935	0	14,930,181	14,930,181	0	0
June 30, 2074	0	3,935,538	0	3,935,538	0	15,501,024	15,501,024	0	0
June 30, 2075	0	3,806,695	0	3,806,695	0	16,064,883	16,064,883	0	0
June 30, 2076	0	3,669,582	0	3,669,582	0	16,650,483	16,650,483	0	0
June 30, 2077	0	3,517,998	0	3,517,998	0	17,243,438	17,243,438	0	0
June 30, 2078	0	3,366,690	0	3,366,690	0	17,876,129	17,876,129	0	0
June 30, 2079	0	3,217,876	0	3,217,876	0	18,532,966	18,532,966	0	0
June 30, 2080	0	3,042,859	0	3,042,859	0	19,187,694	19,187,694	0	0
June 30, 2081	0	2,876,977	0	2,876,977	0	19,884,285	19,884,285	0	0
June 30, 2082	0	2,704,107	0	2,704,107	0	20,594,050	20,594,050	0	0
June 30, 2083	0	2,523,961	0	2,523,961	0	21,326,061	21,326,061	0	0
June 30, 2084	0	2,346,932	0	2,346,932	0	22,092,739	22,092,739	0	0
June 30, 2085	0	2,164,872	0	2,164,872	0	22,880,747	22,880,747	0	0
June 30, 2086	0	1,985,774	0	1,985,774	0	23,704,151	23,704,151	0	0
June 30, 2087	0	1,810,222	0	1,810,222	0	24,566,406	24,566,406	0	0
June 30, 2088	0	1,634,798	0	1,634,798	0	25,469,052	25,469,052	0	0
June 30, 2089	0	1,466,605	0	1,466,605	0	26,411,450	26,411,450	0	0
June 30, 2090	0	1,306,834	0	1,306,834	0	27,398,261	27,398,261	0	0
June 30, 2091	0	1,155,293	0	1,155,293	0	28,438,230	28,438,230	0	0
June 30, 2092	0	1,013,714	0	1,013,714	0	29,522,990	29,522,990	0	0
June 30, 2093	0	882,513	0	882,513	0	30,655,747	30,655,747	0	0
June 30, 2094	0	762,055	0	762,055	0	31,844,809	31,844,809	0	0
June 30, 2095	0	652,432	0	652,432	0	33,086,490	33,086,490	0	0
June 30, 2096	0	553,511	0	553,511	0	34,384,005	34,384,005	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, 2021 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 [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.13%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.09%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.71%]	
June 30, 2022	4,278,839	2,256,002	2,256,002	0	2,256,002	0	2,256,002	Sum of Column V.
June 30, 2023	4,287,807	2,289,178	2,289,178	0	2,156,957	0	2,165,451	66,076,078
June 30, 2024	4,809,839	2,401,876	2,401,876	0	2,132,427	0	2,149,256	
June 30, 2025	5,363,204	2,574,521	2,574,521	0	2,153,684	0	2,179,229	Sum of Column VI.
June 30, 2026	5,930,134	2,824,714	2,824,714	0	2,226,496	0	2,261,776	7,766,314
June 30, 2027	6,513,049	3,001,676	3,001,676	0	2,229,323	0	2,273,567	
June 30, 2028	7,116,465	3,201,490	3,201,490	0	2,240,388	0	2,293,849	Sum of Column VII.
June 30, 2029	7,741,362	3,451,419	3,451,419	0	2,275,781	0	2,339,264	[V. + VI.]
June 30, 2030	8,390,235	3,695,718	3,695,718	0	2,296,114	0	2,369,458	73,842,392
June 30, 2031	9,877,576	3,857,879	3,857,879	0	2,258,422	0	2,339,740	
June 30, 2032	11,385,995	4,083,630	4,083,630	0	2,252,500	0	2,342,795	
June 30, 2033	12,923,457	4,369,408	4,369,408	0	2,270,925	0	2,371,260	
June 30, 2034	14,478,989	4,552,868	4,552,868	0	2,229,601	0	2,337,278	
June 30, 2035	16,050,041	4,698,674	4,698,674	0	2,168,099	0	2,281,757	
June 30, 2036	17,628,934	4,901,725	4,901,725	0	2,131,153	0	2,251,707	
June 30, 2037	19,204,628	4,947,154	4,947,154	0	2,026,670	0	2,149,746	
June 30, 2038	20,765,874	5,010,963	5,010,963	0	1,934,241	0	2,059,784	
June 30, 2039	22,339,745	5,219,831	5,219,831	0	1,898,487	0	2,029,671	
June 30, 2040	23,918,601	5,256,548	5,256,548	0	1,801,415	0	1,933,476	
June 30, 2041	25,497,901	5,231,206	5,231,206	0	1,689,183	0	1,820,156	
June 30, 2042	27,097,898	5,403,921	5,403,921	0	1,644,166	0	1,778,626	
June 30, 2043	28,718,164	5,499,525	5,499,525	0	1,576,608	0	1,712,260	
June 30, 2044	30,330,795	5,681,746	5,681,746	0	1,534,766	0	1,673,382	
June 30, 2045	31,916,317	5,868,775	5,868,775	0	1,493,722	0	1,635,044	
June 30, 2046	33,448,469	5,888,142	5,888,142	0	1,412,090	0	1,551,776	
June 30, 2047	34,883,448	6,005,973	6,005,973	0	1,357,154	0	1,497,280	
June 30, 2048	36,187,935	6,073,475	6,073,475	0	1,293,138	0	1,432,272	
June 30, 2049	37,395,653	5,952,746	5,952,746	0	1,194,227	0	1,327,928	
June 30, 2050	38,482,290	5,971,857	5,971,857	0	1,128,862	0	1,260,188	
June 30, 2051	39,419,502	5,946,633	5,946,633	0	1,059,167	0	1,187,041	
June 30, 2052	40,233,284	5,787,174	5,787,174	0	971,229	0	1,092,773	
June 30, 2053	40,907,814	5,753,292	5,753,292	0	909,774	0	1,027,658	
June 30, 2054	41,391,873	5,634,102	5,634,102	0	839,467	0	951,975	
June 30, 2055	41,652,391	5,497,499	5,497,499	0	771,802	0	878,689	
June 30, 2056	41,655,534	5,500,590	5,500,590	0	727,632	0	831,664	
June 30, 2057	41,343,695	5,498,827	5,498,827	0	685,385	0	786,461	
June 30, 2058	40,673,101	5,391,842	5,391,842	0	633,233	0	729,480	
June 30, 2059	39,639,230	5,235,794	5,235,794	0	579,389	0	670,081	
June 30, 2060	38,201,572	5,222,840	5,222,840	0	544,573	0	632,296	
June 30, 2061	36,314,044	5,128,873	5,128,873	0	503,887	0	587,360	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2021 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 [6.13%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.09%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.71%]
June 30, 2062	33,956,955	5,017,281	5,017,281	0	464,453	0	543,525
June 30, 2063	31,095,258	4,927,811	4,927,811	0	429,823	0	504,980
June 30, 2064	27,648,048	4,817,757	4,817,757	0	395,952	0	467,018
June 30, 2065	23,553,968	4,701,201	4,701,201	0	364,056	0	431,088
June 30, 2066	18,742,524	4,611,277	4,611,277	0	336,467	0	399,989
June 30, 2067	13,124,719	4,506,131	4,506,131	0	309,804	0	369,742
June 30, 2068	6,619,520	4,436,272	4,436,272	0	287,384	0	344,336
June 30, 2069	0	4,395,787	0	4,395,787	0	668,209	322,752
June 30, 2070	0	4,311,203	0	4,311,203	0	629,604	299,433
June 30, 2071	0	4,232,323	0	4,232,323	0	593,801	278,067
June 30, 2072	0	4,143,587	0	4,143,587	0	558,511	257,523
June 30, 2073	0	4,034,935	0	4,034,935	0	522,498	237,216
June 30, 2074	0	3,935,538	0	3,935,538	0	489,604	218,867
June 30, 2075	0	3,806,695	0	3,806,695	0	454,969	200,260
June 30, 2076	0	3,669,582	0	3,669,582	0	421,351	182,613
June 30, 2077	0	3,517,998	0	3,517,998	0	388,075	165,607
June 30, 2078	0	3,366,690	0	3,366,690	0	356,793	149,918
June 30, 2079	0	3,217,876	0	3,217,876	0	327,624	135,547
June 30, 2080	0	3,042,859	0	3,042,859	0	297,633	121,247
June 30, 2081	0	2,876,977	0	2,876,977	0	270,352	108,441
June 30, 2082	0	2,704,107	0	2,704,107	0	244,124	96,416
June 30, 2083	0	2,523,961	0	2,523,961	0	218,908	85,129
June 30, 2084	0	2,346,932	0	2,346,932	0	195,557	74,880
June 30, 2085	0	2,164,872	0	2,164,872	0	173,300	65,338
June 30, 2086	0	1,985,774	0	1,985,774	0	152,717	56,693
June 30, 2087	0	1,810,222	0	1,810,222	0	133,747	48,888
June 30, 2088	0	1,634,798	0	1,634,798	0	116,040	41,764
June 30, 2089	0	1,466,605	0	1,466,605	0	100,012	35,442
June 30, 2090	0	1,306,834	0	1,306,834	0	85,615	29,874
June 30, 2091	0	1,155,293	0	1,155,293	0	72,714	24,983
June 30, 2092	0	1,013,714	0	1,013,714	0	61,296	20,736
June 30, 2093	0	882,513	0	882,513	0	51,266	17,077
June 30, 2094	0	762,055	0	762,055	0	42,529	13,949
June 30, 2095	0	652,432	0	652,432	0	34,981	11,297
June 30, 2096	0	553,511	0	553,511	0	28,511	9,066

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Medicare Supplement Plans: effective December 1, 2021

Active Plans: effective June 1, 2022

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

The Town pays Medicare Part A premiums and penalties for a select group of retirees who would have otherwise been ineligible for Medicare. These payments were reflected in the valuation.

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

5.71% per annum (previously 6.25%)

Net Long Term Rate of Return

6.13% (based on investment policy)

Municipal Bond Rate

4.09% as of June 30, 2022 (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, 2022

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

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

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

Year	Rate
2021	9.00%
2022	8.00%
2023	7.00%
2024	6.00%
2025	5.80%
2026	5.60%
2027	5.40%
2028	5.20%
2029	5.00%
2030 - 2041	4.80%
2055	4.00%
2061+	3.60%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2022</u>	<u>June 30, 2021</u>
I. Total OPEB Liability	63,598,683	45,438,882
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>47,269,666</u>	<u>38,423,788</u>
III. Liability from Implicit Subsidy [I. - II.]	16,329,017	7,015,094

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2022</u>	<u>June 30, 2021</u>
IV. Employer Payments (Including Implicit Subsidy)	2,256,002	2,142,378
V. Actual Employer Payments	<u>1,826,287</u>	<u>1,642,870</u>
VI. Implicit Subsidy [IV. - V.]	429,715	499,508

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	4,368	2,754	44 & Under	8,585	5,626	65 to 69	2,864	2,941
25 to 29	6,444	2,865	45 to 49	9,431	7,103	70 to 74	3,378	3,525
30 to 34	8,143	3,596	50 to 54	11,094	9,355	75 to 79	3,921	4,162
35 to 39	8,388	4,515	55 to 59	12,825	12,162	80 to 84	4,497	4,784
40 to 44	8,585	5,626	60 to 64	15,261	15,607	85 to 89	5,026	5,329
45 to 49	9,431	7,103	65 to 69	18,294	19,467	90 & Over	5,026	5,329
50 to 54	11,094	9,355	70 to 74	21,573	23,329			
55 to 59	12,825	12,162	75 to 79	25,054	27,553			
60 to 64	15,261	15,607	80 to 84	28,726	31,671			
65 to 69	18,294	19,467	85 to 89	32,790	36,251			
70 & Over	21,573	23,329	90 & Over	32,790	36,251			

*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, 2022 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, 2021	July 1, 2019
A. Average Age at Hire	34.61	34.99
B. Average Service	<u>10.55</u>	<u>11.03</u>
C. Average Current Age	45.16	46.02

Retired Employees & Spouses

Valuation Date	July 1, 2021	July 1, 2019
A. Under Age 65	91	95
B. Age 65 & Over	<u>503</u>	<u>449</u>
C. Total	594	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	25									25
25-29	36	6		1						43
30-34	44	23	9	1						77
35-39	26	18	24	7	3					78
40-44	20	15	12	13	7					67
45-49	27	12	16	13	18	4				90
50-54	29	12	19	7	6	5	1	2		81
55-59	7	14	13	10	17	6	8		1	76
60-64	5	7	7	14	9	5	5		1	53
65-69		3	2	5	2	1	1			14
70+			1	2	1					4
Total	219	110	103	73	63	21	15	2	2	608

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	53		100	153
Network Blue NE HMO	114		219	333
Medex	184	159		343
Total	351	159	319	829

	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	53		100	253	3,513,567.96	2,931,591.96
Network Blue NE HMO	114		219	552	6,335,437.68	5,281,977.60
Total	167	0	319	805	9,849,005.64	8,213,569.56
Blended Average Monthly Rate:						\$ 850.27

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex	184	159		502	2,014,425.60	2,014,425.60
Total	184	159	0	502	2,014,425.60	2,014,425.60
Blended Average Monthly Rate:						\$ 334.40

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 October 26, 2022 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, 2022.
- ✓ 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.