

**Town of Lancaster
Other Postemployment Benefits Plan**

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2021

As of the Measurement Date:
June 30, 2022

For the Reporting Date:
June 30, 2022

Delivered December 9, 2022



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December 9, 2022

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, 2022 with a Measurement Date of June 30, 2022 and a Valuation Date of July 1, 2021. The figures presented in this report reflect the adoption, by the Town of Lancaster, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

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

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

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

Very truly yours,

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

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



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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 Lancaster other postemployment benefit programs with a Valuation Date of July 1, 2021 with a Measurement Date of June 30, 2022 for the Reporting Date & Fiscal Year Ending June 30, 2022 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

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

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

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

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

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, experience was largely in line with expectation, with an experience gain of \$23,306 or 0.84% of the beginning Total OPEB Liability ("TOL"). This was mainly due to higher turnover than expected which was mainly offset by more retirees electing spousal coverage than expected.

Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by approximately \$730 thousand, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.75% to 6.41% increasing the disclosed liability by approximately \$150 thousand.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs increasing the disclosed liability by approximately \$230 thousand.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims increasing the disclosed liability by approximately \$360 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 investments earned approximately \$330 thousand less than expected.

Changes in Benefit Terms

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

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 5.42 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

Events Subsequent to the Measurement Date

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

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 67.30% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 9.00% increase in fiscal year 2022 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (6.41%) – 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 \$3,018,291 of OPEB assets as of June 30, 2022.
- ✓ Future 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 6.41% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Low Default Risk Obligation Measure (LDRM)

For purposes of this LDRM, we have used a discount rate of 4.09% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDRM Total OPEB Liability is \$5.0 million vs. the \$3.6 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$1 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

Medicare Buy-In

The Town currently has 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.

Representative Plan Statistics		
Valuation Date	July 1, 2021	July 1, 2019
Measurement Date & Period Ending	June 30, 2022	June 30, 2021
Reporting Date/Fiscal Year End	June 30, 2022	June 30, 2021
Total OPEB Liability	3,600,178	2,776,468
Per Eligible Active Plan Participant	47,297	34,914
Per Retiree/Spouse Plan Participant	50,159	40,008
Total Annual Service Cost (Annual Benefit Accrual)	71,259	65,411
Per Eligible Active Plan Participant	1,827	1,487
Expected Employer Share of Retiree Costs	140,769	137,008
Per Retiree/Spouse Plan Participant	4,022	4,420
Net OPEB Liability as a % of Covered Payroll	13.78%	(12.14%)

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, 2022	35	3,600,178	3,600,178	140,769	140,769
June 30, 2027	40	4,279,244	3,691,313	207,962	179,390
June 30, 2032	41	5,132,962	3,819,406	212,161	157,868
June 30, 2037	41	5,976,225	3,835,911	318,237	204,264
June 30, 2042	41	6,854,203	3,795,006	379,513	210,127
June 30, 2047	39	7,807,217	3,728,770	448,169	214,048
June 30, 2052	38	9,039,376	3,724,103	470,939	194,021

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)	157,313
June 30, 2022	140,769
June 30, 2021	137,008
June 30, 2020	121,528
June 30, 2019	126,128
June 30, 2018	110,959

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 \$581,887 assuming a discount rate of 6.41%. 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, 2022 was \$3,018,291. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Lancaster
Assuming Funding - 6.41% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2021	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2022	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2022	June 30, 2021
I. Total OPEB Liability		
A. Actives	1,844,601	1,536,215
B. Retirees/Disabled	<u>1,755,577</u>	<u>1,240,253</u>
C. Total	3,600,178	2,776,468
II. Fiduciary Net Position [Plan Assets]	3,018,291	3,136,182
III. Net OPEB Liability (Asset) [I. - II.]	581,887	(359,714)
IV. Funded Ratio [II. / I.]	83.84%	112.96%
V. Number of Eligible Participants		
A. Actives	39	44
B. Retirees/Disabled & Dependents	<u>35</u>	<u>31</u>
C. Total	74	75
VI. Service Cost	71,259	65,411
VII. Financial Statement Expense/(Income)	158,407	(2,247)
VIII. Employer OPEB Trust (Contribution)/Withdrawal	0	0
IX. Deferred Inflow of Resources	(273,433)	(713,466)
X. Deferred Outflow of Resources	679,111	195,181
XI. Money Weighted Rate of Return	(3.76%)	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	N/A	N/A
XV. Discount Rate	6.41%	6.75%

PRINCIPAL RESULTS OF THE VALUATION

**Town of Lancaster
Plan Liabilities as of the June 30, 2022 Measurement Date**

	Town Employees and Retirees	Public Safety Employees and Retirees	Water Enterprise Fund Employees and Retirees	Total
I. Total OPEB Liability				
A. Actives	771,103	907,032	166,466	1,844,601
B. Retirees/Disabled	<u>1,589,503</u>	<u>166,074</u>	<u>0</u>	<u>1,755,577</u>
C. Total	2,360,606	1,073,106	166,466	3,600,178
II. Fiduciary Net Position [Plan Assets]	1,979,067	899,663	139,561	3,018,291
III. Net OPEB Liability (Asset) [I. - II.]	381,539	173,443	26,905	581,887
For the Reporting Date and Fiscal Year Ending June 30, 2022				
IV. Service Cost	31,361	35,295	4,603	71,259
V. Financial Statement Expense/(Income)	86,843	62,672	8,892	158,407
VI. Employer Share of Costs	(120,707)	(20,055)	(7)	(140,769)
VII. Employer OPEB Trust (Contribution)/Withdrawal	0	0	0	0
VIII. Total Employer Contribution [VI. + VII.]	(120,707)	(20,055)	(7)	(140,769)

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

Funding - 6.41% 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 6.41% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			Measurement Date	with an expected 6.41% return									
2022	June 30, 2022	3,600,178	3,018,291	581,887	83.84%	71,259	140,769	0	140,769	140,769	0	0	0
2023	June 30, 2023	3,748,693	3,211,763	536,930	85.68%	75,200	157,313	0	157,313	157,313	0	0	0
2024	June 30, 2024	3,874,734	3,417,637	457,097	88.20%	79,396	180,925	0	180,925	180,925	0	0	0
2025	June 30, 2025	4,008,736	3,636,708	372,028	90.72%	82,246	182,371	0	182,371	182,371	0	0	0
2026	June 30, 2026	4,147,840	3,869,821	278,019	93.30%	85,267	188,382	0	188,382	188,382	0	0	0
2027	June 30, 2027	4,279,244	4,117,877	161,367	96.23%	86,254	207,962	0	207,962	207,962	0	0	0
2028	June 30, 2028	4,428,371	4,381,833	46,538	98.95%	91,363	200,889	0	200,889	200,889	0	0	0
2029	June 30, 2029	4,602,992	4,662,708	(59,716)	101.30%	94,956	181,533	0	181,533	181,533	0	0	0
2030	June 30, 2030	4,778,542	4,860,519	(81,977)	101.72%	98,728	196,705	(97,977)	98,728	196,705	0	0	(97,977)
2031	June 30, 2031	4,946,130	5,048,205	(102,075)	102.06%	101,108	221,192	(120,084)	101,108	221,192	0	0	(120,084)
2032	June 30, 2032	5,132,962	5,262,119	(129,157)	102.52%	105,840	212,161	(106,321)	105,840	212,161	0	0	(106,321)
2033	June 30, 2033	5,305,177	5,463,018	(157,841)	102.98%	109,223	241,454	(132,231)	109,223	241,454	0	0	(132,231)
2034	June 30, 2034	5,473,238	5,651,190	(177,952)	103.25%	113,105	270,157	(157,052)	113,105	270,157	0	0	(157,052)
2035	June 30, 2035	5,635,169	5,829,213	(194,044)	103.44%	116,858	295,442	(178,584)	116,858	295,442	0	0	(178,584)
2036	June 30, 2036	5,806,384	6,018,432	(212,048)	103.65%	121,379	300,171	(178,792)	121,379	300,171	0	0	(178,792)
2037	June 30, 2037	5,976,225	6,205,033	(228,808)	103.83%	125,149	318,237	(193,088)	125,149	318,237	0	0	(193,088)
2038	June 30, 2038	6,154,510	6,401,694	(247,184)	104.02%	129,771	324,702	(194,931)	129,771	324,702	0	0	(194,931)
2039	June 30, 2039	6,330,966	6,594,565	(263,599)	104.16%	134,243	345,069	(210,826)	134,243	345,069	0	0	(210,826)
2040	June 30, 2040	6,511,704	6,792,420	(280,716)	104.31%	138,172	356,151	(217,979)	138,172	356,151	0	0	(217,979)
2041	June 30, 2041	6,689,428	7,010,226	(320,798)	104.80%	143,046	353,979	(210,933)	143,046	353,979	0	0	(210,933)
2042	June 30, 2042	6,854,203	7,220,608	(366,405)	105.35%	147,849	379,513	(231,664)	147,849	379,513	0	0	(231,664)
2043	June 30, 2043	7,048,617	7,435,600	(386,983)	105.49%	152,544	392,812	(240,268)	152,544	392,812	0	0	(240,268)
2044	June 30, 2044	7,247,378	7,654,432	(407,054)	105.62%	158,311	408,216	(249,905)	158,311	408,216	0	0	(249,905)
2045	June 30, 2045	7,438,770	7,860,973	(422,203)	105.68%	164,060	439,478	(275,418)	164,060	439,478	0	0	(275,418)
2046	June 30, 2046	7,635,509	8,072,737	(437,228)	105.73%	169,410	452,599	(283,189)	169,410	452,599	0	0	(283,189)
2047	June 30, 2047	7,807,217	8,308,836	(501,619)	106.43%	175,412	448,169	(272,757)	175,412	448,169	0	0	(272,757)
2048	June 30, 2048	8,015,910	8,551,911	(536,001)	106.69%	180,552	461,218	(280,666)	180,552	461,218	0	0	(280,666)
2049	June 30, 2049	8,237,107	8,793,684	(556,577)	106.76%	187,300	484,332	(297,032)	187,300	484,332	0	0	(297,032)
2050	June 30, 2050	8,506,564	9,099,327	(592,763)	106.97%	193,889	444,029	(250,140)	193,889	444,029	0	0	(250,140)
2051	June 30, 2051	8,749,762	9,409,927	(660,165)	107.54%	201,738	466,065	(264,327)	201,738	466,065	0	0	(264,327)
2052	June 30, 2052	9,039,376	9,741,850	(702,474)	107.77%	207,983	470,939	(262,956)	207,983	470,939	0	0	(262,956)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 Measurement Date)

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2022	
Description	Amount
I. Service Cost	71,259
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	187,548
III. Deferred (Inflows)/Outflows from Plan Experience*	(90,933)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	228,663
V. Projected Earnings on OPEB Plan Investments	(212,463)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(25,667)
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.]	158,407
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	158,407

* Amortized over 5.42 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	2,776,468	3,136,182	(359,714)
II.	Prior Period Adjustment	0	0	0
III.	Balances for the June 30, 2021 Reporting Date with Adjustment [I. + II.]	2,776,468	3,136,182	(359,714)
Changes for the year:				
IV.	Service Cost	71,259	0	71,259
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	187,548	0	187,548
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	728,978	0	728,978
VIII.	Differences Between Actual and Expected Experience **	(23,306)	0	(23,306)
IX.	Net Investment Income	0	(117,891)	117,891
X.	Employer Contributions to Trust	0	140,769	(140,769)
XI.	Benefit Payments Withdrawn from Trust	0	(140,769)	140,769
XII.	Benefit Payments Excluding Implicit Cost	(94,056)	0	(94,056)
XIII.	Implicit Cost Amount	(46,713)	0	(46,713)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(140,769)	0	(140,769)
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.]	823,710	(117,891)	941,601
XVIII.	Balances for the June 30, 2022 Reporting Date [III.+XVII.]	3,600,178	3,018,291	581,887

* Recognized Immediately

** Amortized over 5.42 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	81,917	5.00	0	16,385					
2019	0	5.00	0	0	0				
2020	(551,147)	5.35	(242,093)	(103,018)	(103,018)	(103,018)	(36,057)		
2021	0	5.35	0	0	0	0	0	0	
2022	(23,306)	5.42	(19,006)	(4,300)	(4,300)	(4,300)	(4,300)	(4,300)	(1,806)
2023									
2024									
2025									
2026									
Total Remaining Balance			(261,099)						
Net increase (decrease) in OPEB Expense				(90,933)	(107,318)	(107,318)	(40,357)	(4,300)	(1,806)

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	324,626	5.00	0	64,926					
2019	0	5.00	0	0	0				
2020	71,306	5.35	31,322	13,328	13,328	13,328	4,666		
2021	85,132	5.35	53,308	15,912	15,912	15,912	15,912	5,572	
2022	728,978	5.42	594,481	134,497	134,497	134,497	134,497	134,497	56,493
2023									
2024									
2025									
2026									
Total Remaining Balance			679,111						
Net increase (decrease) in OPEB Expense				228,663	163,737	163,737	155,075	140,069	56,493

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			2022	2023	2024	2025	2026	2027
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	(55,041)	5.00	0	(11,009)					
2019	27,299	5.00	5,459	5,460	5,459				
2020	117,566	5.00	47,027	23,513	23,513	23,514			
2021	(548,506)	5.00	(329,104)	(109,701)	(109,701)	(109,701)	(109,702)		
2022	330,354	5.00	264,284	66,070	66,070	66,070	66,070	66,074	
2023									
2024									
2025									
2026									
Total Remaining Balance			(12,334)						
Net increase (decrease) in OPEB Expense				(25,667)	(14,659)	(20,117)	(43,632)	66,074	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	(261,099)	(261,099)
III. Changes of Assumptions	679,111	0	679,111
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	0	(12,334)	(12,334)
VI. Total [I. + II. + III. + IV.]	679,111	(273,433)	405,678

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	41,760
	2024	36,302
	2025	71,086
	2026	201,843
	2027	54,687
	Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.41% as of June 30, 2022 and 6.75% 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 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, 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 \$140,769. The Town also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$140,769 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	101,161	(140,769)	(39,608)	4,223,650	3.33%
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%

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)	116,203	581,887	1,166,170

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)	1,099,792	6.41% 581,887	162,479

EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan	Periods	Period
	Investments /	Invested	Weight
	Net External		
	Cash Flows		
I. Beginning value - June 30, 2021	3,136,182	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	(117,891)		
IV. Ending value - June 30, 2022 [I.+II.+III.]	3,018,291		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2022 [IV.+V.]	3,018,291		
Money Weighted Rate of Return	(3.76%)		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2022			
	Town Employees and Retirees	Public Safety Employees and Retirees	Water Enterprise Fund Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2022	2,360,606	1,073,106	166,466	3,600,178
II. Fiduciary Net Position as of June 30, 2022	1,979,067	899,663	139,561	3,018,291
III. Net OPEB Liability (Asset) as of June 30, 2022 [I. - II.]	381,539	173,443	26,905	581,887
IV. Service Cost	31,361	35,295	4,603	71,259
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	121,314	57,303	8,931	187,548
VI. Projected Earnings on OPEB Plan Investments	(139,310)	(63,329)	(9,824)	(212,463)
VII. Net Recognition of Deferred (Inflows)/Outflows	73,478	33,403	5,182	112,063
VIII. OPEB Plan Administrative Expense	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	86,843	62,672	8,892	158,407
XI. Employer Share of Costs	(120,707)	(20,055)	(7)	(140,769)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	0	0	0	0
XIII. Total Employer Contribution [XI. + XII.]	(120,707)	(20,055)	(7)	(140,769)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	(33,864)	42,617	8,885	17,638

EXHIBIT A

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

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

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

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(261,099)
II. Deferred (Inflow)/Outflow from Investment Experience	(12,334)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	679,111

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	276,640
II. Deferred Outflow created during the period	1,059,332
III. Deferred Outflow recognized during the period	340,091
IV. Change in Deferred Outflow (II. - III.)	719,241
V. Deferred Outflow at end of the period (I. + IV.)	995,881
VI. Deferred Inflow at the beginning of the period	(794,925)
VII. Deferred Inflow created during the period	(23,306)
VIII. Deferred Inflow recognized during the period	(228,028)
IX. Change in Deferred Inflow (VII. - VIII.)	204,722
X. Deferred inflow at end of the period (VI. + IX.)	(590,203)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	(359,714)
II. Service Cost	71,259
III. Interest on Total OPEB Liability, Service Cost, and Payments	187,548
IV. Projected Investment Income	(212,463)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(140,769)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	(94,425)
IX. Deferred Outflow created during the period	1,059,332
X. Deferred Inflow created during the period	(23,306)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	581,887

Net OPEB Expense	
I. Service Cost	71,259
II. Interest on Total OPEB Liability, Service Cost, and Payments	187,548
III. Projected Investment Income	(212,463)
IV. Recognition of Deferred (Inflow)/Outflow	112,063
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.)	158,407
VIII. Benefit Payments	(140,769)
IX. Contributions to Trust	0
X. Total Employer Payments (VIII. + IX.)	(140,769)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	17,638

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios						
Valuation Date	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	3,600,178	2,776,468	2,582,307	3,312,831	3,136,174	2,556,646
I. Service Cost	71,259	65,411	63,513	81,862	75,082	66,988
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	187,548	180,626	232,163	220,923	180,403	170,603
III. Changes in Benefit Terms	0	0	(424,831)	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(23,306)	0	(551,147)	0	91,425	0
V. Changes of Assumptions	728,978	85,132	71,306	0	343,577	0
VI. Benefit Payments Excluding Implicit Cost	(94,056)	(96,588)	(84,120)	(112,652)	(100,696)	N/A
VII. Implicit Cost Amount	(46,713)	(40,420)	(37,408)	(13,476)	(10,263)	N/A
VIII. Total Benefit Payments	(140,769)	(137,008)	(121,528)	(126,128)	(110,959)	(100,568)
IX. Other	0	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	823,710	194,161	(730,524)	176,657	579,528	137,023
XI. Total OPEB Liability - Beginning of Period	2,776,468	2,582,307	3,312,831	3,136,174	2,556,646	3,411,295
XII. Prior Period Adjustment	0	0	0	0	0	(991,672)
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	2,776,468	2,582,307	3,312,831	3,136,174	2,556,646	2,419,623
XIV. Total OPEB Liability - End of Period [XIII.+X.]	3,600,178	2,776,468	2,582,307	3,312,831	3,136,174	2,556,646
Plan Fiduciary Net Position	3,018,291	3,136,182	2,423,598	2,084,690	1,973,084	1,337,681
XV. Earnings from Plan Investments	(117,891)	712,584	38,908	111,606	143,565	134,350
XVI. Employer Contribution to Trust	140,769	137,008	421,528	126,128	602,797	251,568
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(140,769)	(137,008)	(121,528)	(126,128)	(110,959)	(100,568)
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.]	(117,891)	712,584	338,908	111,606	635,403	285,350
XXI. Plan Fiduciary Net Position - Beginning of Period	3,136,182	2,423,598	2,084,690	1,973,084	1,337,681	1,052,331
XXII. Prior Period Adjustment	0	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	3,136,182	2,423,598	2,084,690	1,973,084	1,337,681	1,052,331
XXIV. Plan Fiduciary Net Position - End of Period [XXIII.+XX.]	3,018,291	3,136,182	2,423,598	2,084,690	1,973,084	1,337,681
XXV. Net OPEB Liability [XIV.-XXIV.]	581,887	(359,714)	158,709	1,228,141	1,163,090	1,218,965
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	83.84%	112.96%	93.85%	62.93%	62.91%	52.32%
XXVII. Covered Employee Payroll	4,223,650	2,964,194	2,877,858	3,269,017	3,173,803	3,081,362
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	13.78%	-12.14%	5.51%	37.57%	36.65%	39.56%
Single Discount Rate to Calculate Plan Liabilities	6.41%	6.75%	7.00%	7.00%	7.00%	7.00%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

The Town's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. For FY 2022 and future years we have used a 30-year amortization increasing by 3.00% per year of the Town's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Town's annual ADC and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)						
For the Fiscal Year Ending:	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	71,259	65,411	63,513	81,862	75,082	66,988
II. 30 Year Level Dollar Amortization of NOL	<u>29,902</u>	<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.]	101,161	46,206	72,223	174,359	166,888	169,965
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(140,769)</u>	<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>(39,608)</u>	<u>(90,802)</u>	<u>(349,305)</u>	48,231	<u>(435,909)</u>	<u>(81,603)</u>
Covered Employee Payroll	4,223,650	2,964,194	2,877,858	3,269,017	3,173,803	3,081,362
Contributions as a % of Covered Employee Payroll	3.33%	4.62%	14.65%	3.86%	18.99%	8.16%
Discount Rate	6.41%	6.75%	7.00%	7.00%	7.00%	7.00%
Money Weighted Rate of Return	<u>(3.76%)</u>	29.40%	1.72%	5.66%	9.10%	12.77%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	6.41%, 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:	6.41%, 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
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 B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Plan Membership

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

Retirees & Beneficiaries:	35
Actives:	<u>39</u>
Total:	74

Events Subsequent to the Measurement Date

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

Changes in Assumptions: From June 30, 2021 to June 30, 2022

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.75% to 6.41%.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$0 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 \$140,769. \$46,713 of the \$140,769 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

Spouse Sex:	Male participants had female spouses and vice versa.
Spouse Age:	Male spouses were three years older than female spouses and same sex spouses were the same age.
Hire Age:	Participants who were not on the previous valuation were hired halfway between last valuation and the current valuation. If we did not have census data related to the last valuation, the participants were assumed to have been hired at age forty.
Retiree Age:	Retirees had the same birth date as they had the prior valuation. If we did not have census data related to the last valuation, retirees who were enrolled in Active plans were assumed to be age sixty-two and retirees who were enrolled in Medicare Supplement plans were assumed to be age seventy-two. Those not enrolled in a medical plan were assumed to be sixty-seven.
School Demographics:	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, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2022	4,223,650	0	4,223,650	0	140,769	0	140,769
June 30, 2023	3,882,390	467,970	4,350,360	0	157,313	0	157,313
June 30, 2024	3,680,197	800,674	4,480,871	0	180,925	0	180,925
June 30, 2025	3,508,229	1,107,068	4,615,297	0	182,371	0	182,371
June 30, 2026	3,360,185	1,393,571	4,753,756	0	188,382	0	188,382
June 30, 2027	3,105,824	1,790,545	4,896,369	0	207,962	0	207,962
June 30, 2028	2,963,119	2,080,141	5,043,260	0	200,889	0	200,889
June 30, 2029	2,840,774	2,353,784	5,194,558	0	181,533	0	181,533
June 30, 2030	2,751,622	2,598,773	5,350,395	0	196,705	0	196,705
June 30, 2031	2,601,087	2,909,820	5,510,907	0	221,192	0	221,192
June 30, 2032	2,530,530	3,145,704	5,676,234	0	212,161	0	212,161
June 30, 2033	2,423,499	3,423,022	5,846,521	0	240,623	831	241,454
June 30, 2034	2,315,157	3,706,760	6,021,917	0	267,726	2,431	270,157
June 30, 2035	2,197,284	4,005,291	6,202,575	0	290,812	4,630	295,442
June 30, 2036	2,099,209	4,289,443	6,388,652	0	292,384	7,787	300,171
June 30, 2037	1,985,452	4,594,860	6,580,312	0	306,412	11,825	318,237
June 30, 2038	1,893,106	4,884,615	6,777,721	0	309,905	14,797	324,702
June 30, 2039	1,800,694	5,180,359	6,981,053	0	327,380	17,689	345,069
June 30, 2040	1,676,346	5,514,139	7,190,485	0	334,665	21,486	356,151
June 30, 2041	1,560,369	5,845,831	7,406,200	0	329,762	24,217	353,979
June 30, 2042	1,441,110	6,187,276	7,628,386	0	352,643	26,870	379,513
June 30, 2043	1,312,473	6,544,765	7,857,238	0	362,023	30,789	392,812
June 30, 2044	1,218,610	6,874,345	8,092,955	0	371,186	37,030	408,216
June 30, 2045	1,138,025	7,197,719	8,335,744	0	394,540	44,938	439,478
June 30, 2046	1,046,275	7,539,541	8,585,816	0	397,827	54,772	452,599
June 30, 2047	972,631	7,870,759	8,843,390	0	381,480	66,689	448,169
June 30, 2048	850,774	8,257,918	9,108,692	0	384,255	76,963	461,218
June 30, 2049	765,802	8,616,151	9,381,953	0	397,042	87,290	484,332
June 30, 2050	654,580	9,008,832	9,663,412	0	344,640	99,389	444,029
June 30, 2051	590,402	9,362,912	9,953,314	0	356,328	109,737	466,065
June 30, 2052	486,175	9,765,738	10,251,913	0	350,924	120,015	470,939
June 30, 2053	429,924	10,129,546	10,559,470	0	304,671	131,796	436,467
June 30, 2054	386,204	10,490,050	10,876,254	0	312,145	146,502	458,647
June 30, 2055	307,893	10,894,649	11,202,542	0	324,274	163,071	487,345
June 30, 2056	280,451	11,258,167	11,538,618	0	309,363	180,720	490,083
June 30, 2057	207,760	11,677,017	11,884,777	0	322,279	200,480	522,759
June 30, 2058	170,549	12,070,771	12,241,320	0	332,281	220,452	552,733
June 30, 2059	146,084	12,462,476	12,608,560	0	317,602	240,284	557,886
June 30, 2060	123,136	12,863,681	12,986,817	0	325,148	261,393	586,541
June 30, 2061	85,134	13,291,288	13,376,422	0	316,141	283,015	599,156

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2062	69,614	13,708,101	13,777,715	0	296,506	304,876	601,382
June 30, 2063	56,900	14,134,146	14,191,046	0	298,225	328,670	626,895
June 30, 2064	29,067	14,587,710	14,616,777	0	293,769	355,093	648,862
June 30, 2065	23,815	15,031,465	15,055,280	0	294,029	383,958	677,987
June 30, 2066	0	15,506,938	15,506,938	0	288,198	414,399	702,597
June 30, 2067	0	15,972,146	15,972,146	0	286,779	447,027	733,806
June 30, 2068	0	16,451,310	16,451,310	0	284,646	480,782	765,428
June 30, 2069	0	16,944,849	16,944,849	0	276,543	514,825	791,368
June 30, 2070	0	17,453,194	17,453,194	0	272,680	551,155	823,835
June 30, 2071	0	17,976,790	17,976,790	0	263,349	587,216	850,565
June 30, 2072	0	18,516,094	18,516,094	0	254,959	624,071	879,030
June 30, 2073	0	19,071,577	19,071,577	0	248,186	662,632	910,818
June 30, 2074	0	19,643,724	19,643,724	0	236,268	702,781	939,049
June 30, 2075	0	20,233,036	20,233,036	0	222,272	744,844	967,116
June 30, 2076	0	20,840,027	20,840,027	0	211,451	787,281	998,732
June 30, 2077	0	21,465,228	21,465,228	0	198,730	831,400	1,030,130
June 30, 2078	0	22,109,185	22,109,185	0	185,401	878,227	1,063,628
June 30, 2079	0	22,772,461	22,772,461	0	173,337	926,330	1,099,667
June 30, 2080	0	23,455,635	23,455,635	0	159,398	975,819	1,135,217
June 30, 2081	0	24,159,304	24,159,304	0	147,134	1,027,121	1,174,255
June 30, 2082	0	24,884,083	24,884,083	0	135,494	1,079,977	1,215,471
June 30, 2083	0	25,630,605	25,630,605	0	122,535	1,134,655	1,257,190
June 30, 2084	0	26,399,523	26,399,523	0	110,035	1,190,654	1,300,689
June 30, 2085	0	27,191,509	27,191,509	0	98,079	1,248,827	1,346,906
June 30, 2086	0	28,007,254	28,007,254	0	86,752	1,308,534	1,395,286
June 30, 2087	0	28,847,472	28,847,472	0	76,102	1,370,102	1,446,204
June 30, 2088	0	29,712,896	29,712,896	0	66,207	1,434,386	1,500,593
June 30, 2089	0	30,604,283	30,604,283	0	57,119	1,500,473	1,557,592
June 30, 2090	0	31,522,411	31,522,411	0	48,866	1,568,338	1,617,204
June 30, 2091	0	32,468,083	32,468,083	0	41,453	1,638,973	1,680,426
June 30, 2092	0	33,442,125	33,442,125	0	34,863	1,711,459	1,746,322
June 30, 2093	0	34,445,389	34,445,389	0	29,053	1,786,408	1,815,461
June 30, 2094	0	35,478,751	35,478,751	0	23,987	1,863,650	1,887,637
June 30, 2095	0	36,543,114	36,543,114	0	19,612	1,943,384	1,962,996
June 30, 2096	0	37,639,407	37,639,407	0	15,863	2,026,039	2,041,902

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2022	3,136,182	140,769	0	140,769	0	140,769	140,769	(117,891)	3,018,291
June 30, 2023	3,018,291	157,313	0	157,313	0	157,313	157,313	172,660	3,190,951
June 30, 2024	3,190,951	180,925	0	180,925	0	180,925	180,925	204,540	3,395,491
June 30, 2025	3,395,491	182,371	0	182,371	0	182,371	182,371	217,651	3,613,142
June 30, 2026	3,613,142	188,382	0	188,382	0	188,382	188,382	231,602	3,844,744
June 30, 2027	3,844,744	207,962	0	207,962	0	207,962	207,962	246,448	4,091,192
June 30, 2028	4,091,192	200,889	0	200,889	0	200,889	200,889	262,245	4,353,437
June 30, 2029	4,353,437	181,533	0	181,533	0	181,533	181,533	279,055	4,632,492
June 30, 2030	4,632,492	196,705	0	196,705	0	196,705	196,705	296,943	4,929,435
June 30, 2031	4,929,435	221,192	0	221,192	0	221,192	221,192	315,977	5,245,412
June 30, 2032	5,245,412	212,161	0	212,161	0	212,161	212,161	336,231	5,581,643
June 30, 2033	5,581,643	240,623	0	240,623	0	241,454	241,454	357,783	5,938,595
June 30, 2034	5,938,595	267,726	0	267,726	0	270,157	270,157	380,664	6,316,828
June 30, 2035	6,316,828	290,812	0	290,812	0	295,442	295,442	404,909	6,717,107
June 30, 2036	6,717,107	292,384	0	292,384	0	300,171	300,171	430,567	7,139,887
June 30, 2037	7,139,887	306,412	0	306,412	0	318,237	318,237	457,667	7,585,729
June 30, 2038	7,585,729	309,905	0	309,905	0	324,702	324,702	486,245	8,057,177
June 30, 2039	8,057,177	327,380	0	327,380	0	345,069	345,069	516,465	8,555,953
June 30, 2040	8,555,953	334,665	0	334,665	0	356,151	356,151	548,437	9,082,904
June 30, 2041	9,082,904	329,762	0	329,762	0	353,979	353,979	582,214	9,640,901
June 30, 2042	9,640,901	352,643	0	352,643	0	379,513	379,513	617,982	10,232,013
June 30, 2043	10,232,013	362,023	0	362,023	0	392,812	392,812	655,872	10,857,096
June 30, 2044	10,857,096	371,186	0	371,186	0	408,216	408,216	695,940	11,516,006
June 30, 2045	11,516,006	394,540	0	394,540	0	439,478	439,478	738,176	12,209,244
June 30, 2046	12,209,244	397,827	0	397,827	0	452,599	452,599	782,613	12,937,085
June 30, 2047	12,937,085	381,480	0	381,480	0	448,169	448,169	829,267	13,699,663
June 30, 2048	13,699,663	384,255	0	384,255	0	461,218	461,218	878,148	14,500,848
June 30, 2049	14,500,848	397,042	0	397,042	0	484,332	484,332	929,504	15,343,062
June 30, 2050	15,343,062	344,640	0	344,640	0	444,029	444,029	983,490	16,227,163
June 30, 2051	16,227,163	356,328	0	356,328	0	466,065	466,065	1,040,161	17,157,587
June 30, 2052	17,157,587	350,924	0	350,924	0	470,939	470,939	1,099,801	18,137,373
June 30, 2053	18,137,373	304,671	0	304,671	0	436,467	436,467	1,162,606	19,168,183
June 30, 2054	19,168,183	312,145	0	312,145	0	458,647	458,647	1,228,681	20,250,362
June 30, 2055	20,250,362	324,274	0	324,274	0	487,345	487,345	1,298,048	21,385,339
June 30, 2056	21,385,339	309,363	0	309,363	0	490,083	490,083	1,370,800	22,575,419
June 30, 2057	22,575,419	322,279	0	322,279	0	522,759	522,759	1,447,084	23,822,023
June 30, 2058	23,822,023	332,281	0	332,281	0	552,733	552,733	1,526,992	25,128,563
June 30, 2059	25,128,563	317,602	0	317,602	0	557,886	557,886	1,610,741	26,499,020
June 30, 2060	26,499,020	325,148	0	325,148	0	586,541	586,541	1,698,587	27,936,214
June 30, 2061	27,936,214	316,141	0	316,141	0	599,156	599,156	1,790,711	29,443,910

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2062	29,443,910	296,506	0	296,506	0	601,382	601,382	1,887,355	31,026,389
June 30, 2063	31,026,389	298,225	0	298,225	0	626,895	626,895	1,988,792	32,686,511
June 30, 2064	32,686,511	293,769	0	293,769	0	648,862	648,862	2,095,205	34,426,623
June 30, 2065	34,426,623	294,029	0	294,029	0	677,987	677,987	2,206,747	36,249,412
June 30, 2066	36,249,412	288,198	0	288,198	0	702,597	702,597	2,323,587	38,158,600
June 30, 2067	38,158,600	286,779	0	286,779	0	733,806	733,806	2,445,966	40,157,539
June 30, 2068	40,157,539	284,646	0	284,646	0	765,428	765,428	2,574,098	42,250,855
June 30, 2069	42,250,855	276,543	0	276,543	0	791,368	791,368	2,708,280	44,444,310
June 30, 2070	44,444,310	272,680	0	272,680	0	823,835	823,835	2,848,880	46,742,035
June 30, 2071	46,742,035	263,349	0	263,349	0	850,565	850,565	2,996,164	49,150,983
June 30, 2072	49,150,983	254,959	0	254,959	0	879,030	879,030	3,150,578	51,677,490
June 30, 2073	51,677,490	248,186	0	248,186	0	910,818	910,818	3,312,527	54,327,385
June 30, 2074	54,327,385	236,268	0	236,268	0	939,049	939,049	3,482,385	57,106,989
June 30, 2075	57,106,989	222,272	0	222,272	0	967,116	967,116	3,660,558	60,022,703
June 30, 2076	60,022,703	211,451	0	211,451	0	998,732	998,732	3,847,455	63,082,877
June 30, 2077	63,082,877	198,730	0	198,730	0	1,030,130	1,030,130	4,043,612	66,295,089
June 30, 2078	66,295,089	185,401	0	185,401	0	1,063,628	1,063,628	4,249,515	69,666,377
June 30, 2079	69,666,377	173,337	0	173,337	0	1,099,667	1,099,667	4,465,615	73,205,662
June 30, 2080	73,205,662	159,398	0	159,398	0	1,135,217	1,135,217	4,692,483	76,922,326
June 30, 2081	76,922,326	147,134	0	147,134	0	1,174,255	1,174,255	4,930,721	80,825,926
June 30, 2082	80,825,926	135,494	0	135,494	0	1,215,471	1,215,471	5,180,942	84,926,891
June 30, 2083	84,926,891	122,535	0	122,535	0	1,257,190	1,257,190	5,443,814	89,236,050
June 30, 2084	89,236,050	110,035	0	110,035	0	1,300,689	1,300,689	5,720,031	93,765,427
June 30, 2085	93,765,427	98,079	0	98,079	0	1,346,906	1,346,906	6,010,364	98,526,964
June 30, 2086	98,526,964	86,752	0	86,752	0	1,395,286	1,395,286	6,315,578	103,534,008
June 30, 2087	103,534,008	76,102	0	76,102	0	1,446,204	1,446,204	6,636,530	108,800,436
June 30, 2088	108,800,436	66,207	0	66,207	0	1,500,593	1,500,593	6,974,108	114,340,158
June 30, 2089	114,340,158	57,119	0	57,119	0	1,557,592	1,557,592	7,329,204	120,168,889
June 30, 2090	120,168,889	48,866	0	48,866	0	1,617,204	1,617,204	7,702,826	126,303,377
June 30, 2091	126,303,377	41,453	0	41,453	0	1,680,426	1,680,426	8,096,046	132,760,450
June 30, 2092	132,760,450	34,863	0	34,863	0	1,746,322	1,746,322	8,509,945	139,558,936
June 30, 2093	139,558,936	29,053	0	29,053	0	1,815,461	1,815,461	8,945,728	146,718,256
June 30, 2094	146,718,256	23,987	0	23,987	0	1,887,637	1,887,637	9,404,640	154,259,246
June 30, 2095	154,259,246	19,612	0	19,612	0	1,962,996	1,962,996	9,888,018	162,203,880
June 30, 2096	162,203,880	15,863	0	15,863	0	2,041,902	2,041,902	10,397,269	170,575,110

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [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 [6.41%]
June 30, 2022	3,136,182	140,769	140,769	0	140,769	0	140,769
June 30, 2023	3,018,291	157,313	157,313	0	147,837	0	147,837
June 30, 2024	3,190,951	180,925	180,925	0	159,784	0	159,784
June 30, 2025	3,395,491	182,371	182,371	0	151,359	0	151,359
June 30, 2026	3,613,142	188,382	188,382	0	146,930	0	146,930
June 30, 2027	3,844,744	207,962	207,962	0	152,430	0	152,430
June 30, 2028	4,091,192	200,889	200,889	0	138,376	0	138,376
June 30, 2029	4,353,437	181,533	181,533	0	117,511	0	117,511
June 30, 2030	4,632,492	196,705	196,705	0	119,662	0	119,662
June 30, 2031	4,929,435	221,192	221,192	0	126,453	0	126,453
June 30, 2032	5,245,412	212,161	212,161	0	113,983	0	113,983
June 30, 2033	5,581,643	240,623	240,623	0	121,487	0	121,487
June 30, 2034	5,938,595	267,726	267,726	0	127,029	0	127,029
June 30, 2035	6,316,828	290,812	290,812	0	129,670	0	129,670
June 30, 2036	6,717,107	292,384	292,384	0	122,518	0	122,518
June 30, 2037	7,139,887	306,412	306,412	0	120,662	0	120,662
June 30, 2038	7,585,729	309,905	309,905	0	114,686	0	114,686
June 30, 2039	8,057,177	327,380	327,380	0	113,855	0	113,855
June 30, 2040	8,555,953	334,665	334,665	0	109,377	0	109,377
June 30, 2041	9,082,904	329,762	329,762	0	101,282	0	101,282
June 30, 2042	9,640,901	352,643	352,643	0	101,786	0	101,786
June 30, 2043	10,232,013	362,023	362,023	0	98,199	0	98,199
June 30, 2044	10,857,096	371,186	371,186	0	94,619	0	94,619
June 30, 2045	11,516,006	394,540	394,540	0	94,514	0	94,514
June 30, 2046	12,209,244	397,827	397,827	0	89,560	0	89,560
June 30, 2047	12,937,085	381,480	381,480	0	80,707	0	80,707
June 30, 2048	13,699,663	384,255	384,255	0	76,397	0	76,397
June 30, 2049	14,500,848	397,042	397,042	0	74,184	0	74,184
June 30, 2050	15,343,062	344,640	344,640	0	60,514	0	60,514
June 30, 2051	16,227,163	356,328	356,328	0	58,798	0	58,798
June 30, 2052	17,157,587	350,924	350,924	0	54,418	0	54,418
June 30, 2053	18,137,373	304,671	304,671	0	44,399	0	44,399
June 30, 2054	19,168,183	312,145	312,145	0	42,748	0	42,748
June 30, 2055	20,250,362	324,274	324,274	0	41,734	0	41,734
June 30, 2056	21,385,339	309,363	309,363	0	37,417	0	37,417
June 30, 2057	22,575,419	322,279	322,279	0	36,631	0	36,631
June 30, 2058	23,822,023	332,281	332,281	0	35,493	0	35,493
June 30, 2059	25,128,563	317,602	317,602	0	31,881	0	31,881
June 30, 2060	26,499,020	325,148	325,148	0	30,672	0	30,672
June 30, 2061	27,936,214	316,141	316,141	0	28,026	0	28,026
							Sum of Column V.
							4,062,756
							Sum of Column VI.
							0
							Sum of Column VII.
							[V. + VI.]
							4,062,756

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.41%]	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 [6.41%]
June 30, 2062	29,443,910	296,506	296,506	0	24,702	0	24,702
June 30, 2063	31,026,389	298,225	298,225	0	23,349	0	23,349
June 30, 2064	32,686,511	293,769	293,769	0	21,614	0	21,614
June 30, 2065	34,426,623	294,029	294,029	0	20,330	0	20,330
June 30, 2066	36,249,412	288,198	288,198	0	18,727	0	18,727
June 30, 2067	38,158,600	286,779	286,779	0	17,512	0	17,512
June 30, 2068	40,157,539	284,646	284,646	0	16,335	0	16,335
June 30, 2069	42,250,855	276,543	276,543	0	14,914	0	14,914
June 30, 2070	44,444,310	272,680	272,680	0	13,820	0	13,820
June 30, 2071	46,742,035	263,349	263,349	0	12,543	0	12,543
June 30, 2072	49,150,983	254,959	254,959	0	11,412	0	11,412
June 30, 2073	51,677,490	248,186	248,186	0	10,439	0	10,439
June 30, 2074	54,327,385	236,268	236,268	0	9,339	0	9,339
June 30, 2075	57,106,989	222,272	222,272	0	8,257	0	8,257
June 30, 2076	60,022,703	211,451	211,451	0	7,382	0	7,382
June 30, 2077	63,082,877	198,730	198,730	0	6,520	0	6,520
June 30, 2078	66,295,089	185,401	185,401	0	5,716	0	5,716
June 30, 2079	69,666,377	173,337	173,337	0	5,022	0	5,022
June 30, 2080	73,205,662	159,398	159,398	0	4,340	0	4,340
June 30, 2081	76,922,326	147,134	147,134	0	3,765	0	3,765
June 30, 2082	80,825,926	135,494	135,494	0	3,258	0	3,258
June 30, 2083	84,926,891	122,535	122,535	0	2,769	0	2,769
June 30, 2084	89,236,050	110,035	110,035	0	2,337	0	2,337
June 30, 2085	93,765,427	98,079	98,079	0	1,957	0	1,957
June 30, 2086	98,526,964	86,752	86,752	0	1,627	0	1,627
June 30, 2087	103,534,008	76,102	76,102	0	1,341	0	1,341
June 30, 2088	108,800,436	66,207	66,207	0	1,097	0	1,097
June 30, 2089	114,340,158	57,119	57,119	0	889	0	889
June 30, 2090	120,168,889	48,866	48,866	0	715	0	715
June 30, 2091	126,303,377	41,453	41,453	0	570	0	570
June 30, 2092	132,760,450	34,863	34,863	0	450	0	450
June 30, 2093	139,558,936	29,053	29,053	0	353	0	353
June 30, 2094	146,718,256	23,987	23,987	0	274	0	274
June 30, 2095	154,259,246	19,612	19,612	0	210	0	210
June 30, 2096	162,203,880	15,863	15,863	0	160	0	160

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2023 Active Plans: effective July 1, 2022 Dental Plans: 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 have been reflected.
<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"> • Age 55 with 10 years of creditable service • 20 years of service regardless of age
On or after April 2, 2012	<ul style="list-style-type: none"> • Age 60 with 10 years of creditable service

Participant Contributions

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-Retirement Mortality

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

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

6.41% per annum (previously 6.75%)

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	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 & 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 2030:	21%
Health Share of GDP Resistance Point:	22.5%
Year for Limiting Cost Growth to GDP Growth:	2060

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

Year	Rate
2021	9.00%
2022	8.00%
2023	6.50%
2024	5.00%
2025	4.96%
2026	4.92%
2027	4.88%
2028	4.84%
2029	4.81%
2030 - 2037	4.77%
2050	4.38%
2060+	3.63%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2022</u>	<u>June 30, 2021</u>
I. Total OPEB Liability	3,600,178	2,776,468
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>2,617,843</u>	<u>2,402,382</u>
III. Liability from Implicit Subsidy [I. - II.]	982,335	374,086

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2022</u>	<u>June 30, 2021</u>
IV. Employer Payments (Including Implicit Subsidy)	140,769	137,008
V. Actual Employer Payments	<u>94,056</u>	<u>96,588</u>
VI. Implicit Subsidy [IV. - V.]	46,713	40,420

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	4,619	2,912	44 & Under	9,080	5,950	65 to 69	2,763	2,837
25 to 29	6,815	3,030	45 to 49	9,973	7,512	70 to 74	3,259	3,401
30 to 34	8,612	3,804	50 to 54	11,732	9,894	75 to 79	3,782	4,015
35 to 39	8,872	4,775	55 to 59	13,563	12,862	80 to 84	4,338	4,615
40 to 44	9,080	5,950	60 to 64	16,139	16,506	85 to 89	4,849	5,141
45 to 49	9,973	7,512	65 to 69	19,347	20,588	90 & Over	4,849	5,141
50 to 54	11,732	9,894	70 to 74	22,815	24,672			
55 to 59	13,563	12,862	75 to 79	26,495	29,139			
60 to 64	16,139	16,506	80 to 84	30,379	33,494			
65 to 69	19,347	20,588	85 to 89	34,677	38,339			
70 & Over	22,815	24,672	90 & Over	34,677	38,339			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

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

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

Additional Comments

The liabilities being reported as of the Measurement Date of June 30, 2022 reflect a closed group and do not reflect any new entrants after the valuation date.

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

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2021	July 1, 2019
A. Average Age at Hire	36.25	37.13
B. Average Service	<u>11.44</u>	<u>12.39</u>
C. Average Current Age	47.69	49.52

Retired Employees & Spouses

Valuation Date	July 1, 2021	July 1, 2019
A. Under Age 65	7	2
B. Age 65 & Over	<u>28</u>	<u>29</u>
C. Total	35	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	2									2
30-34	1	1								2
35-39	3		1	3						7
40-44		3	1	1	1					6
45-49	2	1		1		1				5
50-54	2	1	1	1	1		1			7
55-59	1				1			1		3
60-64		2		3	1					6
65-69			1							1
70+										
Total	11	8	4	9	4	1	1	1		39

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue	10		20	30
PPO Blue Care Elect	3		3	6
Medex 2	28			28
Total	41	0	23	64

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue	873.14		2,370.68
PPO Blue Care Elect	1,091.42		2,963.35
Medex 2	352.54	705.08	
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 Blue	10		20	50	673,740.00	523,884.00
PPO Blue Care Elect	3		3	9	145,971.72	117,873.36
Total	13	0	23	59	819,711.72	641,757.36
Blended Average Monthly Rate:						\$ 906.44

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex 2	28			28	118,453.44	118,453.44
Total	28	0	0	28	118,453.44	118,453.44
Blended Average Monthly Rate:						\$ 352.54

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 December 9, 2022 and its subject is the Town of Lancaster'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 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, 2022.
- ✓ The various documents comprising the actuarial report are contained within the document to which these disclosures are attached.

APPENDIX VI – ASOP 41 DISCLOSURES

Events Subsequent to the Measurement Date

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

Actuarial Findings

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

Methods, Procedures, Assumptions, and Data

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

Assumptions or Methods Prescribed by Law

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

Responsibility for Assumptions and Methods

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

Deviation from the Guidance of an ASOP

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

Rounding

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

GLOSSARY

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

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

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

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

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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