

**Town of Lancaster  
Other Postemployment Benefits Plan**

**GASB 74 & GASB 75 Actuarial Valuation**

With a Valuation Date of July 1, 2019

As of the Measurement Date:  
June 30, 2021

For the Reporting Date:  
June 30, 2021

Delivered December 21, 2021



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December 21, 2021

*Personal and Confidential*

Ms. Cheryl Gariepy  
Finance Director  
Town of Lancaster  
695 Main Street, PO Box 293  
Lancaster, MA 01523

Dear Ms. Gariepy:

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

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Elmore', written over a light blue circular background element.

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

**December 21, 2021**

ACTUARIAL CERTIFICATION

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

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

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

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



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

## EXECUTIVE SUMMARY

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

#### Plan Experience

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

#### Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$85 thousand, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 7.00% to 6.75% increasing the disclosed liability by \$85 thousand.

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

#### Investment Experience

- ✓ During the period there was an investment gain of \$548,506 due to asset performance above the expected rate of return.

#### Changes in Benefits Terms

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

## EXECUTIVE SUMMARY

### Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 5.35 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

### Events Subsequent to the Measurement Date

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

### Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 2.18% as of June 30, 2021.
- ✓ Current Asset Level – The Town had \$3,136,182 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is not expected to make trust contributions beyond its pay-as-you-go costs.
- ✓ Investment Policy - The Town is expected to earn 6.77% on assets based on its investment policy.

### Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 72.26% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase at 4.50% per year for Active plans and 4.50% per year for Medicare supplement plans.
- ✓ Discount Rate (6.75%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

## EXECUTIVE SUMMARY

### Medicare Buy-In

The Town currently has 1 retiree or covered spouse who is over the age of 65 and is enrolled in an Active medical plan rather than a Medicare Supplement (Senior) plan. 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 retiree is expected to incur. You may wish to review their Medicare eligibility to see if they are already eligible for Medicare or if a “buy-in” is appropriate as this could yield a reduction in your OPEB annual costs and disclosed liabilities. If you are in this situation, we encourage you to talk to your healthcare consultant to see if this might be viable.

## EXECUTIVE SUMMARY

### Key Plan Metrics

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

<b>Representative Plan Statistics</b>		
<b>Valuation Date</b>	<b>July 1, 2019</b>	<b>July 1, 2019</b>
<b>Measurement Date &amp; Period Ending</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
<b>Reporting Date/Fiscal Year End</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total OPEB Liability	2,776,468	2,582,307
Per Eligible Active Plan Participant	34,914	36,044
Per Retiree/Spouse Plan Participant	40,008	32,141
Total Annual Service Cost (Annual Benefit Accrual)	65,411	63,513
Per Eligible Active Plan Participant	1,487	1,443
Expected Employer Share of Retiree Costs	137,008	121,528
Per Retiree/Spouse Plan Participant	4,420	3,920
Net OPEB Liability as a % of Covered Payroll	(12.10%)	5.50%



## EXECUTIVE SUMMARY

### Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2021	31	2,776,468	2,776,468	137,008	137,008
June 30, 2026	40	3,367,064	2,904,459	157,029	135,455
June 30, 2031	43	4,144,714	3,084,056	192,275	143,071
June 30, 2036	43	4,968,435	3,189,049	281,887	180,933
June 30, 2041	42	5,793,386	3,207,657	340,689	188,631
June 30, 2046	42	6,679,417	3,190,127	409,551	195,604
June 30, 2051	41	8,061,220	3,321,116	398,704	164,261

## EXECUTIVE SUMMARY

### Continuing OPEB Disclosures

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

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

<u>Fiscal Year Ending</u>		<u>Cost</u>
June 30, 2022	(budgeted)	140,769
June 30, 2021	Actual	137,008
June 30, 2020	Actual	121,528
June 30, 2019	Actual	126,128
June 30, 2018	Actual	110,959
June 30, 2017	Actual	100,568

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2021 Measurement Date, the Net OPEB Liability ("NOL") was determined to be \$-359,714 assuming a discount rate of 6.75%. The Town has established an OPEB Trust and plans to fund this liability. The Town is not expected to make trust contributions beyond its pay-as-you-go costs. The balance of this fund as of June 30, 2021 was \$3,136,182. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

**Town of Lancaster**

**Assuming Funding - 6.75% discount rate**

**Comparison of Plan Liabilities to Prior Valuation**

Valuation Date	July 1, 2019	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
I. Total OPEB Liability		
A. Actives	1,536,215	1,585,931
B. Retirees/Disabled	<u>1,240,253</u>	<u>996,376</u>
C. Total	2,776,468	2,582,307
II. Fiduciary Net Position [Plan Assets]	3,136,182	2,423,598
III. Net OPEB Liability (Asset) [I. - II.]	(359,714)	158,709
IV. Funded Ratio [II. / I.]	112.96%	93.85%
V. Number of Eligible Participants		
A. Actives	44	44
B. Retirees/Disabled & Dependents	<u>31</u>	<u>31</u>
C. Total	75	75
VI. Service Cost	65,411	63,513
VII. Financial Statement Expense	(2,247)	(276,046)
VIII. Employer Contribution to the OPEB Trust	0	(300,000)
IX. Deferred Inflow of Resources	(794,925)	(470,146)
X. Deferred Outflow of Resources	276,640	331,029
XI. Money Weighted Rate of Return	29.40%	1.72%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.77%	7.01%
XIV. Crossover Year	N/A	N/A
XV. Discount Rate	6.75%	7.00%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	Public Safety Employees and Retirees	Water Enterprise Fund Employees and Retirees	Total
I. Total OPEB Liability				
A. Actives	610,049	875,274	50,892	1,536,215
B. Retirees/Disabled	<u>1,105,293</u>	<u>134,960</u>	<u>0</u>	<u>1,240,253</u>
C. Total	1,715,342	1,010,234	50,892	2,776,468
II. Fiduciary Net Position [Plan Assets]	1,937,579	1,141,118	57,485	3,136,182
III. Net OPEB Liability (Asset) [I. - II.]	(222,237)	(130,884)	(6,593)	(359,714)
IV. Number of Eligible Participants				
A. Actives	25	16	3	44
B. Retirees/Disabled	<u>28</u>	<u>3</u>	<u>0</u>	<u>31</u>
C. Total	53	19	3	75
<b>For the Reporting Date and Fiscal Year Ending June 30, 2021</b>				
V. Service Cost	31,010	30,433	3,968	65,411
VI. Financial Statement Expense	(18,739)	13,156	3,336	(2,247)
VII. Employer Share of Costs	(117,482)	(19,519)	(7)	(137,008)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	0	0	0	0
IX. Total Employer Contribution [VII. + VIII.]	(117,482)	(19,519)	(7)	(137,008)

PRINCIPAL RESULTS OF THE VALUATION

**Town of Lancaster**  
**Assuming Funding - 6.75% discount rate**  
**For the Period Ending on the June 30, 2021 Measurement Date**

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
<b>Present Value of Future Benefits</b>							
A. Participants	565,122	664,126	1,229,248	79,915	1,160,338	1,240,253	2,469,501
B. Spouses	<u>390,265</u>	<u>497,542</u>	<u>887,807</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>887,807</u>
C. Total	955,387	1,161,668	2,117,055	79,915	1,160,338	1,240,253	3,357,308
<b>Total OPEB Liability</b>							
A. Participants	403,211	481,423	884,634	79,915	1,160,338	1,240,253	2,124,887
B. Spouses	<u>287,015</u>	<u>364,566</u>	<u>651,581</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>651,581</u>
C. Total	690,226	845,989	1,536,215	79,915	1,160,338	1,240,253	2,776,468
<b>Service Cost</b>							
A. Participants	16,220	22,753	38,973	0	0	0	38,973
B. Spouses	<u>10,351</u>	<u>16,087</u>	<u>26,438</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,438</u>
C. Total	26,571	38,840	65,411	0	0	0	65,411

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

**Funding - 6.75% discount rate**

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.77% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			Measurement Date	with an expected 6.77% return									
2021	June 30, 2021	2,776,468	3,136,182	(359,714)	112.96%	65,411	137,008	0	137,008	137,008	0	0	
2022	June 30, 2022	2,879,852	3,276,677	(396,825)	113.78%	71,259	140,769	(69,510)	71,259	140,769	0	(69,510)	
2023	June 30, 2023	2,991,390	3,419,937	(428,547)	114.33%	74,720	150,759	(76,039)	74,720	150,759	0	(76,039)	
2024	June 30, 2024	3,104,634	3,566,330	(461,696)	114.87%	78,236	160,629	(82,393)	78,236	160,629	0	(82,393)	
2025	June 30, 2025	3,231,450	3,730,838	(499,388)	115.45%	81,067	155,521	(74,454)	81,067	155,521	0	(74,454)	
2026	June 30, 2026	3,367,064	3,908,046	(540,982)	116.07%	84,088	157,029	(72,941)	84,088	157,029	0	(72,941)	
2027	June 30, 2027	3,507,377	4,093,035	(585,658)	116.70%	87,044	164,065	(77,021)	87,044	164,065	0	(77,021)	
2028	June 30, 2028	3,654,376	4,290,400	(636,024)	117.40%	90,045	167,209	(77,164)	90,045	167,209	0	(77,164)	
2029	June 30, 2029	3,814,038	4,503,403	(689,365)	118.07%	94,667	169,628	(74,961)	94,667	169,628	0	(74,961)	
2030	June 30, 2030	3,980,589	4,727,563	(746,974)	118.77%	98,367	176,486	(78,119)	98,367	176,486	0	(78,119)	
2031	June 30, 2031	4,144,714	4,952,687	(807,973)	119.49%	100,402	192,275	(91,873)	100,402	192,275	0	(91,873)	
2032	June 30, 2032	4,317,278	5,192,580	(875,302)	120.27%	105,147	197,477	(92,330)	105,147	197,477	0	(92,330)	
2033	June 30, 2033	4,478,380	5,438,449	(960,069)	121.44%	109,070	211,334	(102,264)	109,070	211,334	0	(102,264)	
2034	June 30, 2034	4,643,218	5,681,210	(1,037,992)	122.36%	113,535	234,916	(121,381)	113,535	234,916	0	(121,381)	
2035	June 30, 2035	4,810,460	5,924,987	(1,114,527)	123.17%	118,082	254,385	(136,303)	118,082	254,385	0	(136,303)	
2036	June 30, 2036	4,968,435	6,161,409	(1,192,974)	124.01%	122,494	281,887	(159,393)	122,494	281,887	0	(159,393)	
2037	June 30, 2037	5,131,153	6,407,588	(1,276,435)	124.88%	127,085	292,525	(165,440)	127,085	292,525	0	(165,440)	
2038	June 30, 2038	5,299,184	6,664,360	(1,365,176)	125.76%	132,122	303,440	(171,318)	132,122	303,440	0	(171,318)	
2039	June 30, 2039	5,462,595	6,920,050	(1,457,455)	126.68%	137,006	326,194	(189,188)	137,006	326,194	0	(189,188)	
2040	June 30, 2040	5,632,172	7,188,105	(1,555,933)	127.63%	141,793	335,767	(193,974)	141,793	335,767	0	(193,974)	
2041	June 30, 2041	5,793,386	7,475,363	(1,681,977)	129.03%	147,737	340,689	(192,952)	147,737	340,689	0	(192,952)	
2042	June 30, 2042	5,937,421	7,759,333	(1,821,912)	130.69%	152,980	367,935	(214,955)	152,980	367,935	0	(214,955)	
2043	June 30, 2043	6,120,807	8,062,828	(1,942,021)	131.73%	159,534	374,198	(214,664)	159,534	374,198	0	(214,664)	
2044	June 30, 2044	6,324,531	8,397,118	(2,072,587)	132.77%	166,093	370,839	(204,746)	166,093	370,839	0	(204,746)	
2045	June 30, 2045	6,472,892	8,732,467	(2,259,575)	134.91%	173,349	398,973	(225,624)	173,349	398,973	0	(225,624)	
2046	June 30, 2046	6,679,417	9,086,654	(2,407,237)	136.04%	180,187	409,551	(229,364)	180,187	409,551	0	(229,364)	
2047	June 30, 2047	6,894,199	9,492,888	(2,598,689)	137.69%	188,210	390,410	(202,200)	188,210	390,410	0	(202,200)	
2048	June 30, 2048	7,157,329	9,928,518	(2,771,189)	138.72%	195,035	395,402	(200,367)	195,035	395,402	0	(200,367)	
2049	June 30, 2049	7,424,498	10,383,826	(2,959,328)	139.86%	203,570	413,435	(209,865)	203,570	413,435	0	(209,865)	
2050	June 30, 2050	7,742,498	10,910,907	(3,168,409)	140.92%	212,959	383,195	(170,236)	212,959	383,195	0	(170,236)	
2051	June 30, 2051	8,061,220	11,467,771	(3,406,551)	142.26%	222,758	398,704	(175,946)	222,758	398,704	0	(175,946)	
2052	June 30, 2052	8,405,443	12,051,673	(3,646,230)	143.38%	231,597	417,861	(186,264)	231,597	417,861	0	(186,264)	

EXHIBIT A

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

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

1. OPEB Expense Development

<b>Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021</b>	
<b>Description</b>	<b>Amount</b>
I. Service Cost	65,411
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	180,626
III. Deferred (Inflows)/Outflows from Plan Experience*	(86,635)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	94,165
V. Projected Earnings on OPEB Plan Investments	(164,078)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(91,736)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	(2,247)
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	(2,247)

\* Amortized over 5.35 years

\*\* Amortized over 5.00 years

\*\*\* Recognized Immediately

EXHIBIT A

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

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>I. Balances for the June 30, 2020 Reporting Date</b>	2,582,307	2,423,598	158,709
<b>II. Prior Period Adjustment</b>	0	0	0
<b>III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]</b>	2,582,307	2,423,598	158,709
<b>Changes for the year:</b>			
IV. Service Cost	65,411	0	65,411
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	180,626	0	180,626
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	85,132	0	85,132
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	712,584	(712,584)
X. Employer Contributions to Trust	0	137,008	(137,008)
XI. Benefit Payments Withdrawn from Trust	0	(137,008)	137,008
XII. Benefit Payments Excluding Implicit Cost	(96,588)	0	(96,588)
XIII. Implicit Cost Amount	(40,420)	0	(40,420)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(137,008)	0	(137,008)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
<b>XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]</b>	<b>194,161</b>	<b>712,584</b>	<b>(518,423)</b>
<b>XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]</b>	<b>2,776,468</b>	<b>3,136,182</b>	<b>(359,714)</b>

\* Recognized Immediately

\*\* Amortized over 5.35 years



EXHIBIT A

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

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences Between			2021	2022	2023	2024	2025	2026
	Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	81,917	5.00	16,385	16,383	16,385				
2019	0	5.00	0	0	0	0			
2020	(551,147)	5.35	(345,111)	(103,018)	(103,018)	(103,018)	(103,018)	(36,057)	
2021	0	5.35	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(328,726)						
Net increase (decrease) in OPEB Expense				(86,635)	(86,633)	(103,018)	(103,018)	(36,057)	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from			2021	2022	2023	2024	2025	2026
	Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	324,626	5.00	64,926	64,925	64,926				
2019	0	5.00	0	0	0	0			
2020	71,306	5.35	44,650	13,328	13,328	13,328	13,328	4,666	
2021	85,132	5.35	69,220	15,912	15,912	15,912	15,912	15,912	5,572
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			178,796						
Net increase (decrease) in OPEB Expense				94,165	94,166	29,240	29,240	20,578	5,572

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences Between			2021	2022	2023	2024	2025	2026
	Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	(55,041)	5.00	(11,009)	(11,008)	(11,009)				
2019	27,299	5.00	10,919	5,460	5,460	5,459			
2020	117,566	5.00	70,540	23,513	23,513	23,513	23,514		
2021	(548,506)	5.00	(438,805)	(109,701)	(109,701)	(109,701)	(109,701)	(109,702)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(368,355)						
Net increase (decrease) in OPEB Expense				(91,736)	(91,737)	(80,729)	(86,187)	(109,702)	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

<b>Statement of Outflows &amp; Inflows Arising from Current &amp; Prior Reporting Periods for the Measurement Period Ending on June 30, 2021 to be Reported for the Fiscal Year Ending June 30, 2021</b>			
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total</b>
I. Contributions made subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	16,385	(345,111)	(328,726)
III. Changes of Assumptions	178,796	0	178,796
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>81,459</u>	<u>(449,814)</u>	<u>(368,355)</u>
V. Total [I.+II.+III.+IV.]	276,640	(794,925)	(518,285)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

**Annual Amortization of Deferred (Inflows)/Outflows**

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

<b>Year ending June 30:</b>	
2022	(84,204)
2023	(154,507)
2024	(159,965)
2025	(125,181)
2026	5,572
Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.75% as of June 30, 2021 and 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefits payments.

EXHIBIT A

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

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$137,008. The Town also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$137,008 to be reported on the financial statement for the fiscal year ending June 30, 2021.

6. Investment Policy

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

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	14.50%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	3.50%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	16.00%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	6.00%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.40%
International Fixed Income	3.00%	International Fixed Income	1.30%
Alternatives	23.00%	Alternatives	6.32%
Real Estate	14.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.00%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return**	<u>4.77%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	7.27%
		IV. Investment Expense	0.50%
		V. Net Investment Return* [III.-IV.]	<u>6.77%</u>

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

EXHIBIT A

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

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2021	46,206	(137,008)	(90,802)	2,964,194	4.62%
June 30, 2020	72,223	(421,528)	(349,305)	2,877,858	14.65%
June 30, 2019	174,359	(126,128)	48,231	3,269,017	3.86%
June 30, 2018	166,888	(602,797)	(435,909)	3,173,803	18.99%
June 30, 2017	169,965	(251,568)	(81,603)	3,081,362	8.16%

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

8. Effect of 1% Change in Healthcare Trend

<b><u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u></b>			
	<b><u>1% Decrease</u></b>	<b><u>Current Trend Rate</u></b>	<b><u>1% Increase</u></b>
<b>I. Total OPEB Liability</b>	2,440,021	2,776,468	3,189,773
<b>II. Fiduciary Net Position</b>	<u>3,136,182</u>	<u>3,136,182</u>	<u>3,136,182</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	(696,161)	(359,714)	53,591
<b>IV. Service Cost</b>	52,754	65,411	81,937

9. Effect of 1% Change in Discount Rates

<b><u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u></b>			
	<b><u>1% Decrease</u></b>	<b><u>Current Discount Rate</u></b>	<b><u>1% Increase</u></b>
<b>I. Total OPEB Liability</b>	3,136,349	2,776,468	2,478,460
<b>II. Fiduciary Net Position</b>	<u>3,136,182</u>	<u>3,136,182</u>	<u>3,136,182</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	167	(359,714)	(657,722)
<b>IV. Service Cost</b>	82,566	65,411	52,265

EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - July 1, 2020	2,423,598	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	0		
III. Earnings and increase in fair value	712,584		
IV. Ending value - June 30, 2021 [I.+II.+III.]	3,136,182		
Money Weighted Rate of Return	29.40%		
Asset Value - June 30, 2021	3,136,182		



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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021			
	Town Employees and Retirees	Public Safety Employees and Retirees	Water Enterprise Fund Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2021	1,715,342	1,010,234	50,892	2,776,468
II. Fiduciary Net Position as of June 30, 2021	1,937,579	1,141,118	57,485	3,136,182
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	(222,237)	(130,884)	(6,593)	(359,714)
IV. Service Cost	31,010	30,433	3,968	65,411
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	103,679	73,033	3,914	180,626
VI. Projected Earnings on OPEB Plan Investments	(101,404)	(59,671)	(3,003)	(164,078)
VII. Net Recognition of Deferred (Inflows)/Outflows	(52,024)	(30,639)	(1,543)	(84,206)
VIII. Expense Related to Change in Benefit Terms	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VII. + VIII.]	(18,739)	13,156	3,336	(2,247)
X. Employer Share of Costs	(117,482)	(19,519)	(7)	(137,008)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	0	0	0	0
XII. Total Employer Contribution [X. + XI.]	(117,482)	(19,519)	(7)	(137,008)
XIII. Net OPEB Expense [IX. + XII.]	(136,221)	(6,363)	3,329	(139,255)

EXHIBIT A

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

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

Valuation Date	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(328,726)
II. Deferred (Inflow)/Outflow from Investment Experience	(368,355)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	178,796
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	331,029
II. Deferred Outflow created during the period	85,132
III. Deferred Outflow recognized during the period	139,521
IV. Change in Deferred Outflow (II. - III. )	(54,389)
V. Deferred Outflow at end of the period (I. + IV. )	276,640
VI. Deferred Inflow at the beginning of the period	(470,146)
VII. Deferred Inflow created during the period	(548,506)
VIII. Deferred Inflow recognized during the period	(223,727)
IX. Change in Deferred Inflow (VII. - VIII. )	(324,779)
X. Deferred Inflow at end of the period (VI. + IX. )	(794,925)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	158,709
II. Service Cost	65,411
III. Interest on Total OPEB Liability, Service Cost, and Payments	180,626
IV. Projected Investment Income	(164,078)
V. Total Employer Contributions	(137,008)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	(55,049)
VIII. Deferred Outflow created during the period	85,132
IX. Deferred Inflow created during the period	(548,506)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	(359,714)
<b>Net OPEB Expense</b>	
I. Service Cost	65,411
II. Interest on Total OPEB Liability, Service Cost, and Payments	180,626
III. Projected Investment Income	(164,078)
IV. Recognition of Deferred (Inflow)/Outflow	(84,206)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V. )	(2,247)
VII. Benefit Payments	(137,008)
VIII. Contributions to Trust	0
IX. Total Employer Payments (VII. + VIII. )	(137,008)
X. Total Net OPEB Expense under GASB 75 (VI. + IX. )	(139,255)

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

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

	<b>Actuarially Determined Contribution - Deficiency / (Excess)</b>				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<b>For the Fiscal Year Ending:</b>	
				<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	65,411	63,513	81,862	75,082	66,988
II. Amortization of NOL	<u>(19,205)</u>	<u>8,710</u>	<u>92,497</u>	<u>91,806</u>	<u>102,977</u>
III. Actuarial Determined Contribution [I. + II.]	46,206	72,223	174,359	166,888	169,965
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(137,008)</u>	<u>(421,528)</u>	<u>(126,128)</u>	<u>(602,797)</u>	<u>(251,568)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>(90,802)</u>	<u>(349,305)</u>	48,231	<u>(435,909)</u>	<u>(81,603)</u>
Covered Employee Payroll	2,964,194	2,877,858	3,269,017	3,173,803	3,081,362
Contributions as a % of Covered Employee Payroll	4.62%	14.65%	3.86%	18.99%	8.16%
Discount Rate	6.75%	7.00%	7.00%	7.00%	7.00%
Money Weighted Rate of Return	29.40%	1.72%	5.66%	9.10%	12.77%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2017
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	2,776,468	2,582,307	3,312,831	3,136,174	2,556,646
I. Service Cost	65,411	63,513	81,862	75,082	66,988
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	180,626	232,163	220,923	180,403	170,603
III. Changes in Benefit Terms	0	(424,831)	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(551,147)	0	91,425	0
V. Changes of Assumptions	85,132	71,306	0	343,577	0
VI. Benefit Payments Excluding Implicit Cost	(96,588)	(84,120)	(112,652)	(100,696)	N/A
VII. Implicit Cost Amount	(40,420)	(37,408)	(13,476)	(10,263)	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	<u>(137,008)</u>	<u>(121,528)</u>	<u>(126,128)</u>	<u>(110,959)</u>	<u>(100,568)</u>
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	194,161	(730,524)	176,657	579,528	137,023
X. Total OPEB Liability - Beginning of Period	2,582,307	3,312,831	3,136,174	2,556,646	3,411,295
XI. Prior Period Adjustment	0	0	0	0	(991,672)
XII. Total OPEB Liability - Beginning of Period with Adjustment	2,582,307	3,312,831	3,136,174	2,556,646	2,419,623
XIII. Total OPEB Liability - End of Period [IX.+XII.]	2,776,468	2,582,307	3,312,831	3,136,174	2,556,646
<b>Plan Fiduciary Net Position</b>	3,136,182	2,423,598	2,084,690	1,973,084	1,337,681
XIV. Earning from Plan Investments	712,584	38,908	111,606	143,565	134,350
XV. Employer Contribution to Trust	137,008	421,528	126,128	602,797	251,568
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(137,008)	(121,528)	(126,128)	(110,959)	(100,568)
XVII. Administrative Expense	0	0	0	0	0
XVIII. Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	712,584	338,908	111,606	635,403	285,350
XX. Plan Fiduciary Net Position - Beginning of Period	2,423,598	2,084,690	1,973,084	1,337,681	1,052,331
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	2,423,598	2,084,690	1,973,084	1,337,681	1,052,331
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	3,136,182	2,423,598	2,084,690	1,973,084	1,337,681
XXIV. Net OPEB Liability [XIII.-XXIII.]	<u>(359,714)</u>	158,709	1,228,141	1,163,090	1,218,965
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	112.96%	93.85%	62.93%	62.91%	52.32%
XXVI. Covered Employee Payroll	2,964,194	2,877,858	3,269,017	3,173,803	3,081,362
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	<u>(12.14%)</u>	5.51%	37.57%	36.65%	39.56%
Single Discount Rate to calculate Plan Liabilities	6.75%	7.00%	7.00%	7.00%	7.00%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	6.77%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	6.75%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits:	31
Active Employees:	<u>44</u>
Total:	75

Events Subsequent to the Measurement Date

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

Changes in Assumptions: From June 30, 2020 to June 30, 2021

- ✓ Due to the GASB 75 standards the discount rate has been changed from 7.00% to 6.75%

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$0 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$137,008. \$40,420 of the \$137,008 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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



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

### CONTRIBUTION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	2,964,194	0	2,964,194	0	137,008	0	137,008
June 30, 2022	2,725,206	327,914	3,053,120	0	140,769	0	140,769
June 30, 2023	2,520,279	624,435	3,144,714	0	150,759	0	150,759
June 30, 2024	2,360,523	878,532	3,239,055	0	160,629	0	160,629
June 30, 2025	2,252,370	1,083,857	3,336,227	0	155,521	0	155,521
June 30, 2026	2,151,891	1,284,423	3,436,314	0	157,029	0	157,029
June 30, 2027	2,049,552	1,489,851	3,539,403	0	164,065	0	164,065
June 30, 2028	1,919,114	1,726,471	3,645,585	0	167,209	0	167,209
June 30, 2029	1,766,828	1,988,125	3,754,953	0	169,628	0	169,628
June 30, 2030	1,681,069	2,186,533	3,867,602	0	176,486	0	176,486
June 30, 2031	1,613,863	2,369,767	3,983,630	0	191,334	941	192,275
June 30, 2032	1,496,804	2,606,335	4,103,139	0	194,913	2,564	197,477
June 30, 2033	1,433,734	2,792,499	4,226,233	0	206,389	4,945	211,334
June 30, 2034	1,355,971	2,997,049	4,353,020	0	226,650	8,266	234,916
June 30, 2035	1,297,462	3,186,149	4,483,611	0	242,004	12,381	254,385
June 30, 2036	1,238,346	3,379,773	4,618,119	0	266,233	15,654	281,887
June 30, 2037	1,177,681	3,578,982	4,756,663	0	273,381	19,144	292,525
June 30, 2038	1,119,300	3,780,063	4,899,363	0	280,337	23,103	303,440
June 30, 2039	1,073,349	3,972,995	5,046,344	0	299,745	26,449	326,194
June 30, 2040	1,025,611	4,172,123	5,197,734	0	305,769	29,998	335,767
June 30, 2041	945,598	4,408,068	5,353,666	0	305,839	34,850	340,689
June 30, 2042	876,189	4,638,087	5,514,276	0	326,360	41,575	367,935
June 30, 2043	779,758	4,899,946	5,679,704	0	324,409	49,789	374,198
June 30, 2044	698,223	5,151,872	5,850,095	0	310,804	60,035	370,839
June 30, 2045	618,910	5,406,688	6,025,598	0	326,508	72,465	398,973
June 30, 2046	547,770	5,658,596	6,206,366	0	326,413	83,138	409,551
June 30, 2047	465,156	5,927,401	6,392,557	0	296,377	94,033	390,410
June 30, 2048	405,057	6,179,277	6,584,334	0	289,059	106,343	395,402
June 30, 2049	310,102	6,471,762	6,781,864	0	296,017	117,418	413,435
June 30, 2050	233,329	6,751,991	6,985,320	0	254,148	129,047	383,195
June 30, 2051	173,810	7,021,070	7,194,880	0	256,103	142,601	398,704
June 30, 2052	150,716	7,260,010	7,410,726	0	259,553	158,308	417,861
June 30, 2053	108,577	7,524,471	7,633,048	0	228,966	175,668	404,634
June 30, 2054	84,958	7,777,081	7,862,039	0	232,709	194,879	427,588
June 30, 2055	76,469	8,021,431	8,097,900	0	232,832	216,709	449,541
June 30, 2056	44,342	8,296,495	8,340,837	0	232,488	237,338	469,826
June 30, 2057	40,380	8,550,682	8,591,062	0	234,729	258,293	493,022
June 30, 2058	35,085	8,813,709	8,848,794	0	234,380	281,190	515,570
June 30, 2059	30,464	9,083,794	9,114,258	0	223,625	304,487	528,112
June 30, 2060	26,119	9,361,567	9,387,686	0	221,607	328,647	550,254

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	21,295	9,648,022	9,669,317	0	219,321	355,186	574,507
June 30, 2062	17,347	9,942,050	9,959,397	0	203,012	384,084	587,096
June 30, 2063	14,120	10,244,059	10,258,179	0	199,559	415,327	614,886
June 30, 2064	11,486	10,554,438	10,565,924	0	195,866	449,038	644,904
June 30, 2065	0	10,882,902	10,882,902	0	191,724	485,677	677,401
June 30, 2066	0	11,209,389	11,209,389	0	187,206	522,477	709,683
June 30, 2067	0	11,545,671	11,545,671	0	182,288	560,683	742,971
June 30, 2068	0	11,892,041	11,892,041	0	176,944	600,826	777,770
June 30, 2069	0	12,248,802	12,248,802	0	171,145	641,116	812,261
June 30, 2070	0	12,616,266	12,616,266	0	164,879	683,241	848,120
June 30, 2071	0	12,994,754	12,994,754	0	158,143	727,065	885,208
June 30, 2072	0	13,384,597	13,384,597	0	150,943	773,258	924,201
June 30, 2073	0	13,786,135	13,786,135	0	143,309	821,625	964,934
June 30, 2074	0	14,199,719	14,199,719	0	135,277	871,399	1,006,676
June 30, 2075	0	14,625,711	14,625,711	0	126,914	923,725	1,050,639
June 30, 2076	0	15,064,482	15,064,482	0	118,287	978,134	1,096,421
June 30, 2077	0	15,516,416	15,516,416	0	109,482	1,034,364	1,143,846
June 30, 2078	0	15,981,908	15,981,908	0	100,602	1,092,857	1,193,459
June 30, 2079	0	16,461,365	16,461,365	0	91,735	1,154,136	1,245,871
June 30, 2080	0	16,955,206	16,955,206	0	83,008	1,217,863	1,300,871
June 30, 2081	0	17,463,862	17,463,862	0	74,499	1,283,821	1,358,320
June 30, 2082	0	17,987,778	17,987,778	0	66,314	1,352,881	1,419,195
June 30, 2083	0	18,527,411	18,527,411	0	58,537	1,425,322	1,483,859
June 30, 2084	0	19,083,233	19,083,233	0	51,227	1,500,394	1,551,621
June 30, 2085	0	19,655,730	19,655,730	0	44,453	1,578,972	1,623,425
June 30, 2086	0	20,245,402	20,245,402	0	38,261	1,661,107	1,699,368
June 30, 2087	0	20,852,764	20,852,764	0	32,672	1,746,951	1,779,623
June 30, 2088	0	21,478,347	21,478,347	0	27,692	1,835,831	1,863,523
June 30, 2089	0	22,122,697	22,122,697	0	23,321	1,928,678	1,951,999
June 30, 2090	0	22,786,378	22,786,378	0	19,527	2,025,573	2,045,100
June 30, 2091	0	23,469,969	23,469,969	0	16,269	2,126,187	2,142,456
June 30, 2092	0	24,174,068	24,174,068	0	13,499	2,231,426	2,244,925
June 30, 2093	0	24,899,290	24,899,290	0	11,155	2,341,331	2,352,486
June 30, 2094	0	25,646,269	25,646,269	0	9,183	2,455,757	2,464,940
June 30, 2095	0	26,415,657	26,415,657	0	7,526	2,575,321	2,582,847

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2021	2,423,598	137,008	0	137,008	0	137,008	137,008	712,584	3,136,182
June 30, 2022	3,136,182	140,769	0	140,769	0	140,769	140,769	187,450	3,323,632
June 30, 2023	3,323,632	150,759	0	150,759	0	150,759	150,759	225,010	3,548,642
June 30, 2024	3,548,642	160,629	0	160,629	0	160,629	160,629	240,243	3,788,885
June 30, 2025	3,788,885	155,521	0	155,521	0	155,521	155,521	256,508	4,045,393
June 30, 2026	4,045,393	157,029	0	157,029	0	157,029	157,029	273,873	4,319,266
June 30, 2027	4,319,266	164,065	0	164,065	0	164,065	164,065	292,414	4,611,680
June 30, 2028	4,611,680	167,209	0	167,209	0	167,209	167,209	312,211	4,923,891
June 30, 2029	4,923,891	169,628	0	169,628	0	169,628	169,628	333,347	5,257,238
June 30, 2030	5,257,238	176,486	0	176,486	0	176,486	176,486	355,915	5,613,153
June 30, 2031	5,613,153	191,334	0	191,334	0	191,334	191,334	380,010	5,992,222
June 30, 2032	5,992,222	194,913	0	194,913	0	194,913	194,913	405,673	6,395,331
June 30, 2033	6,395,331	206,389	0	206,389	0	206,389	206,389	432,964	6,823,350
June 30, 2034	6,823,350	226,650	0	226,650	0	226,650	226,650	461,941	7,277,025
June 30, 2035	7,277,025	242,004	0	242,004	0	242,004	242,004	492,655	7,757,299
June 30, 2036	7,757,299	266,233	0	266,233	0	266,233	266,233	525,169	8,266,814
June 30, 2037	8,266,814	273,381	0	273,381	0	273,381	273,381	559,663	8,807,333
June 30, 2038	8,807,333	280,337	0	280,337	0	280,337	280,337	596,256	9,380,486
June 30, 2039	9,380,486	299,745	0	299,745	0	299,745	299,745	635,059	9,989,096
June 30, 2040	9,989,096	305,769	0	305,769	0	305,769	305,769	676,262	10,635,360
June 30, 2041	10,635,360	305,839	0	305,839	0	305,839	305,839	720,014	11,320,524
June 30, 2042	11,320,524	326,360	0	326,360	0	326,360	326,360	766,399	12,045,348
June 30, 2043	12,045,348	324,409	0	324,409	0	324,409	324,409	815,470	12,811,029
June 30, 2044	12,811,029	310,804	0	310,804	0	310,804	310,804	867,307	13,618,301
June 30, 2045	13,618,301	326,508	0	326,508	0	326,508	326,508	921,959	14,467,795
June 30, 2046	14,467,795	326,413	0	326,413	0	326,413	326,413	979,470	15,364,127
June 30, 2047	15,364,127	296,377	0	296,377	0	296,377	296,377	1,040,151	16,310,245
June 30, 2048	16,310,245	289,059	0	289,059	0	289,059	289,059	1,104,204	17,308,106
June 30, 2049	17,308,106	296,017	0	296,017	0	296,017	296,017	1,171,759	18,362,447
June 30, 2050	18,362,447	254,148	0	254,148	0	254,148	254,148	1,243,138	19,476,538
June 30, 2051	19,476,538	256,103	0	256,103	0	256,103	256,103	1,318,562	20,652,499
June 30, 2052	20,652,499	259,553	0	259,553	0	259,553	259,553	1,398,174	21,892,365
June 30, 2053	21,892,365	228,966	0	228,966	0	228,966	228,966	1,482,113	23,198,810
June 30, 2054	23,198,810	232,709	0	232,709	0	232,709	232,709	1,570,559	24,574,490
June 30, 2055	24,574,490	232,832	0	232,832	0	232,832	232,832	1,663,693	26,021,474
June 30, 2056	26,021,474	232,488	0	232,488	0	232,488	232,488	1,761,654	27,545,790
June 30, 2057	27,545,790	234,729	0	234,729	0	234,729	234,729	1,864,850	29,152,347
June 30, 2058	29,152,347	234,380	0	234,380	0	234,380	234,380	1,973,614	30,844,771
June 30, 2059	30,844,771	223,625	0	223,625	0	223,625	223,625	2,088,191	32,628,475
June 30, 2060	32,628,475	221,607	0	221,607	0	221,607	221,607	2,208,948	34,508,776

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	34,508,776	219,321	0	219,321	0	219,321	219,321	2,336,244	34,294,600
June 30, 2062	34,294,600	203,012	0	203,012	0	203,012	203,012	2,321,744	34,095,632
June 30, 2063	34,095,632	199,559	0	199,559	0	199,559	199,559	2,308,274	33,899,250
June 30, 2064	33,899,250	195,866	0	195,866	0	195,866	195,866	2,294,979	33,705,879
June 30, 2065	33,705,879	191,724	0	191,724	0	191,724	191,724	2,281,888	33,514,155
June 30, 2066	33,514,155	187,206	0	187,206	0	187,206	187,206	2,268,908	33,326,949
June 30, 2067	33,326,949	182,288	0	182,288	0	182,288	182,288	2,256,234	33,144,661
June 30, 2068	33,144,661	176,944	0	176,944	0	176,944	176,944	2,243,894	32,967,717
June 30, 2069	32,967,717	171,145	0	171,145	0	171,145	171,145	2,231,914	32,796,572
June 30, 2070	32,796,572	164,879	0	164,879	0	164,879	164,879	2,220,328	32,631,693
June 30, 2071	32,631,693	158,143	0	158,143	0	158,143	158,143	2,209,166	32,473,550
June 30, 2072	32,473,550	150,943	0	150,943	0	150,943	150,943	2,198,459	32,322,607
June 30, 2073	32,322,607	143,309	0	143,309	0	143,309	143,309	2,188,241	32,179,298
June 30, 2074	32,179,298	135,277	0	135,277	0	135,277	135,277	2,178,538	32,044,021
June 30, 2075	32,044,021	126,914	0	126,914	0	126,914	126,914	2,169,380	31,917,107
June 30, 2076	31,917,107	118,287	0	118,287	0	118,287	118,287	2,160,788	31,798,820
June 30, 2077	31,798,820	109,482	0	109,482	0	109,482	109,482	2,152,780	31,689,338
June 30, 2078	31,689,338	100,602	0	100,602	0	100,602	100,602	2,145,368	31,588,736
June 30, 2079	31,588,736	91,735	0	91,735	0	91,735	91,735	2,138,557	31,497,001
June 30, 2080	31,497,001	83,008	0	83,008	0	83,008	83,008	2,132,347	31,413,993
June 30, 2081	31,413,993	74,499	0	74,499	0	74,499	74,499	2,126,727	31,339,494
June 30, 2082	31,339,494	66,314	0	66,314	0	66,314	66,314	2,121,684	31,273,180
June 30, 2083	31,273,180	58,537	0	58,537	0	58,537	58,537	2,117,194	31,214,643
June 30, 2084	31,214,643	51,227	0	51,227	0	51,227	51,227	2,113,231	31,163,416
June 30, 2085	31,163,416	44,453	0	44,453	0	44,453	44,453	2,109,763	31,118,963
June 30, 2086	31,118,963	38,261	0	38,261	0	38,261	38,261	2,106,754	31,080,702
June 30, 2087	31,080,702	32,672	0	32,672	0	32,672	32,672	2,104,164	31,048,030
June 30, 2088	31,048,030	27,692	0	27,692	0	27,692	27,692	2,101,952	31,020,338
June 30, 2089	31,020,338	23,321	0	23,321	0	23,321	23,321	2,100,077	30,997,017
June 30, 2090	30,997,017	19,527	0	19,527	0	19,527	19,527	2,098,498	30,977,490
June 30, 2091	30,977,490	16,269	0	16,269	0	16,269	16,269	2,097,176	30,961,221
June 30, 2092	30,961,221	13,499	0	13,499	0	13,499	13,499	2,096,075	30,947,722
June 30, 2093	30,947,722	11,155	0	11,155	0	11,155	11,155	2,095,161	30,936,567
June 30, 2094	30,936,567	9,183	0	9,183	0	9,183	9,183	2,094,406	30,927,384
June 30, 2095	30,927,384	7,526	0	7,526	0	7,526	7,526	2,093,784	30,919,858

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

### BENEFIT PAYMENT PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.77%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.77%]	
June 30, 2021	2,423,598	137,008	137,008	0	137,008	0	137,008	<b>Sum of Column V.</b>
June 30, 2022	3,136,182	140,769	140,769	0	131,843	0	131,843	3,162,673
June 30, 2023	3,323,632	150,759	150,759	0	132,247	0	132,247	
June 30, 2024	3,548,642	160,629	160,629	0	131,970	0	131,970	<b>Sum of Column VI.</b>
June 30, 2025	3,788,885	155,521	155,521	0	119,672	0	119,672	0
June 30, 2026	4,045,393	157,029	157,029	0	113,171	0	113,171	
June 30, 2027	4,319,266	164,065	164,065	0	110,744	0	110,744	<b>Sum of Column VII.</b>
June 30, 2028	4,611,680	167,209	167,209	0	105,710	0	105,710	[V. + VI.]
June 30, 2029	4,923,891	169,628	169,628	0	100,439	0	100,439	3,162,673
June 30, 2030	5,257,238	176,486	176,486	0	97,874	0	97,874	
June 30, 2031	5,613,153	191,334	191,334	0	99,380	0	99,380	
June 30, 2032	5,992,222	194,913	194,913	0	94,820	0	94,820	
June 30, 2033	6,395,331	206,389	206,389	0	94,036	0	94,036	
June 30, 2034	6,823,350	226,650	226,650	0	96,720	0	96,720	
June 30, 2035	7,277,025	242,004	242,004	0	96,724	0	96,724	
June 30, 2036	7,757,299	266,233	266,233	0	99,661	0	99,661	
June 30, 2037	8,266,814	273,381	273,381	0	95,847	0	95,847	
June 30, 2038	8,807,333	280,337	280,337	0	92,054	0	92,054	
June 30, 2039	9,380,486	299,745	299,745	0	92,186	0	92,186	
June 30, 2040	9,989,096	305,769	305,769	0	88,076	0	88,076	
June 30, 2041	10,635,360	305,839	305,839	0	82,510	0	82,510	
June 30, 2042	11,320,524	326,360	326,360	0	82,464	0	82,464	
June 30, 2043	12,045,348	324,409	324,409	0	76,773	0	76,773	
June 30, 2044	12,811,029	310,804	310,804	0	68,890	0	68,890	
June 30, 2045	13,618,301	326,508	326,508	0	67,782	0	67,782	
June 30, 2046	14,467,795	326,413	326,413	0	63,465	0	63,465	
June 30, 2047	15,364,127	296,377	296,377	0	53,971	0	53,971	
June 30, 2048	16,310,245	289,059	289,059	0	49,301	0	49,301	
June 30, 2049	17,308,106	296,017	296,017	0	47,287	0	47,287	
June 30, 2050	18,362,447	254,148	254,148	0	38,024	0	38,024	
June 30, 2051	19,476,538	256,103	256,103	0	35,887	0	35,887	
June 30, 2052	20,652,499	259,553	259,553	0	34,064	0	34,064	
June 30, 2053	21,892,365	228,966	228,966	0	28,145	0	28,145	
June 30, 2054	23,198,810	232,709	232,709	0	26,791	0	26,791	
June 30, 2055	24,574,490	232,832	232,832	0	25,105	0	25,105	
June 30, 2056	26,021,474	232,488	232,488	0	23,479	0	23,479	
June 30, 2057	27,545,790	234,729	234,729	0	22,202	0	22,202	
June 30, 2058	29,152,347	234,380	234,380	0	20,763	0	20,763	
June 30, 2059	30,844,771	223,625	223,625	0	18,554	0	18,554	
June 30, 2060	32,628,475	221,607	221,607	0	17,221	0	17,221	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.77%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [2.18%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.77%]
June 30, 2061	34,508,776	219,321	219,321	0	15,963	0	15,963
June 30, 2062	34,294,600	203,012	203,012	0	13,839	0	13,839
June 30, 2063	34,095,632	199,559	199,559	0	12,741	0	12,741
June 30, 2064	33,899,250	195,866	195,866	0	11,712	0	11,712
June 30, 2065	33,705,879	191,724	191,724	0	10,738	0	10,738
June 30, 2066	33,514,155	187,206	187,206	0	9,820	0	9,820
June 30, 2067	33,326,949	182,288	182,288	0	8,956	0	8,956
June 30, 2068	33,144,661	176,944	176,944	0	8,142	0	8,142
June 30, 2069	32,967,717	171,145	171,145	0	7,376	0	7,376
June 30, 2070	32,796,572	164,879	164,879	0	6,655	0	6,655
June 30, 2071	32,631,693	158,143	158,143	0	5,978	0	5,978
June 30, 2072	32,473,550	150,943	150,943	0	5,344	0	5,344
June 30, 2073	32,322,607	143,309	143,309	0	4,752	0	4,752
June 30, 2074	32,179,298	135,277	135,277	0	4,202	0	4,202
June 30, 2075	32,044,021	126,914	126,914	0	3,692	0	3,692
June 30, 2076	31,917,107	118,287	118,287	0	3,223	0	3,223
June 30, 2077	31,798,820	109,482	109,482	0	2,794	0	2,794
June 30, 2078	31,689,338	100,602	100,602	0	2,404	0	2,404
June 30, 2079	31,588,736	91,735	91,735	0	2,053	0	2,053
June 30, 2080	31,497,001	83,008	83,008	0	1,740	0	1,740
June 30, 2081	31,413,993	74,499	74,499	0	1,463	0	1,463
June 30, 2082	31,339,494	66,314	66,314	0	1,220	0	1,220
June 30, 2083	31,273,180	58,537	58,537	0	1,008	0	1,008
June 30, 2084	31,214,643	51,227	51,227	0	826	0	826
June 30, 2085	31,163,416	44,453	44,453	0	672	0	672
June 30, 2086	31,118,963	38,261	38,261	0	541	0	541
June 30, 2087	31,080,702	32,672	32,672	0	433	0	433
June 30, 2088	31,048,030	27,692	27,692	0	344	0	344
June 30, 2089	31,020,338	23,321	23,321	0	271	0	271
June 30, 2090	30,997,017	19,527	19,527	0	213	0	213
June 30, 2091	30,977,490	16,269	16,269	0	166	0	166
June 30, 2092	30,961,221	13,499	13,499	0	129	0	129
June 30, 2093	30,947,722	11,155	11,155	0	100	0	100
June 30, 2094	30,936,567	9,183	9,183	0	77	0	77
June 30, 2095	30,927,384	7,526	7,526	0	59	0	59

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	<b>Medicare Supplement Plans:</b> effective January 1, 2020 <b>Non-Medicare Plans:</b> effective June 1, 2020 <b>Dental Plans:</b> N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical Insurance and \$2,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements by the Town were not reflected in this valuation.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

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



APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-Retirement Mortality

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

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

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

Assumption Experience Study

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

Discount Rate

6.75% per annum (previously 7.00%)

Net Long Term Rate of Return

6.77% (based on investment policy)

Municipal Bond Rate

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

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

**Non-Public Safety Employees**

<b>Service</b>	<b>Male</b>	<b>Female</b>
0	15.00%	15.00%
5	7.60%	7.60%
10	5.40%	5.40%
15	3.30%	3.30%
20	2.00%	2.00%

**Public Safety Employees**

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSTrend Rate

**Medicare Part A & B Premiums & Penalties:** N/A

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

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Implicit Subsidy

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

<b>Impact of Implicit Subsidy</b>		
	<b>As of the Measurement Date</b>	
<b>Impact on Liability</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
I. Total OPEB Liability	2,776,468	2,582,307
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>2,402,382</u>	<u>2,222,730</u>
III. Liability from Implicit Subsidy [I. - II.]	374,086	359,577

	<b>For the Measurement Period Ending</b>	
<b>Impact on Payments</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
IV. Employer Payments (Including Implicit Subsidy)	137,008	121,528
V. Actual Employer Payments	<u>96,588</u>	<u>84,120</u>
VI. Implicit Subsidy [IV. - V.]	40,420	37,408

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

**ANNUAL PER CAPITA CLAIMS\***

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,285	2,702	44 & Under	8,770	5,747	65 to 69	4,084	4,084
25 to 29	6,322	2,811	45 to 49	9,633	7,256	70 to 74	4,084	4,084
30 to 34	7,988	3,528	50 to 54	11,332	9,556	75 to 79	4,084	4,084
35 to 39	8,230	4,430	55 to 59	13,101	12,424	80 to 84	4,084	4,084
40 to 44	8,423	5,519	60 to 64	15,589	15,943	85 to 89	4,084	4,084
45 to 49	9,251	6,969	65 to 69	18,688	19,886	90 & Over	4,084	4,084
50 to 54	10,883	9,177	70 to 74	22,037	23,831			
55 to 59	12,582	11,932	75 to 79	25,593	28,146			
60 to 64	14,971	15,311	80 to 84	29,344	32,352			
65 to 69	17,948	19,098	85 to 89	33,496	37,032			
70 & Over	21,164	22,887	90 & Over	33,496	37,032			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

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

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

Additional Comments

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

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

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2019
A. Average Age at Hire	37.13
B. Average Service	<u>12.39</u>
C. Average Current Age	49.52

Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	2
B. Age 65 & Over	<u>29</u>
C. Total	31

Average Service Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24										
25-29	1									1
30-34			1							1
35-39	1	2		1	1					5
40-44	9	1	1	1						12
45-49			1	2	1	1				5
50-54	2	1								3
55-59	2	1	2		1		2			8
60-64		1	1	2				2		6
65-69		1	1	1						3
70+										
<b>Total</b>	15	7	7	7	3	1	2	2		44



APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Benchmark	8		30	38
PPO Benchmark	1		2	3
Medex II	28			28
Total	37	0	32	69

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Benchmark	820.39		2,227.46
PPO Benchmark	1,025.49		2,784.33
Medex II	348.04	696.08	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Benchmark	8		30	68	880,643.04	669,438.24
PPO Benchmark	1		2	5	79,129.80	61,529.40
Total	9	0	32	73	959,772.84	730,967.64
Blended Average Monthly Rate:						\$ 834.44

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex II	28			28	116,941.44	116,941.44
Total	28	0	0	28	116,941.44	116,941.44
Blended Average Monthly Rate:						\$ 348.00

## APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

## APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

## APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

### Identification of the Responsible Actuary

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

### Identification of Actuarial Documents

The date of this document is December 21, 2021 and its subject is the Town of Lancaster’s GASB 75 OPEB liabilities.

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

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

## APPENDIX VI – ASOP 41 DISCLOSURES

### Disclosures in Actuarial Reports

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

## APPENDIX VI – ASOP 41 DISCLOSURES

### Events Subsequent to the Measurement Date

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

### Actuarial Findings

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

### Methods, Procedures, Assumptions, and Data

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

### Assumptions or Methods Prescribed by Law

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

### Responsibility for Assumptions and Methods

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

### Deviation from the Guidance of an ASOP

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

### Rounding

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

## GLOSSARY

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

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

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

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

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

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

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

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



## GLOSSARY

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

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

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

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

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

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

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

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

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