

**Town of Milton
Other Postemployment Benefits Plan**

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2020

As of the Measurement Date:
June 30, 2022

For the Reporting Date:
June 30, 2022

Delivered August 11, 2022



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August 11, 2022

Personal and Confidential

Ms. Lisa Coull
Financial Analyst
Town of Milton
525 Canton Avenue
Milton, MA 02186

Dear Ms. Coull:

We have performed an actuarial valuation of the Town of Milton 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, 2020. The figures presented in this report reflect the adoption, by the Town of Milton, 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 'Parker E. Elmore'.

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



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ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Milton other postemployment benefit programs with a Valuation Date of July 1, 2020 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 'Parker E. Elmore'.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & 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, there was no plan experience because this was an interim valuation.

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes decreased disclosed liabilities by approximately \$52 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 2.50% to 4.28% decreasing the disclosed liability by approximately \$52 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 \$160 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.

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.

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.90 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

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 74.15% 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 4.50% increase in fiscal year 2022 and an ultimate trend rate of 3.60% in fiscal year 2061.
- ✓ Discount Rate (4.28%) – 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

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 \$1,498,725 of OPEB assets as of June 30, 2022.
- ✓ Future Funding Policy – The Town contributions to an OPEB trust vary based upon the amount of free cash that is available each year. For the purpose of this valuation, we have assumed that the Town will contribute \$75,000 per year beginning in Fiscal 2023.
- ✓ Investment Policy – The Town is expected to earn 6.41% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

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 your current funding policy, your Total OPEB Liability is equal to the LDROM.

Medicare Buy-In

The Town currently has 40 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, 2020	July 1, 2020
Measurement Date & Period Ending	June 30, 2022	June 30, 2021
Reporting Date/Fiscal Year End	June 30, 2022	June 30, 2021
Total OPEB Liability	165,514,046	209,487,430
Per Eligible Active Plan Participant	111,226	139,649
Per Retiree/Spouse Plan Participant	124,316	158,863
Total Annual Service Cost (Annual Benefit Accrual)	7,714,163	6,366,930
Per Eligible Active Plan Participant	9,489	7,831
Expected Employer Share of Retiree Costs	4,853,086	5,298,306
Per Retiree/Spouse Plan Participant	8,035	8,772
Net OPEB Liability as a % of Covered Payroll	224.88%	293.66%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Present Value at 3.00% of Total OPEB		Present Value at 3.00% of Employer Share of Premiums/Claims Including "Implicit Cost"		Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"	
		Total OPEB Liability	Liability				
June 30, 2022	604	165,514,046	165,514,046	4,853,086		4,853,086	
June 30, 2027	687	198,245,369	171,008,197	6,323,260		5,454,500	
June 30, 2032	722	232,191,329	172,772,155	8,463,643		6,297,745	
June 30, 2037	745	264,256,361	169,616,102	10,463,280		6,715,981	
June 30, 2042	733	298,068,974	165,033,564	11,959,415		6,621,638	
June 30, 2047	721	336,893,944	160,902,424	13,518,108		6,456,324	
June 30, 2052	715	384,542,451	158,426,398	14,969,590		6,167,273	

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) 5,246,008
June 30, 2022	4,853,086
June 30, 2021	5,298,306
June 30, 2020	4,971,847
June 30, 2019	4,683,581
June 30, 2018	3,203,906

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 \$164,015,321 assuming a discount rate of 4.28%. The Town has established an OPEB Trust and plans to fund this liability. The Town contributions to an OPEB trust vary based upon the amount of free cash that is available each year. For the purpose of this valuation, we have assumed that the Town will contribute \$75,000 per year beginning in Fiscal 2023. The balance of this fund as of June 30, 2022 was \$1,498,725. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Milton
Assuming Funding - 4.28% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2020	July 1, 2020
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	90,427,038	113,534,257
B. Retirees/Disabled	<u>75,087,008</u>	<u>95,953,173</u>
C. Total	165,514,046	209,487,430
II. Fiduciary Net Position [Plan Assets]	1,498,725	1,547,338
III. Net OPEB Liability (Asset) [I. - II.]	164,015,321	207,940,092
IV. Funded Ratio [II. / I.]	0.91%	0.74%
V. Number of Eligible Participants		
A. Actives	813	813
B. Retirees/Disabled & Dependents	<u>604</u>	<u>604</u>
C. Total	1,417	1,417
VI. Service Cost	7,714,163	6,366,930
VII. Financial Statement Expense/(Income)	16,655,384	8,008,276
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(10,000)	0
IX. Deferred Inflow of Resources	(48,739,165)	(6,051,710)
X. Deferred Outflow of Resources	45,958,548	58,988,162
XI. Money Weighted Rate of Return	(3.78%)	29.40%
XII. 20-year Municipal Bond Rate (SAPIHG)	4.09%	2.18%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.41%	6.77%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	4.28%	2.50%

PRINCIPAL RESULTS OF THE VALUATION
Town of Milton
Plan Liabilities as of the June 30, 2022 Measurement Date

	Town Employees and Retirees	School: Teachers Employees and Retirees	School: Non-Teachers Employees and Retirees	Public Safety Employees and Retirees	DPW Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Retirees	Total
I. Total OPEB Liability								
A. Actives	6,805,928	46,779,925	11,955,157	22,029,662	1,256,802	828,346	771,218	90,427,038
B. Retirees/Disabled	<u>7,970,738</u>	<u>36,406,948</u>	<u>10,948,256</u>	<u>14,402,678</u>	<u>2,357,690</u>	<u>1,553,933</u>	<u>1,446,765</u>	<u>75,087,008</u>
C. Total	14,776,666	83,186,873	22,903,413	36,432,340	3,614,492	2,382,279	2,217,983	165,514,046
II. Fiduciary Net Position [Plan Assets]	133,802	753,255	207,390	329,894	32,729	21,571	20,084	1,498,725
III. Net OPEB Liability (Asset) [I. - II.]	14,642,864	82,433,618	22,696,023	36,102,446	3,581,763	2,360,708	2,197,899	164,015,321
For the Reporting Date and Fiscal Year Ending June 30, 2022								
IV. Service Cost	673,248	3,890,383	1,460,923	1,413,561	121,461	80,054	74,533	7,714,163
V. Financial Statement Expense/(Income)	1,268,497	8,495,097	2,736,454	3,427,064	320,440	211,199	196,633	16,655,384
VI. Employer Share of Costs	(602,707)	(2,420,821)	(661,501)	(906,488)	(115,090)	(75,855)	(70,624)	(4,853,086)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(893)	(5,026)	(1,384)	(2,201)	(218)	(144)	(134)	(10,000)
VIII. Total Employer Contribution [VI. + VII.]	(603,600)	(2,425,847)	(662,885)	(908,689)	(115,308)	(75,999)	(70,758)	(4,863,086)

PRINCIPAL RESULTS OF THE VALUATION

Town of Milton
Assuming Funding - 4.28% discount rate
For the Period Ending on the June 30, 2022 Measurement Date

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
Total OPEB Liability							
A. Participants	21,814,826	31,465,029	53,279,855	4,413,640	50,176,330	54,589,970	107,869,825
B. Spouses	<u>14,513,646</u>	<u>22,633,537</u>	<u>37,147,183</u>	<u>3,063,919</u>	<u>17,433,119</u>	<u>20,497,038</u>	<u>57,644,221</u>
C. Total	36,328,472	54,098,566	90,427,038	7,477,559	67,609,449	75,087,008	165,514,046
Service Cost							
A. Participants	1,650,507	2,937,754	4,588,261	0	0	0	4,588,261
B. Spouses	<u>1,039,429</u>	<u>2,086,473</u>	<u>3,125,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,125,902</u>
C. Total	2,689,936	5,024,227	7,714,163	0	0	0	7,714,163

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

Funding - 4.28% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date			III. Net OPEB Liability (Asset) [II. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as- you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments & Investment Reimbursed from the Trust	X. Administraive Payments Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]									
			I. Total OPEB Liability ("TOL") as of Measurement Date 6.41% return																				
			II. - II.]	[II. / I.]																			
2022	June 30, 2022	165,514,046	1,498,725	164,015,321	0.91%	7,714,163	4,853,086	10,000	4,863,086	4,853,086		0	10,000										
2023	June 30, 2023	171,854,459	1,672,160	170,182,299	0.97%	4,630,792	5,246,008	75,000	5,321,008	5,246,008		0	75,000										
2024	June 30, 2024	178,292,724	1,856,712	176,436,012	1.04%	4,743,295	5,519,202	75,000	5,594,202	5,519,202		0	75,000										
2025	June 30, 2025	184,772,314	2,053,094	182,719,220	1.11%	4,860,168	5,856,256	75,000	5,931,256	5,856,256		0	75,000										
2026	June 30, 2026	191,430,850	2,262,064	189,168,786	1.18%	4,984,588	6,065,605	75,000	6,140,605	6,065,605		0	75,000										
2027	June 30, 2027	198,245,369	2,484,429	195,760,940	1.25%	5,122,233	6,323,260	75,000	6,398,260	6,323,260		0	75,000										
2028	June 30, 2028	205,043,101	2,721,047	202,322,054	1.33%	5,257,522	6,746,406	75,000	6,821,406	6,746,406		0	75,000										
2029	June 30, 2029	211,857,755	2,972,833	208,884,922	1.40%	5,400,708	7,113,458	75,000	7,188,458	7,113,458		0	75,000										
2030	June 30, 2030	218,759,560	3,240,758	215,518,802	1.48%	5,544,696	7,468,110	75,000	7,543,110	7,468,110		0	75,000										
2031	June 30, 2031	225,562,736	3,525,857	222,036,879	1.56%	5,692,547	7,955,559	75,000	8,030,559	7,955,559		0	75,000										
2032	June 30, 2032	232,191,329	3,829,231	228,362,098	1.65%	5,831,031	8,463,643	75,000	8,538,643	8,463,643		0	75,000										
2033	June 30, 2033	238,762,136	4,152,051	234,610,085	1.74%	5,993,611	8,848,114	75,000	8,923,114	8,848,114		0	75,000										
2034	June 30, 2034	245,081,808	4,495,564	240,586,244	1.83%	6,144,239	9,369,143	75,000	9,444,143	9,369,143		0	75,000										
2035	June 30, 2035	251,484,458	4,861,096	246,623,362	1.93%	6,303,512	9,811,228	75,000	9,886,228	9,811,228		0	75,000										
2036	June 30, 2036	257,775,172	5,250,059	252,525,113	2.04%	6,490,055	10,201,779	75,000	10,276,779	10,201,779		0	75,000										
2037	June 30, 2037	264,256,361	5,663,954	258,592,407	2.14%	6,670,194	10,463,280	75,000	10,538,280	10,463,280		0	75,000										
2038	June 30, 2038	271,104,006	6,104,380	264,999,626	2.25%	6,854,348	10,650,175	75,000	10,725,175	10,650,175		0	75,000										
2039	June 30, 2039	277,552,866	6,573,037	270,979,829	2.37%	7,056,703	11,116,317	75,000	11,191,317	11,116,317		0	75,000										
2040	June 30, 2040	284,304,155	7,071,735	277,232,420	2.49%	7,247,714	11,330,082	75,000	11,405,082	11,330,082		0	75,000										
2041	June 30, 2041	291,105,449	7,602,400	283,503,049	2.61%	7,453,773	11,516,244	75,000	11,591,244	11,516,244		0	75,000										
2042	June 30, 2042	298,068,974	8,167,080	289,901,894	2.74%	7,667,712	11,959,415	75,000	12,034,415	11,959,415		0	75,000										
2043	June 30, 2043	305,519,203	8,767,956	296,751,247	2.87%	7,901,606	12,316,547	75,000	12,391,547	12,316,547		0	75,000										
2044	June 30, 2044	312,948,232	9,407,348	303,540,884	3.01%	8,146,444	12,573,998	75,000	12,648,998	12,573,998		0	75,000										
2045	June 30, 2045	320,495,432	10,087,725	310,407,707	3.15%	8,395,056	12,962,451	75,000	13,037,451	12,962,451		0	75,000										
2046	June 30, 2046	328,228,868	10,811,715	317,417,153	3.29%	8,660,758	13,344,916	75,000	13,419,916	13,344,916		0	75,000										
2047	June 30, 2047	336,893,944	11,582,112	325,311,832	3.44%	8,950,767	13,518,108	75,000	13,593,108	13,518,108		0	75,000										
2048	June 30, 2048	345,260,860	12,401,892	332,858,968	3.59%	9,245,139	13,945,149	75,000	14,020,149	13,945,149		0	75,000										
2049	June 30, 2049	354,210,854	13,274,220	340,936,634	3.75%	9,554,711	14,121,239	75,000	14,196,239	14,121,239		0	75,000										
2050	June 30, 2050	363,887,950	14,202,464	349,685,486	3.90%	9,883,427	14,325,899	75,000	14,400,899	14,325,899		0	75,000										
2051	June 30, 2051	373,772,107	15,190,208	358,581,899	4.06%	10,219,550	14,785,751	75,000	14,860,751	14,785,751		0	75,000										
2052	June 30, 2052	384,542,451	16,241,267	368,301,184	4.22%	10,565,178	14,969,590	75,000	15,044,590	14,969,590		0	75,000										

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 Authority's OPEB Expenses for the Fiscal Year Ending June 30, 2022	
Description	Amount
I. Service Cost	7,714,163
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	5,369,751
III. Deferred (Inflows)/Outflows from Plan Experience*	(1,733,933)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	5,420,965
V. Projected Earnings on OPEB Plan Investments	(105,159)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(10,403)
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.]	16,655,384
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	16,655,384

* Amortized over 6.90 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	209,487,430	1,547,338	207,940,092
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2021 Reporting Date with Adjustment [I. + II.]	209,487,430	1,547,338	207,940,092
Changes for the year:			
IV. Service Cost	7,714,163	0	7,714,163
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,369,751	0	5,369,751
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(52,204,212)	0	(52,204,212)
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	(58,613)	58,613
X. Employer Contributions to Trust	0	4,863,086	(4,863,086)
XI. Benefit Payments Withdrawn from Trust	0	(4,853,086)	4,853,086
XII. Benefit Payments Excluding Implicit Cost	(3,526,524)	0	(3,526,524)
XIII. Implicit Cost Amount	(1,326,562)	0	(1,326,562)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(4,853,086)	0	(4,853,086)
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.]	(43,973,384)	(48,613)	(43,924,771)
XVIII. Balances for the June 30, 2022 Reporting Date [III.+XVII.]	165,514,046	1,498,725	164,015,321

* Recognized Immediately

** Amortized over 6.90 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			2022	2023	2024	2025	2026	2027
	Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	0	5.88	0	0	0				
2019	(9,346,931)	6.10	(3,217,799)	(1,532,283)	(1,532,283)	(1,532,283)	(153,233)		
2020	(370,502)	6.10	(188,288)	(60,738)	(60,738)	(60,738)	(60,738)	(6,074)	
2021	(972,295)	6.90	(690,471)	(140,912)	(140,912)	(140,912)	(140,912)	(140,912)	(126,823)
2022	0	6.90	0	0	0	0	0	0	0
2023									
2024									
2025									
2026									
Total Remaining Balance			(4,096,558)						
Net increase (decrease) in OPEB Expense				(1,733,933)	(1,733,933)	(1,733,933)	(354,883)	(146,986)	(126,823)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in			2022	2023	2024	2025	2026	2027
	Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	0	5.88	0	0	0				
2019	38,510,034	6.10	13,257,554	6,313,120	6,313,120	6,313,120	631,314		
2020	0	6.10	0	0	0	0	0	0	0
2021	46,048,338	6.90	32,700,994	6,673,672	6,673,672	6,673,672	6,673,672	6,673,672	6,006,306
2022	(52,204,212)	6.90	(44,638,385)	(7,565,827)	(7,565,827)	(7,565,827)	(7,565,827)	(7,565,827)	(7,565,827)
2023									
2024									
2025									
2026									
Total Remaining Balance			1,320,163						
Net increase (decrease) in OPEB Expense				5,420,965	5,420,965	5,420,965	(260,841)	(892,155)	(1,559,521)

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			<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance					
2017								
2018	(23,609)	5.00	0	(4,721)				
2019	21,237	5.00	4,249	4,247	4,249			
2020	57,210	5.00	22,884	11,442	11,442	11,442		
2021	(270,623)	5.00	(162,373)	(54,125)	(54,125)	(54,125)	(54,123)	
2022	163,772	5.00	131,018	32,754	32,754	32,754	32,754	32,756
2023								
2024								
2025								
2026								
Total Remaining Balance			(4,222)					
Net increase (decrease) in OPEB Expense				(10,403)	(5,680)	(9,929)	(21,369)	32,756
								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	(4,096,558)	(4,096,558)
III. Changes of Assumptions	45,958,548	(44,638,385)	1,320,163
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	0	(4,222)	(4,222)
VI. Total [I. + II. + III. + IV.]	45,958,548	(48,739,165)	(2,780,617)

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	
2024	
2025	
2026	
2027	
Thereafter	
3,681,352	
3,677,103	
(637,093)	
(1,006,385)	
(1,686,344)	
(6,809,250)	

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 4.28% as of June 30, 2022 and 2.50% 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 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 \$4,853,086. The Town also contributed \$10,000 to an OPEB Trust for a total contribution during the measurement period of \$4,863,086 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	14.50%	Domestic Equity - Large Cap	4.42%
Domestic Equity - Small/Mid Cap	3.50%	Domestic Equity - Small/Mid Cap	4.81%
International Equity - Developed Market	16.00%	International Equity - Developed Market	4.91%
International Equity - Emerging Market	6.00%	International Equity - Emerging Market	5.58%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.00%
International Fixed Income	3.00%	International Fixed Income	1.04%
Alternatives	23.00%	Alternatives	5.98%
Real Estate	14.00%	Real Estate	6.25%
Cash	0.00%	Cash	0.00%
Total	100.00%		
		I. Real Rate of Return	4.41%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.91%
		IV. Investment Expense	0.50%
		V. Net Investment Return* [III.-IV.]	6.41%

* 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	14,216,352	(4,863,086)	9,353,266	72,933,477	6.67%
June 30, 2021	12,820,323	(5,298,306)	7,522,017	70,809,201	7.48%
June 30, 2020	14,561,183	(5,021,847)	9,539,336	61,603,680	8.15%
June 30, 2019	13,964,938	(4,766,331)	9,198,607	59,809,398	7.97%
June 30, 2018	11,711,542	(3,354,294)	8,357,248	59,402,583	5.65%
June 30, 2017	11,561,933	(3,109,895)	8,452,038	57,672,411	5.39%

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)	138,719,058	164,015,321	196,753,080

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)	192,913,057	4.28%	164,015,321
			141,189,620

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	1,547,338	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	10,000	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	10,000		
III. Earnings and increase in fair value	(58,613)		
IV. Ending value - June 30, 2022 [I.+II.+III.]	1,498,725		
Money Weighted Rate of Return	(3.78%)		
Asset Value - June 30, 2022	1,498,725		

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

 11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2022							
	School: Town		School: Non-Town		Water			
	Employees and Retirees	Teachers	Employees and Retirees	Teachers	Public Safety Employees and Retirees	DPW Employees and Retirees	Enterprise Employees and Retirees	Sewer Enterprise Retirees
I. Total OPEB Liability as of June 30, 2022	14,776,666	83,186,873	22,903,413	36,432,340	3,614,492	2,382,279	2,217,983	165,514,046
II. Fiduciary Net Position as of June 30, 2022	133,802	753,255	207,390	329,894	32,729	21,571	20,084	1,498,725
III. Net OPEB Liability (Asset) as of June 30, 2022 [I. - II.]	14,642,864	82,433,618	22,696,023	36,102,446	3,581,763	2,360,708	2,197,899	164,015,321
IV. Service Cost	673,248	3,890,383	1,460,923	1,413,561	121,461	80,054	74,533	7,714,163
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	276,299	2,809,757	781,338	1,227,388	120,987	79,741	74,241	5,369,751
VI. Projected Earnings on OPEB Plan Investments	(9,289)	(52,906)	(14,570)	(23,171)	(2,298)	(1,515)	(1,410)	(105,159)
VII. Net Recognition of Deferred (Inflows)/Outflows	328,239	1,847,863	508,763	809,286	80,290	52,919	49,269	3,676,629
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	1,268,497	8,495,097	2,736,454	3,427,064	320,440	211,199	196,633	16,655,384
XI. Employer Share of Costs	(602,707)	(2,420,821)	(661,501)	(906,488)	(115,090)	(75,855)	(70,624)	(4,853,086)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(893)	(5,026)	(1,384)	(2,201)	(218)	(144)	(134)	(10,000)
XIII. Total Employer Contribution [XI. + XII.]	(603,600)	(2,425,847)	(662,885)	(908,689)	(115,308)	(75,999)	(70,758)	(4,863,086)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	664,897	6,069,250	2,073,569	2,518,375	205,132	135,200	125,875	11,792,298

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, 2020
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	(4,096,558)
II. Deferred (Inflow)/Outflow from Investment Experience	(4,222)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	1,320,163
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	58,988,162
II. Deferred Outflow created during the period	163,772
III. Deferred Outflow recognized during the period	13,035,235
IV. Change in Deferred Outflow (II. - III.)	(12,871,463)
V. Deferred Outflow at end of the period (I. + IV.)	46,116,699
VI. Deferred Inflow at the beginning of the period	(6,051,710)
VII. Deferred Inflow created during the period	(52,204,212)
VIII. Deferred Inflow recognized during the period	(9,358,606)
IX. Change in Deferred Inflow (VII. - VIII.)	(42,845,606)
X. Deferred Inflow at end of the period (VI. + IX.)	(48,897,316)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	207,940,092
II. Service Cost	7,714,163
III. Interest on Total OPEB Liability, Service Cost, and Payments	5,369,751
IV. Projected Investment Income	(105,159)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(4,863,086)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	8,115,669
IX. Deferred Outflow created during the period	163,772
X. Deferred Inflow created during the period	(52,204,212)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	164,015,321
Net OPEB Expense	
I. Service Cost	7,714,163
II. Interest on Total OPEB Liability, Service Cost, and Payments	5,369,751
III. Projected Investment Income	(105,159)
IV. Recognition of Deferred (Inflow)/Outflow	3,676,629
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.)	16,655,384
VIII. Benefit Payments	(4,853,086)
IX. Contributions to Trust	(10,000)
X. Total Employer Payments (VIII. + IX.)	(4,863,086)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	11,792,298

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

Valuation Date Measurement Date For the Reporting Period & Fiscal Year Ending on:	Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
	July 1, 2020 June 30, 2022	July 1, 2020 June 30, 2021	July 1, 2018 June 30, 2020	July 1, 2018 June 30, 2019	July 1, 2016 June 30, 2018	July 1, 2016 June 30, 2017
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	165,514,046	209,487,430	172,830,165	166,995,323	132,683,840	132,324,671
I. Service Cost	7,714,163	6,366,930	6,059,571	5,748,719	4,598,706	4,650,097
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,369,751	5,297,026	5,117,620	4,083,242	5,156,943	4,525,168
III. Changes in Benefit Terms	0	(14,784,428)	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(972,295)	(370,502)	(9,346,931)	(6,192,574)	0
V. Changes of Assumptions	(52,204,212)	46,048,338	0	38,510,034	0	0
VI. Benefit Payments Excluding Implicit Cost	(3,526,524)	(3,331,405)	(3,650,679)	(3,418,462)	N/A	N/A
VII. Implicit Cost Amount	(1,326,562)	(1,966,901)	(1,321,168)	(1,265,119)	N/A	N/A
VIII. Total Benefit Payments	(4,853,086)	(5,298,306)	(4,971,847)	(4,683,581)	(3,203,906)	(2,956,619)
IX. Other	0	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+VIII.+IX.]	(43,973,384)	36,657,265	5,834,842	34,311,483	359,169	6,218,646
XI. Total OPEB Liability - Beginning of Period	209,487,430	172,830,165	166,995,323	132,683,840	132,324,671	126,106,025
XII. Change Due to Proportional Share	0	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	209,487,430	172,830,165	166,995,323	132,683,840	132,324,671	126,106,025
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	165,514,046	209,487,430	172,830,165	166,995,323	132,683,840	132,324,671
Plan Fiduciary Net Position	1,498,725	1,547,338	1,195,762	1,122,558	985,818	752,564
XV. Earnings from Plan Investments	(58,613)	351,576	23,204	53,990	82,866	66,426
XVI. Employer Contribution to Trust	4,863,086	5,298,306	5,021,847	4,766,331	3,504,682	3,263,171
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(4,853,086)	(5,298,306)	(4,971,847)	(4,683,581)	(3,354,294)	(3,109,895)
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.]	(48,613)	351,576	73,204	136,740	233,254	219,702
XXI. Plan Fiduciary Net Position - Beginning of Period	1,547,338	1,195,762	1,122,558	985,818	752,564	532,862
XXII. Prior Period Adjustment	0	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	1,547,338	1,195,762	1,122,558	985,818	752,564	532,862
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	1,498,725	1,547,338	1,195,762	1,122,558	985,818	752,564
XXV. Net OPEB Liability [XIV.-XXIV.]	164,015,321	207,940,092	171,634,403	165,872,765	131,698,022	131,572,107
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	0.91%	0.74%	0.69%	0.67%	0.74%	0.57%
XXVII. Covered Employee Payroll	72,933,477	70,809,201	61,603,680	59,809,398	59,402,583	57,672,411
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	224.88%	293.66%	278.61%	277.34%	221.70%	228.14%
Single Discount Rate to Calculate Plan Liabilities	4.28%	2.50%	3.00%	3.00%	3.75%	3.50%

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	7,714,163	6,366,930	6,059,571	5,748,719	4,598,706	4,650,097
II. 30 Year Level Dollar Amortization of NOL	<u>6,502,189</u>	<u>6,453,393</u>	<u>8,501,612</u>	<u>8,216,219</u>	<u>7,112,836</u>	<u>6,911,836</u>
III. Actuarial Determined Contribution [I. + II.]	14,216,352	12,820,323	14,561,183	13,964,938	11,711,542	11,561,933
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(4,863,086)</u>	<u>(5,298,306)</u>	<u>(5,021,847)</u>	<u>(4,766,331)</u>	<u>(3,354,294)</u>	<u>(3,109,895)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	9,353,266	7,522,017	9,539,336	9,198,607	8,357,248	8,452,038
 Covered Employee Payroll	 72,933,477	 70,809,201	 61,603,680	 59,809,398	 59,402,583	 57,672,411
Contributions as a % of Covered Employee Payroll	6.67%	7.48%	8.15%	7.97%	5.65%	5.39%
Discount Rate	4.28%	2.50%	3.00%	3.00%	3.75%	3.50%
Money Weighted Rate of Return	<u>(3.78%)</u>	29.40%	1.99%	5.69%	8.88%	8.12%

EXHIBIT B

REQUIRED 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, 2020.
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:	6.41%, 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:	4.28%, 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, 2020, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	604
Actives:	<u>813</u>
Total:	1,417

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 2.50% to 4.28%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$10,000 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 \$4,853,086. \$1,326,562 of the \$4,853,086 represents implicit cost.

EXHIBIT B

REQUIRED 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, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2022	72,933,477	0	72,933,477	0	4,853,086	0	4,853,086
June 30, 2023	68,788,955	6,332,526	75,121,481	0	5,246,008	0	5,246,008
June 30, 2024	65,267,259	12,107,866	77,375,125	0	5,519,202	0	5,519,202
June 30, 2025	62,223,096	17,473,283	79,696,379	0	5,856,256	0	5,856,256
June 30, 2026	59,449,328	22,637,942	82,087,270	0	6,065,605	0	6,065,605
June 30, 2027	56,912,341	27,637,547	84,549,888	0	6,323,260	0	6,323,260
June 30, 2028	54,618,845	32,467,540	87,086,385	0	6,746,406	0	6,746,406
June 30, 2029	52,393,141	37,305,836	89,698,977	0	7,113,458	0	7,113,458
June 30, 2030	50,337,038	42,052,908	92,389,946	0	7,468,110	0	7,468,110
June 30, 2031	48,409,928	46,751,716	95,161,644	0	7,955,559	0	7,955,559
June 30, 2032	46,433,944	51,582,549	98,016,493	0	8,439,148	24,495	8,463,643
June 30, 2033	44,408,185	56,548,803	100,956,988	0	8,784,498	63,616	8,848,114
June 30, 2034	42,602,974	61,382,724	103,985,698	0	9,249,791	119,352	9,369,143
June 30, 2035	40,695,970	66,409,299	107,105,269	0	9,612,633	198,595	9,811,228
June 30, 2036	38,812,045	71,506,382	110,318,427	0	9,902,520	299,259	10,201,779
June 30, 2037	37,201,467	76,426,513	113,627,980	0	10,093,277	370,003	10,463,280
June 30, 2038	35,639,258	81,397,561	117,036,819	0	10,196,138	454,037	10,650,175
June 30, 2039	34,042,222	86,505,702	120,547,924	0	10,564,978	551,339	11,116,317
June 30, 2040	32,630,879	91,533,483	124,164,362	0	10,703,960	626,122	11,330,082
June 30, 2041	31,102,535	96,786,758	127,889,293	0	10,807,530	708,714	11,516,244
June 30, 2042	29,539,994	102,185,978	131,725,972	0	11,122,799	836,616	11,959,415
June 30, 2043	28,114,883	107,562,868	135,677,751	0	11,310,810	1,005,737	12,316,547
June 30, 2044	26,814,587	112,933,497	139,748,084	0	11,359,244	1,214,754	12,573,998
June 30, 2045	25,614,066	118,326,461	143,940,527	0	11,481,475	1,480,976	12,962,451
June 30, 2046	24,295,573	123,963,170	148,258,743	0	11,547,110	1,797,806	13,344,916
June 30, 2047	22,978,376	129,728,129	152,706,505	0	11,459,963	2,058,145	13,518,108
June 30, 2048	21,811,378	135,476,322	157,287,700	0	11,595,929	2,349,220	13,945,149
June 30, 2049	20,571,103	141,435,228	162,006,331	0	11,446,888	2,674,351	14,121,239
June 30, 2050	19,301,061	147,565,460	166,866,521	0	11,372,044	2,953,855	14,325,899
June 30, 2051	18,108,410	153,764,107	171,872,517	0	11,534,372	3,251,379	14,785,751
June 30, 2052	16,820,936	160,207,757	177,028,693	0	11,355,611	3,613,979	14,969,590
June 30, 2053	15,511,591	166,827,963	182,339,554	0	11,163,386	4,017,310	15,180,696
June 30, 2054	14,329,772	173,479,969	187,809,741	0	11,174,978	4,459,435	15,634,413
June 30, 2055	13,041,505	180,402,528	193,444,033	0	11,251,573	4,958,648	16,210,221
June 30, 2056	11,663,783	187,583,571	199,247,354	0	11,096,285	5,503,156	16,599,441
June 30, 2057	10,405,455	194,819,320	205,224,775	0	11,012,357	6,026,204	17,038,561
June 30, 2058	9,072,655	202,308,863	211,381,518	0	10,872,553	6,575,748	17,448,301
June 30, 2059	7,653,711	210,069,253	217,722,964	0	10,704,739	7,160,969	17,865,708
June 30, 2060	6,389,189	217,865,464	224,254,653	0	10,465,957	7,741,822	18,207,779
June 30, 2061	5,239,136	225,743,157	230,982,293	0	10,225,332	8,336,400	18,561,732

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS
CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)
Table 1: Projection of Contributions using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2062	4,170,624	233,741,138	237,911,762	0	10,035,118	9,005,897	19,041,015
June 30, 2063	3,234,762	241,814,353	245,049,115	0	9,891,120	9,721,521	19,612,641
June 30, 2064	2,322,040	250,078,548	252,400,588	0	9,722,741	10,487,747	20,210,488
June 30, 2065	1,609,147	258,363,459	259,972,606	0	9,605,847	11,322,547	20,928,394
June 30, 2066	985,502	266,786,282	267,771,784	0	9,505,042	12,212,394	21,717,436
June 30, 2067	608,013	275,196,925	275,804,938	0	9,348,773	13,111,459	22,460,232
June 30, 2068	313,101	283,765,985	284,079,086	0	9,210,797	14,051,785	23,262,582
June 30, 2069	136,161	292,465,298	292,601,459	0	9,072,403	15,042,582	24,114,985
June 30, 2070	59,211	301,320,292	301,379,503	0	8,886,916	16,028,120	24,915,036
June 30, 2071	36,341	310,384,547	310,420,888	0	8,695,327	17,041,928	25,737,255
June 30, 2072	29,669	319,703,846	319,733,515	0	8,506,225	18,114,672	26,620,897
June 30, 2073	0	329,325,520	329,325,520	0	8,301,398	19,224,039	27,525,437
June 30, 2074	0	339,205,286	339,205,286	0	8,063,991	20,369,690	28,433,681
June 30, 2075	0	349,381,445	349,381,445	0	7,809,124	21,562,172	29,371,296
June 30, 2076	0	359,862,888	359,862,888	0	7,544,257	22,799,076	30,343,333
June 30, 2077	0	370,658,775	370,658,775	0	7,264,329	24,092,595	31,356,924
June 30, 2078	0	381,778,538	381,778,538	0	6,961,207	25,422,721	32,383,928
June 30, 2079	0	393,231,894	393,231,894	0	6,645,933	26,801,865	33,447,798
June 30, 2080	0	405,028,851	405,028,851	0	6,321,350	28,226,901	34,548,251
June 30, 2081	0	417,179,717	417,179,717	0	5,974,497	29,685,151	35,659,648
June 30, 2082	0	429,695,109	429,695,109	0	5,625,426	31,199,772	36,825,198
June 30, 2083	0	442,585,962	442,585,962	0	5,260,458	32,759,032	38,019,490
June 30, 2084	0	455,863,541	455,863,541	0	4,893,450	34,361,604	39,255,054
June 30, 2085	0	469,539,447	469,539,447	0	4,521,839	36,024,489	40,546,328
June 30, 2086	0	483,625,630	483,625,630	0	4,148,396	37,743,563	41,891,959
June 30, 2087	0	498,134,399	498,134,399	0	3,788,543	39,525,696	43,314,239
June 30, 2088	0	513,078,431	513,078,431	0	3,431,988	41,363,702	44,795,690
June 30, 2089	0	528,470,784	528,470,784	0	3,085,363	43,263,824	46,349,187
June 30, 2090	0	544,324,908	544,324,908	0	2,754,256	45,231,254	47,985,510
June 30, 2091	0	560,654,655	560,654,655	0	2,436,850	47,257,073	49,693,923
June 30, 2092	0	577,474,295	577,474,295	0	2,136,910	49,350,855	51,487,765
June 30, 2093	0	594,798,524	594,798,524	0	1,855,886	51,516,848	53,372,734
June 30, 2094	0	612,642,480	612,642,480	0	1,595,207	53,752,942	55,348,149
June 30, 2095	0	631,021,754	631,021,754	0	1,355,971	56,068,449	57,424,420
June 30, 2096	0	649,952,407	649,952,407	0	1,139,034	58,469,125	59,608,159

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you- go	IV. Gross Contributions to Trust for Current Plan Members [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
									Current Plan Members
June 30, 2022	1,547,338	4,853,086	10,000	4,863,086	0	4,853,086	4,853,086	(58,613)	1,498,725
June 30, 2023	1,498,725	5,246,008	68,678	5,314,686	0	5,246,008	5,246,008	90,137	1,657,540
June 30, 2024	1,657,540	5,519,202	63,264	5,582,466	0	5,519,202	5,519,202	108,244	1,829,048
June 30, 2025	1,829,048	5,856,256	58,556	5,914,812	0	5,856,256	5,856,256	119,090	2,006,694
June 30, 2026	2,006,694	6,065,605	54,317	6,119,922	0	6,065,605	6,065,605	130,343	2,191,354
June 30, 2027	2,191,354	6,323,260	50,484	6,373,744	0	6,323,260	6,323,260	142,059	2,383,897
June 30, 2028	2,383,897	6,746,406	47,039	6,793,445	0	6,746,406	6,746,406	154,292	2,585,228
June 30, 2029	2,585,228	7,113,458	43,807	7,157,265	0	7,113,458	7,113,458	167,095	2,796,130
June 30, 2030	2,796,130	7,468,110	40,862	7,508,972	0	7,468,110	7,468,110	180,521	3,017,513
June 30, 2031	3,017,513	7,955,559	38,153	7,993,712	0	7,955,559	7,955,559	194,626	3,250,292
June 30, 2032	3,250,292	8,439,148	35,530	8,474,678	0	8,463,643	8,463,643	209,465	3,470,792
June 30, 2033	3,470,792	8,784,498	32,990	8,817,488	0	8,848,114	8,848,114	223,519	3,663,685
June 30, 2034	3,663,685	9,249,791	30,728	9,280,519	0	9,369,143	9,369,143	235,812	3,810,873
June 30, 2035	3,810,873	9,612,633	28,497	9,641,130	0	9,811,228	9,811,228	245,176	3,885,951
June 30, 2036	3,885,951	9,902,520	26,386	9,928,906	0	10,201,779	10,201,779	249,922	3,863,000
June 30, 2037	3,863,000	10,093,277	24,555	10,117,832	0	10,463,280	10,463,280	248,393	3,765,945
June 30, 2038	3,765,945	10,196,138	22,838	10,218,976	0	10,650,175	10,650,175	242,118	3,576,864
June 30, 2039	3,576,864	10,564,978	21,180	10,586,158	0	11,116,317	11,116,317	229,945	3,276,650
June 30, 2040	3,276,650	10,703,960	19,710	10,723,670	0	11,330,082	11,330,082	210,655	2,880,893
June 30, 2041	2,880,893	10,807,530	18,240	10,825,770	0	11,516,244	11,516,244	185,241	2,375,660
June 30, 2042	2,375,660	11,122,799	16,819	11,139,618	0	11,959,415	11,959,415	152,810	1,708,673
June 30, 2043	1,708,673	11,310,810	15,541	11,326,351	0	12,316,547	12,316,547	110,016	828,493
June 30, 2044	828,493	11,359,244	14,391	11,373,635	0	12,573,998	12,573,998	53,560	0
June 30, 2045	0	11,481,475	13,346	11,494,821	0	12,962,451	12,962,451	421	0
June 30, 2046	0	11,547,110	12,290	11,559,400	0	13,344,916	13,344,916	388	0
June 30, 2047	0	11,459,963	11,286	11,471,249	0	13,518,108	13,518,108	356	0
June 30, 2048	0	11,595,929	10,400	11,606,329	0	13,945,149	13,945,149	328	0
June 30, 2049	0	11,446,888	9,523	11,456,411	0	14,121,239	14,121,239	300	0
June 30, 2050	0	11,372,044	8,675	11,380,719	0	14,325,899	14,325,899	274	0
June 30, 2051	0	11,534,372	7,902	11,542,274	0	14,785,751	14,785,751	249	0
June 30, 2052	0	11,355,611	7,126	11,362,737	0	14,969,590	14,969,590	225	0
June 30, 2053	0	11,163,386	6,380	11,169,766	0	15,180,696	15,180,696	201	0
June 30, 2054	0	11,174,978	5,722	11,180,700	0	15,634,413	15,634,413	181	0
June 30, 2055	0	11,251,573	5,056	11,256,629	0	16,210,221	16,210,221	160	0
June 30, 2056	0	11,096,285	4,390	11,100,675	0	16,599,441	16,599,441	139	0
June 30, 2057	0	11,012,357	3,803	11,016,160	0	17,038,561	17,038,561	120	0
June 30, 2058	0	10,872,553	3,219	10,875,772	0	17,448,301	17,448,301	102	0
June 30, 2059	0	10,704,739	2,637	10,707,376	0	17,865,708	17,865,708	83	0
June 30, 2060	0	10,465,957	2,137	10,468,094	0	18,207,779	18,207,779	67	0
June 30, 2061	0	10,225,332	1,701	10,227,033	0	18,561,732	18,561,732	54	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members	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 [V. + VI.]	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
			Trust for Current Plan Members beyond Pay-as-you- go	[II. + III.]	Current Plan Members	Trust	Withdrawals [V. + VI.]		
June 30, 2062	0	10,035,118	1,315	10,036,433	0	19,041,015	19,041,015	41	0
June 30, 2063	0	9,891,120	990	9,892,110	0	19,612,641	19,612,641	31	0
June 30, 2064	0	9,722,741	690	9,723,431	0	20,210,488	20,210,488	22	0
June 30, 2065	0	9,605,847	464	9,606,311	0	20,928,394	20,928,394	15	0
June 30, 2066	0	9,505,042	276	9,505,318	0	21,717,436	21,717,436	9	0
June 30, 2067	0	9,348,773	165	9,348,938	0	22,460,232	22,460,232	5	0
June 30, 2068	0	9,210,797	83	9,210,880	0	23,262,582	23,262,582	3	0
June 30, 2069	0	9,072,403	35	9,072,438	0	24,114,985	24,114,985	1	0
June 30, 2070	0	8,886,916	15	8,886,931	0	24,915,036	24,915,036	0	0
June 30, 2071	0	8,695,327	9	8,695,336	0	25,737,255	25,737,255	0	0
June 30, 2072	0	8,506,225	7	8,506,232	0	26,620,897	26,620,897	0	0
June 30, 2073	0	8,301,398	0	8,301,398	0	27,525,437	27,525,437	0	0
June 30, 2074	0	8,063,991	0	8,063,991	0	28,433,681	28,433,681	0	0
June 30, 2075	0	7,809,124	0	7,809,124	0	29,371,296	29,371,296	0	0
June 30, 2076	0	7,544,257	0	7,544,257	0	30,343,333	30,343,333	0	0
June 30, 2077	0	7,264,329	0	7,264,329	0	31,356,924	31,356,924	0	0
June 30, 2078	0	6,961,207	0	6,961,207	0	32,383,928	32,383,928	0	0
June 30, 2079	0	6,645,933	0	6,645,933	0	33,447,798	33,447,798	0	0
June 30, 2080	0	6,321,350	0	6,321,350	0	34,548,251	34,548,251	0	0
June 30, 2081	0	5,974,497	0	5,974,497	0	35,659,648	35,659,648	0	0
June 30, 2082	0	5,625,426	0	5,625,426	0	36,825,198	36,825,198	0	0
June 30, 2083	0	5,260,458	0	5,260,458	0	38,019,490	38,019,490	0	0
June 30, 2084	0	4,893,450	0	4,893,450	0	39,255,054	39,255,054	0	0
June 30, 2085	0	4,521,839	0	4,521,839	0	40,546,328	40,546,328	0	0
June 30, 2086	0	4,148,396	0	4,148,396	0	41,891,959	41,891,959	0	0
June 30, 2087	0	3,788,543	0	3,788,543	0	43,314,239	43,314,239	0	0
June 30, 2088	0	3,431,988	0	3,431,988	0	44,795,690	44,795,690	0	0
June 30, 2089	0	3,085,363	0	3,085,363	0	46,349,187	46,349,187	0	0
June 30, 2090	0	2,754,256	0	2,754,256	0	47,985,510	47,985,510	0	0
June 30, 2091	0	2,436,850	0	2,436,850	0	49,693,923	49,693,923	0	0
June 30, 2092	0	2,136,910	0	2,136,910	0	51,487,765	51,487,765	0	0
June 30, 2093	0	1,855,886	0	1,855,886	0	53,372,734	53,372,734	0	0
June 30, 2094	0	1,595,207	0	1,595,207	0	55,348,149	55,348,149	0	0
June 30, 2095	0	1,355,971	0	1,355,971	0	57,424,420	57,424,420	0	0
June 30, 2096	0	1,139,034	0	1,139,034	0	59,608,159	59,608,159	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, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members		IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.41%]	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 [4.28%]	Sum of Column V.
		III. Funded Portion of Benefit Payments	Payments [II. - III.]					
June 30, 2022	1,547,338	4,853,086	1,547,338	3,305,748	1,547,338	3,305,748	4,853,086	
June 30, 2023	1,498,725	5,246,008	1,498,725	3,747,283	1,408,444	3,600,059	5,030,666	31,889,952
June 30, 2024	1,657,540	5,519,202	1,657,540	3,861,662	1,463,859	3,564,187	5,075,390	
June 30, 2025	1,829,048	5,856,256	1,829,048	4,027,208	1,518,021	3,570,947	5,164,280	
June 30, 2026	2,006,694	6,065,605	2,006,694	4,058,911	1,565,133	3,457,657	5,129,328	166,134,049
June 30, 2027	2,191,354	6,323,260	2,191,354	4,131,906	1,606,203	3,381,551	5,127,716	
June 30, 2028	2,383,897	6,746,406	2,383,897	4,362,509	1,642,074	3,430,006	5,246,286	
June 30, 2029	2,585,228	7,113,458	2,585,228	4,528,230	1,673,485	3,420,426	5,304,651	
June 30, 2030	2,796,130	7,468,110	2,796,130	4,671,980	1,700,975	3,390,360	5,340,517	198,024,001
June 30, 2031	3,017,513	7,955,559	3,017,513	4,938,046	1,725,072	3,442,651	5,455,567	
June 30, 2032	3,250,292	8,439,148	3,250,292	5,188,856	1,746,216	3,475,382	5,549,635	
June 30, 2033	3,470,792	8,784,498	3,470,792	5,313,706	1,752,353	3,419,177	5,539,612	
June 30, 2034	3,663,685	9,249,791	3,663,685	5,586,106	1,738,316	3,453,237	5,593,593	
June 30, 2035	3,810,873	9,612,633	3,810,873	5,801,760	1,699,232	3,445,641	5,574,397	
June 30, 2036	3,885,951	9,902,520	3,885,951	6,016,569	1,628,333	3,432,830	5,506,781	
June 30, 2037	3,863,000	10,093,277	3,863,000	6,230,277	1,521,206	3,415,103	5,382,461	
June 30, 2038	3,765,945	10,196,138	3,765,945	6,430,193	1,393,654	3,386,208	5,214,119	
June 30, 2039	3,576,864	10,564,978	3,576,864	6,988,114	1,243,944	3,535,433	5,180,962	
June 30, 2040	3,276,650	10,703,960	3,276,650	7,427,310	1,070,893	3,610,001	5,033,649	
June 30, 2041	2,880,893	10,807,530	2,880,893	7,926,637	884,832	3,701,330	4,873,730	
June 30, 2042	2,375,660	11,122,799	2,375,660	8,747,139	685,702	3,923,991	4,810,007	
June 30, 2043	1,708,673	11,310,810	1,708,673	9,602,137	463,476	4,138,309	4,690,529	
June 30, 2044	828,493	11,359,244	828,493	10,530,751	211,191	4,360,211	4,517,250	
June 30, 2045	0	11,481,475	0	11,481,475	0	4,567,083	4,378,436	
June 30, 2046	0	11,547,110	0	11,547,110	0	4,412,733	4,222,709	
June 30, 2047	0	11,459,963	0	11,459,963	0	4,207,370	4,018,812	
June 30, 2048	0	11,595,929	0	11,595,929	0	4,090,026	3,899,569	
June 30, 2049	0	11,446,888	0	11,446,888	0	3,878,833	3,691,434	
June 30, 2050	0	11,372,044	0	11,372,044	0	3,702,076	3,516,760	
June 30, 2051	0	11,534,372	0	11,534,372	0	3,607,396	3,420,540	
June 30, 2052	0	11,355,611	0	11,355,611	0	3,411,956	3,229,296	
June 30, 2053	0	11,163,386	0	11,163,386	0	3,222,419	3,044,317	
June 30, 2054	0	11,174,978	0	11,174,978	0	3,099,030	2,922,383	
June 30, 2055	0	11,251,573	0	11,251,573	0	2,997,681	2,821,632	
June 30, 2056	0	11,096,285	0	11,096,285	0	2,840,161	2,668,464	
June 30, 2057	0	11,012,357	0	11,012,357	0	2,707,938	2,539,572	
June 30, 2058	0	10,872,553	0	10,872,553	0	2,568,521	2,404,409	
June 30, 2059	0	10,704,739	0	10,704,739	0	2,429,521	2,270,124	
June 30, 2060	0	10,465,957	0	10,465,957	0	2,282,005	2,128,379	
June 30, 2061	0	10,225,332	0	10,225,332	0	2,141,945	1,994,086	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS
BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)
Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2020 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.41%]	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 [4.28%]
June 30, 2062	0	10,035,118	0	10,035,118	0	2,019,512	1,876,660
June 30, 2063	0	9,891,120	0	9,891,120	0	1,912,328	1,773,802
June 30, 2064	0	9,722,741	0	9,722,741	0	1,805,921	1,672,034
June 30, 2065	0	9,605,847	0	9,605,847	0	1,714,111	1,584,122
June 30, 2066	0	9,505,042	0	9,505,042	0	1,629,485	1,503,154
June 30, 2067	0	9,348,773	0	9,348,773	0	1,539,728	1,417,753
June 30, 2068	0	9,210,797	0	9,210,797	0	1,457,403	1,339,491
June 30, 2069	0	9,072,403	0	9,072,403	0	1,379,107	1,265,207
June 30, 2070	0	8,886,916	0	8,886,916	0	1,297,836	1,188,466
June 30, 2071	0	8,695,327	0	8,695,327	0	1,219,966	1,115,111
June 30, 2072	0	8,506,225	0	8,506,225	0	1,146,547	1,046,082
June 30, 2073	0	8,301,398	0	8,301,398	0	1,074,977	978,987
June 30, 2074	0	8,063,991	0	8,063,991	0	1,003,208	911,952
June 30, 2075	0	7,809,124	0	7,809,124	0	933,333	846,878
June 30, 2076	0	7,544,257	0	7,544,257	0	866,251	784,570
June 30, 2077	0	7,264,329	0	7,264,329	0	801,338	724,448
June 30, 2078	0	6,961,207	0	6,961,207	0	737,731	665,722
June 30, 2079	0	6,645,933	0	6,645,933	0	676,648	609,482
June 30, 2080	0	6,321,350	0	6,321,350	0	618,315	555,919
June 30, 2081	0	5,974,497	0	5,974,497	0	561,428	503,848
June 30, 2082	0	5,625,426	0	5,625,426	0	507,857	454,936
June 30, 2083	0	5,260,458	0	5,260,458	0	456,250	407,957
June 30, 2084	0	4,893,450	0	4,893,450	0	407,744	363,918
June 30, 2085	0	4,521,839	0	4,521,839	0	361,976	322,478
June 30, 2086	0	4,148,396	0	4,148,396	0	319,035	283,701
June 30, 2087	0	3,788,543	0	3,788,543	0	279,913	248,456
June 30, 2088	0	3,431,988	0	3,431,988	0	243,607	215,834
June 30, 2089	0	3,085,363	0	3,085,363	0	210,399	186,070
June 30, 2090	0	2,754,256	0	2,754,256	0	180,441	159,284
June 30, 2091	0	2,436,850	0	2,436,850	0	153,374	135,143
June 30, 2092	0	2,136,910	0	2,136,910	0	129,212	113,644
June 30, 2093	0	1,855,886	0	1,855,886	0	107,811	94,647
June 30, 2094	0	1,595,207	0	1,595,207	0	89,027	78,014
June 30, 2095	0	1,355,971	0	1,355,971	0	72,702	63,592
June 30, 2096	0	1,139,034	0	1,139,034	0	58,671	51,225

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Non-GIC

Medicare Supplement Plans: effective July 1, 2021

Active Plans: effective July 1, 2021

Dental Plans: N/A

GIC

Medicare Supplement Plans: effective July 1, 2021

Active Plans: effective July 1, 2021

Dental Plans: effective July 1, 2021

Creditable Service

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

Benefits Offered

Comprehensive Medical Insurance offered and \$2,000 of Group Term Life Insurance.

Medicare Part A

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

Medicare Part B

The Town reimburses 50% of Medicare Part B Premiums.

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

Surviving Spouse Coverage

Spousal benefits do not change after the death of a plan participant for non-teachers.
Surviving spouses of teachers pay 10%

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	• Age 60 with 10 years of creditable service

Participant Contributions

Group	Individual	Two-Person / Family
Medical	Retired Teachers: <ul style="list-style-type: none"> • 10% to 15% of premiums depending on retirement date All Others: <ul style="list-style-type: none"> • 24% of premiums for HMO plans & Managed Blue for Seniors • 50% of premiums for VIP & Medex II 	Retired Teachers: <ul style="list-style-type: none"> • 10% to 15% of premiums depending on retirement date All Others: <ul style="list-style-type: none"> • 24% of premiums for HMO plans & Managed Blue for Seniors • 50% of premiums for VIP & Medex II
Dental	100%	100%
Life	Retired Teachers: <ul style="list-style-type: none"> • 40% of premiums All Others: <ul style="list-style-type: none"> • 100% of premiums 	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

4.28% per annum (previously 2.50%)

Net Long Term Rate of Return

6.41% (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
2020 - 2023	4.50%
2024	4.54%
2025	4.59%
2026	4.63%
2027	4.68%
2028	4.72%
2029 - 2040	4.77%
2045	4.53%
2050	4.43%
2055	4.00%
2060	3.63%
2061+	3.60%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	June 30, 2022	June 30, 2021
I. Total OPEB Liability	165,514,046	209,487,430
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>121,652,486</u>	<u>156,527,455</u>
III. Liability from Implicit Subsidy [I. - II.]	43,861,560	52,959,975

	For the Measurement Period Ending	
Impact on Payments	June 30, 2022	June 30, 2021
IV. Employer Payments (Including Implicit Subsidy)	4,853,086	5,298,306
V. Actual Employer Payments	<u>3,526,524</u>	<u>3,331,405</u>
VI. Implicit Subsidy [IV. - V.]	1,326,562	1,966,901

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS* (Non-GIC)

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,768	3,006	44 & Under	9,795	6,418	65 to 69	2,987	3,067
25 to 29	7,035	3,128	45 to 49	10,759	8,104	70 to 74	3,523	3,676
30 to 34	8,890	3,926	50 to 54	12,656	10,673	75 to 79	4,088	4,340
35 to 39	9,158	4,929	55 to 59	14,631	13,875	80 to 84	4,688	4,989
40 to 44	9,373	6,142	60 to 64	17,411	17,805	85 to 89	5,241	5,557
45 to 49	10,296	7,755	65 to 69	20,871	22,210	90 & Over	5,241	5,557
50 to 54	12,111	10,213	70 to 74	24,612	26,615			
55 to 59	14,001	13,278	75 to 79	28,583	31,435			
60 to 64	16,661	17,038	80 to 84	32,772	36,132			
65 to 69	19,972	21,254	85 to 89	37,409	41,358			
70 & Over	23,552	25,469	90 & Over	37,409	41,358			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS* (GIC)

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,659	2,938	44 & Under	9,158	6,002	65 to 69	3,159	3,244
25 to 29	6,874	3,057	45 to 49	10,059	7,578	70 to 74	3,726	3,887
30 to 34	8,687	3,836	50 to 54	11,834	9,980	75 to 79	4,323	4,590
35 to 39	8,949	4,817	55 to 59	13,681	12,974	80 to 84	4,959	5,276
40 to 44	9,158	6,002	60 to 64	16,280	16,648	85 to 89	5,543	5,877
45 to 49	10,059	7,578	65 to 69	19,515	20,767	90 & Over	5,543	5,877
50 to 54	11,834	9,980	70 to 74	23,012	24,886			
55 to 59	13,681	12,974	75 to 79	26,726	29,392			
60 to 64	16,280	16,648	80 to 84	30,643	33,784			
65 to 69	19,515	20,767	85 to 89	34,978	38,671			
70 & Over	23,012	24,886	90 & Over	34,978	38,671			

*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, 2020
A. Average Age at Hire	33.30
B. Average Service	<u>10.42</u>
C. Average Current Age	43.72

Retired Employees & Spouses

Valuation Date	July 1, 2020
A. Under Age 65	101
B. Age 65 & Over	<u>503</u>
C. Total	604

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	35	3								38
25-29	79	16	3							98
30-34	49	26	18	5						98
35-39	33	28	26	7	2					96
40-44	28	13	18	19	8	1				87
45-49	31	22	20	20	21	7				121
50-54	23	20	12	15	13	15	4			102
55-59	19	11	22	22	12	2	10	2		100
60-64	9	8	8	10	7	5	4	3	1	55
65-69	1	4	3	1	4	1		1		15
70+				1	1		1			3
Total	307	151	130	100	68	31	19	6	1	813

APPENDIX IV – PLAN DEMOGRAPHICS
Plan Offerings - Non-GIC

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Harvard Pilgrim	142		260	402
HMO Blue	26		22	48
Blue Care Elect	24			24
VIP	1		1	2
Tufts Med Preferred		1		1
Medex II	4	4		8
Managed Blue	82	73		155
Total	279	78	283	640

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Harvard Pilgrim	885.80		2,380.60
HMO Blue	893.37		2,400.93
Blue Care Elect	1,228.97		3,302.86
VIP	1,252.04		3,102.61
Tufts Med Preferred	346.00	692.00	
Medex II	418.87	837.74	
Managed Blue	348.04	696.08	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation (Non-GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Harvard Pilgrim	142		260	662	8,936,875.20	7,036,795.20
HMO Blue	26		22	70	912,576.96	750,430.80
Blue Care Elect	24			24	353,943.36	353,943.36
VIP	1		1	3	52,255.80	45,073.44
Total	193	0	283	759	10,255,651.32	8,186,242.80
						Blended Average Monthly Rate: \$ 898.80

	Medicare Supplement Plan Average Premium Calculation (Non-GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Tufts Med Preferred		1		2	8,304.00	8,304.00
Medex II	4	4		12	60,317.28	60,317.28
Managed Blue	82	73		228	952,237.44	952,237.44
Total	86	78	0	242	1,020,858.72	1,020,858.72
						Blended Average Monthly Rate: \$ 351.54

APPENDIX IV – PLAN DEMOGRAPHICS
Plan Offerings - GIC

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Fallon Direct			1	1
Harvard Pilgrim	1		4	5
Harvard Primary Choice			2	2
Allways Health Partners	1			1
Unicare Basic w/ CIC*	22		7	29
Unicare OME w/ CIC*	75	64		139
Tufts Medicare Complement	1	1		2
Tufts Medicare Preferred	4	1		5
Harvard Senior	9	6		15
Total	113	72	14	199

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Fallon Direct	618.59		1,561.48
Harvard Pilgrim	917.18		2,239.19
Harvard Primary Choice	665.43		1,697.02
Allways Health Partners	687.87		1,789.45
Unicare Basic w/ CIC*	1,163.76		2,582.71
Unicare OME w/ CIC*	399.86	799.72	
Tufts Medicare Complement	383.88	767.76	
Tufts Medicare Preferred	325.13	650.26	
Harvard Senior	404.04	808.08	
Dental Plan	N/A		N/A

*These rates represent the unsubsidized Indemnity premium rates

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation (GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Fallon Direct			1	2	18,737.76	14,846.16
Harvard Pilgrim	1		4	9	118,487.28	99,055.44
Harvard Primary Choice			2	4	40,728.48	31,940.64
Allways Health Partners	1			1	8,254.44	8,254.44
Unicare Basic w/ CIC*	22		7	36	498,529.32	478,405.44
Total	24	0	14	52	684,737.28	632,502.12
						Blended Average Monthly Rate: \$ 1,013.63

	Medicare Supplement Plan Average Premium Calculation (GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Unicare OME w/ CIC*	75	64		203	947,116.80	947,116.80
Tufts Medicare Complement	1	1		3	13,819.68	13,819.68
Tufts Medicare Preferred	4	1		6	23,409.36	23,409.36
Harvard Senior	9	6		21	101,818.08	101,818.08
Total	89	72	0	233	1,086,163.92	1,086,163.92
						Blended Average Monthly Rate: \$ 388.47

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is August 11, 2022 and its subject is the Town of Milton'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 Milton 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 earning within this entity must be irrevocable and protected from creditors.

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

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

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