

**Town of Canton**  
**Other Postemployment Benefits Plan**

**GASB 74 & GASB 75 Actuarial Valuation**

With a Valuation Date of July 1, 2020

As of the Measurement Date:  
June 30, 2021

For the Reporting Date:  
June 30, 2021

Delivered August 13, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
<u>EXECUTIVE SUMMARY</u>	I
<u>PRINCIPAL RESULTS OF THE VALUATION</u>	1
<u>EXHIBITS</u>	
A    FINANCIAL STATEMENT DISCLOSURES	5
B    REQUIRED SUPPLEMENTARY INFORMATION	17
<u>APPENDIX</u>	
I    LIABILITIES, ASSETS, & CASH FLOWS	23
II   PLAN PROVISIONS	28
III  ACTUARIAL METHODS & ASSUMPTIONS	31
IV  PLAN DEMOGRAPHICS	39
V   OVERVIEW OF GASB 74 & 75	42
VI  ASOP 41 DISCLOSURES	44
<u>GLOSSARY</u>	47



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August 13, 2021

*Personal and Confidential*

Mr. Randy Scollins  
Finance Director  
Town of Canton  
801 Washington St  
Canton, MA 02021

Dear Mr. Scollins:

We have performed an actuarial valuation of the Town of Canton 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, 2020. The figures presented in this report reflect the adoption, by the Town of Canton, 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 graphic element.

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

**August 13, 2021**

ACTUARIAL CERTIFICATION

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



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Sarah F. Rothenberg, ASA, MAAA  
Consulting Actuary

## EXECUTIVE SUMMARY

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

#### Plan Experience

For the year ending on the Measurement Date of June 30, 2021, the Plan saw an experience gain of \$5,176,153 or 5.82% of the beginning Total OPEB Liability ("TOL"). This was mainly due to premiums for Medicare Supplement plans increasing 2% rather than the expected 9% increase over the 2-year period and due to a decrease in the number of retirees and retiree spouses who are over the age of 65 and enrolled in Active plans.

#### Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$8.8 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.00% to 6.25% decreasing the disclosed liability by \$2.9 million.
- ✓ Based on recommendations by PERAC, the mortality table has been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females increasing the disclosed liability by \$5.1 million.
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims increasing the disclosed liability by \$6.6 million.
- ✓ Based on recent actuarial research we have adopted the Getzen model for future projected healthcare costs. This change had no material impact on plan liabilities.

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 \$1,327,347 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 5.93 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 \$9,066,372 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$1.05 million in Fiscal 2022 which will then increase by \$100 thousand per year until contributions reach \$1.5 million per year beginning in Fiscal 2027.
- ✓ Investment Policy - The Town is expected to earn 6.51% per year on assets based on its investment policy.

## EXECUTIVE SUMMARY

### Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 72.49% 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.
- ✓ Discount Rate (6.25%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

### Medicare Buy-In

The Town currently has 18 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

## EXECUTIVE SUMMARY

### Key Plan Metrics

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

<b>Representative Plan Statistics</b>		
<b>Valuation Date</b>	<b>July 1, 2020</b>	<b>July 1, 2018</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	95,935,243	88,952,265
Per Eligible Active Plan Participant	67,007	63,596
Per Retiree/Spouse Plan Participant	81,747	77,745
Total Annual Service Cost (Annual Benefit Accrual)	2,115,184	2,011,440
Per Eligible Active Plan Participant	3,115	2,980
Expected Employer Share of Retiree Costs	4,119,198	3,875,429
Per Retiree/Spouse Plan Participant	6,676	6,546
Net OPEB Liability as a % of Covered Payroll	173.50%	172.10%



## 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	617	95,935,243	95,935,243	4,119,198	4,119,198
June 30, 2026	671	114,521,017	98,786,835	5,136,770	4,431,023
June 30, 2031	702	133,982,060	99,695,236	6,784,935	5,048,629
June 30, 2036	718	153,015,417	98,214,774	8,342,381	5,354,657
June 30, 2041	695	174,508,307	96,621,018	9,226,362	5,108,413
June 30, 2046	669	200,465,421	95,743,402	10,515,274	5,022,153
June 30, 2051	647	232,466,061	95,772,939	11,939,081	4,918,743

## 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)	4,058,281
June 30, 2021	Actual	4,119,198
June 30, 2020	Actual	3,875,429
June 30, 2019	Actual	3,723,578
June 30, 2018	Actual	3,179,556
June 30, 2017	Actual	3,013,880

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 \$86,868,871 assuming a discount rate of 6.25%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$1.05 million in Fiscal 2022 which will then increase by \$100 thousand per year until contributions reach \$1.5 million per year beginning in Fiscal 2027. The balance of this fund as of June 30, 2021 was \$9,066,372. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

**Town of Canton**

**Assuming Funding - 6.25% discount rate**

**Comparison of Plan Liabilities to Prior Valuation**

Valuation Date	July 1, 2020	July 1, 2018
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	45,497,445	42,927,426
B. Retirees/Disabled	<u>50,437,798</u>	<u>46,024,839</u>
C. Total	95,935,243	88,952,265
II. Fiduciary Net Position [Plan Assets]	9,066,372	6,380,381
III. Net OPEB Liability (Asset) [I. - II.]	86,868,871	82,571,884
IV. Funded Ratio [II. / I.]	9.45%	7.17%
V. Number of Eligible Participants		
A. Actives	679	675
B. Retirees/Disabled & Dependents	<u>617</u>	<u>592</u>
C. Total	1,296	1,267
VI. Service Cost	2,115,184	2,011,440
VII. Financial Statement Expense/(Income)	5,055,914	4,409,946
VIII. Employer Contribution to the OPEB Trust	(914,000)	(1,030,000)
IX. Deferred Inflow of Resources	(11,709,945)	(8,716,226)
X. Deferred Outflow of Resources	7,518,125	250,135
XI. Money Weighted Rate of Return	26.10%	2.35%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.51%	7.00%
XIV. Crossover Year	2077	2062
XV. Discount Rate	6.25%	6.00%

## PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Public Safety Employees and Retirees	Food Service Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability							
A. Actives	5,356,084	26,706,204	11,767,686	571,473	856,589	239,409	45,497,445
B. Retirees/Disabled	<u>5,913,558</u>	<u>33,822,995</u>	<u>9,219,592</u>	<u>59,125</u>	<u>946,332</u>	<u>476,196</u>	<u>50,437,798</u>
C. Total	11,269,642	60,529,199	20,987,278	630,598	1,802,921	715,605	95,935,243
II. Fiduciary Net Position [Plan Assets]	1,065,040	5,720,319	1,983,405	59,595	170,385	67,628	9,066,372
III. Net OPEB Liability (Asset) [I. - II.]	10,204,602	54,808,880	19,003,873	571,003	1,632,536	647,977	86,868,871
IV. Number of Eligible Participants							
A. Actives	108	444	101	11	12	3	679
B. Retirees/Disabled	<u>93</u>	<u>392</u>	<u>113</u>	<u>1</u>	<u>15</u>	<u>3</u>	<u>617</u>
C. Total	201	836	214	12	27	6	1,296
<b>For the Reporting Date and Fiscal Year Ending June 30, 2021</b>							
V. Service Cost	329,760	1,325,716	397,405	20,832	33,745	7,726	2,115,184
VI. Financial Statement Expense/(Income)	671,663	3,183,116	1,043,359	40,888	88,325	28,563	5,055,914
VII. Employer Share of Costs	(666,026)	(2,581,859)	(721,165)	(19,656)	(79,442)	(51,050)	(4,119,198)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(105,910)	(577,104)	(201,238)	(6,169)	(17,047)	(6,532)	(914,000)
IX. Total Employer Contribution [VII. + VIII.]	(771,936)	(3,158,963)	(922,403)	(25,825)	(96,489)	(57,582)	(5,033,198)

PRINCIPAL RESULTS OF THE VALUATION

**Town of Canton**

**Assuming Funding - 6.25% discount rate**

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

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
<b>Present Value of Future Benefits</b>							
A. Participants	15,389,678	20,907,551	36,297,229	4,335,155	31,217,040	35,552,195	71,849,424
B. Spouses	<u>10,451,497</u>	<u>16,163,822</u>	<u>26,615,319</u>	<u>2,981,378</u>	<u>11,904,225</u>	<u>14,885,603</u>	<u>41,500,922</u>
C. Total	25,841,175	37,071,373	62,912,548	7,316,533	43,121,265	50,437,798	113,350,346
<b>Total OPEB Liability</b>							
A. Participants	11,319,008	14,867,567	26,186,575	4,335,155	31,217,040	35,552,195	61,738,770
B. Spouses	<u>7,760,658</u>	<u>11,550,212</u>	<u>19,310,870</u>	<u>2,981,378</u>	<u>11,904,225</u>	<u>14,885,603</u>	<u>34,196,473</u>
C. Total	19,079,666	26,417,779	45,497,445	7,316,533	43,121,265	50,437,798	95,935,243
<b>Service Cost</b>							
A. Participants	474,544	752,711	1,227,255	0	0	0	1,227,255
B. Spouses	<u>312,032</u>	<u>575,897</u>	<u>887,929</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>887,929</u>
C. Total	786,576	1,328,608	2,115,184	0	0	0	2,115,184

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

**Funding - 6.25% discount rate**

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date		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.]
			with an expected 6.51% return	with an expected 6.51% return									
2021	June 30, 2021	95,935,243	9,066,372	86,868,871	9.45%	2,115,184	4,119,198	914,000	5,033,198	4,119,198	0	914,000	
2022	June 30, 2022	99,970,446	10,740,231	89,230,215	10.74%	2,091,699	4,058,281	1,050,000	5,108,281	4,058,281	0	1,050,000	
2023	June 30, 2023	103,244,649	12,626,262	90,618,387	12.23%	2,154,800	4,297,460	1,150,000	5,447,460	4,297,460	0	1,150,000	
2024	June 30, 2024	106,984,689	14,738,278	92,246,411	13.78%	2,226,560	4,539,021	1,250,000	5,789,021	4,539,021	0	1,250,000	
2025	June 30, 2025	110,727,006	17,090,990	93,636,016	15.44%	2,296,383	4,860,826	1,350,000	6,210,826	4,860,826	0	1,350,000	
2026	June 30, 2026	114,521,017	19,700,067	94,820,950	17.20%	2,377,852	5,136,770	1,450,000	6,586,770	5,136,770	0	1,450,000	
2027	June 30, 2027	118,384,483	22,530,597	95,853,886	19.03%	2,457,067	5,387,917	1,500,000	6,887,917	5,387,917	0	1,500,000	
2028	June 30, 2028	122,250,930	25,545,394	96,705,536	20.90%	2,540,245	5,714,555	1,500,000	7,214,555	5,714,555	0	1,500,000	
2029	June 30, 2029	126,165,352	28,756,454	97,408,898	22.79%	2,625,592	6,027,352	1,500,000	7,527,352	6,027,352	0	1,500,000	
2030	June 30, 2030	130,120,220	32,176,554	97,943,666	24.73%	2,718,654	6,337,650	1,500,000	7,837,650	6,337,650	0	1,500,000	
2031	June 30, 2031	133,982,060	35,819,303	98,162,757	26.73%	2,808,444	6,784,935	1,500,000	8,284,935	6,784,935	0	1,500,000	
2032	June 30, 2032	137,814,471	39,699,195	98,115,276	28.81%	2,903,842	7,170,444	1,500,000	8,670,444	7,170,444	0	1,500,000	
2033	June 30, 2033	141,785,906	43,831,668	97,954,238	30.91%	2,993,807	7,412,748	1,500,000	8,912,748	7,412,748	0	1,500,000	
2034	June 30, 2034	145,468,855	48,233,165	97,235,690	33.16%	3,099,888	7,808,202	1,500,000	9,308,202	7,808,202	0	1,500,000	
2035	June 30, 2035	149,140,397	52,921,199	96,219,198	35.48%	3,200,475	8,219,464	1,500,000	9,719,464	8,219,464	0	1,500,000	
2036	June 30, 2036	153,015,417	57,914,424	95,100,993	37.85%	3,308,840	8,342,381	1,500,000	9,842,381	8,342,381	0	1,500,000	
2037	June 30, 2037	156,984,079	63,232,708	93,751,371	40.28%	3,416,785	8,549,672	1,500,000	10,049,672	8,549,672	0	1,500,000	
2038	June 30, 2038	161,213,772	68,897,213	92,316,559	42.74%	3,527,416	8,809,907	1,500,000	10,309,907	8,809,907	0	1,500,000	
2039	June 30, 2039	165,544,239	74,930,477	90,613,762	45.26%	3,647,396	8,880,999	1,500,000	10,380,999	8,880,999	0	1,500,000	
2040	June 30, 2040	169,865,257	81,356,506	88,508,751	47.89%	3,766,279	9,055,915	1,500,000	10,555,915	9,055,915	0	1,500,000	
2041	June 30, 2041	174,508,307	88,200,870	86,307,437	50.54%	3,887,561	9,226,362	1,500,000	10,726,362	9,226,362	0	1,500,000	
2042	June 30, 2042	179,380,042	95,490,802	83,889,240	53.23%	4,014,724	9,475,893	1,500,000	10,975,893	9,475,893	0	1,500,000	
2043	June 30, 2043	184,378,982	103,255,308	81,123,674	56.00%	4,152,328	9,604,127	1,500,000	11,104,127	9,604,127	0	1,500,000	
2044	June 30, 2044	189,615,764	111,525,284	78,090,480	58.82%	4,284,936	9,829,377	1,500,000	11,329,377	9,829,377	0	1,500,000	
2045	June 30, 2045	194,799,285	120,333,635	74,465,650	61.77%	4,437,154	10,293,580	1,500,000	11,793,580	10,293,580	0	1,500,000	
2046	June 30, 2046	200,465,421	129,715,410	70,750,011	64.71%	4,588,395	10,515,274	1,500,000	12,015,274	10,515,274	0	1,500,000	
2047	June 30, 2047	206,484,379	139,707,938	66,776,441	67.66%	4,751,518	10,826,173	1,500,000	12,326,173	10,826,173	0	1,500,000	
2048	June 30, 2048	212,448,600	150,350,980	62,097,620	70.77%	4,917,899	11,290,139	1,500,000	12,790,139	11,290,139	0	1,500,000	
2049	June 30, 2049	218,970,103	161,686,884	57,283,219	73.84%	5,092,472	11,551,659	1,500,000	13,051,659	11,551,659	0	1,500,000	
2050	June 30, 2050	225,261,265	173,760,755	51,500,510	77.14%	5,281,531	11,677,042	1,500,000	13,177,042	11,677,042	0	1,500,000	
2051	June 30, 2051	232,466,061	186,620,635	45,845,426	80.28%	5,461,777	11,939,081	1,500,000	13,439,081	11,939,081	0	1,500,000	
2052	June 30, 2052	240,123,886	200,317,694	39,806,192	83.42%	5,664,209	12,174,763	1,500,000	13,674,763	12,174,763	0	1,500,000	

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	2,115,184
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	5,342,271
III. Deferred (Inflows)/Outflows from Plan Experience*	(1,984,363)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	235,491
V. Projected Earnings on OPEB Plan Investments	(444,644)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(208,025)
VII. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	5,055,914
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense/(Income) [VII. + VIII.]	5,055,914

\* Amortized over 5.93 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>	88,952,265	6,380,381	82,571,884
<b>II. Prior Period Adjustment</b>	0	0	0
<b>III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]</b>	88,952,265	6,380,381	82,571,884
<b>Changes for the year:</b>			
IV. Service Cost	2,115,184	0	2,115,184
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,342,271	0	5,342,271
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	8,820,874	0	8,820,874
VIII. Differences Between Actual and Expected Experience **	(5,176,153)	0	(5,176,153)
IX. Net Investment Income	0	1,771,991	(1,771,991)
X. Employer Contributions to Trust	0	5,033,198	(5,033,198)
XI. Benefit Payments Withdrawn from Trust	0	(4,119,198)	4,119,198
XII. Benefit Payments Excluding Implicit Cost	(2,892,692)	0	(2,892,692)
XIII. Implicit Cost Amount	(1,226,506)	0	(1,226,506)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(4,119,198)	0	(4,119,198)
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>	6,982,978	2,685,991	4,296,987
<b>XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]</b>	95,935,243	9,066,372	86,868,871

\* Recognized Immediately

\*\* Amortized over 5.93 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	0	5.79	0	0	0	0			
2019	(5,996,352)	5.45	(2,695,608)	(1,100,248)	(1,100,248)	(1,100,248)	(495,112)		
2020	(61,259)	5.45	(38,779)	(11,240)	(11,240)	(11,240)	(11,240)	(5,059)	
2021	(5,176,153)	5.93	(4,303,278)	(872,875)	(872,875)	(872,875)	(872,875)	(872,875)	(811,778)
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(7,037,665)						
Net increase (decrease) in OPEB Expense				(1,984,363)	(1,984,363)	(1,984,363)	(1,379,227)	(877,934)	(811,778)

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	0	5.79	0	0	0	0			
2019	(3,907,488)	5.45	(1,756,578)	(716,970)	(716,970)	(716,970)	(322,638)		
2020	(2,915,959)	5.45	(1,845,883)	(535,038)	(535,038)	(535,038)	(535,038)	(240,769)	
2021	8,820,874	5.93	7,333,375	1,487,499	1,487,499	1,487,499	1,487,499	1,487,499	1,383,379
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			3,730,914						
Net increase (decrease) in OPEB Expense				235,491	235,491	235,491	629,823	1,246,730	1,383,379

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	(39,705)	5.00	(7,941)	(7,941)	(7,941)				
2019	57,003	5.00	22,800	11,401	11,401	11,399			
2020	269,918	5.00	161,950	53,984	53,984	53,984	53,982		
2021	(1,327,347)	5.00	(1,061,878)	(265,469)	(265,469)	(265,469)	(265,469)	(265,471)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(885,069)						
Net increase (decrease) in OPEB Expense				(208,025)	(208,025)	(200,086)	(211,487)	(265,471)	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	0	(7,037,665)	(7,037,665)
III. Changes of Assumptions	7,333,375	(3,602,461)	3,730,914
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>184,750</u>	<u>(1,069,819)</u>	<u>(885,069)</u>
V. Total [I.+II.+III.+IV.]	7,518,125	(11,709,945)	(4,191,820)

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

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

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

**Year ending June 30:**

2022	(1,956,897)
2023	(1,948,958)
2024	(960,891)
2025	103,325
2026	571,601
Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.25% as of June 30, 2021 and 6.00% 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 insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until Fiscal Year 2077 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 - Year High Grade Index ("SAPIHG"), which was 2.18% as of June 30, 2021. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

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

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$4,119,198. The Town also contributed \$914,000 to an OPEB Trust for a total contribution during the measurement period of \$5,033,198 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	27.25%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	20.25%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	12.00%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	6.00%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	22.50%	Domestic Fixed Income	1.40%
International Fixed Income	4.50%	International Fixed Income	1.30%
Alternatives	7.00%	Alternatives	6.32%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.50%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>4.26%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.76%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	<u>6.51%</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	6,498,321	(5,033,198)	1,465,123	50,059,589	10.05%
June 30, 2020	7,670,645	(4,905,429)	2,765,216	47,989,715	10.22%
June 30, 2019	7,622,221	(4,523,578)	3,098,643	46,591,956	9.71%
June 30, 2018	8,240,517	(4,179,556)	4,060,961	45,486,461	9.19%
June 30, 2017	7,882,229	(3,783,880)	4,098,349	44,161,613	8.57%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	84,293,042	95,935,243	110,453,849
<b>II. Fiduciary Net Position</b>	<u>9,066,372</u>	<u>9,066,372</u>	<u>9,066,372</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	75,226,670	86,868,871	101,387,477
<b>IV. Service Cost</b>	1,692,956	2,115,184	2,689,943

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	104,170,626	95,935,243	84,913,022
<b>II. Fiduciary Net Position</b>	<u>9,066,372</u>	<u>9,066,372</u>	<u>9,066,372</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	95,104,254	86,868,871	75,846,650
<b>IV. Service Cost</b>	2,490,877	2,115,184	1,649,457

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 - June 30, 2020	6,380,381	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	250,000	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	664,000	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	<u>0</u>	<u>0.0000</u>
II. Total net external cash flow	914,000		
III. Earnings and increase in fair value	1,771,991		
IV. Ending value - June 30, 2021 [I.+II.+III.]	9,066,372		
Money Weighted Rate of Return	26.10%		
Asset Value - June 30, 2021	9,066,372		



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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021						Total
	Town Employees and Retirees	School Employees and Retirees	Public Safety Employees and Retirees	Food Service Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2021	11,269,642	60,529,199	20,987,278	630,598	1,802,921	715,605	95,935,243
II. Fiduciary Net Position as of June 30, 2021	1,065,040	5,720,319	1,983,405	59,595	170,385	67,628	9,066,372
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	10,204,602	54,808,880	19,003,873	571,003	1,632,536	647,977	86,868,871
IV. Service Cost	329,760	1,325,716	397,405	20,832	33,745	7,726	2,115,184
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	623,977	3,372,635	1,171,361	35,846	99,709	38,743	5,342,271
VI. Projected Earnings on OPEB Plan Investments	(52,195)	(280,554)	(97,306)	(2,927)	(8,353)	(3,309)	(444,644)
VII. Net Recognition of Deferred (Inflows)/Outflows	(229,879)	(1,234,681)	(428,101)	(12,863)	(36,776)	(14,597)	(1,956,897)
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0
IX. Financial Statement Expense/(Income) [IV. + V. + VI. + VII. + VIII.]	671,663	3,183,116	1,043,359	40,888	88,325	28,563	5,055,914
X. Employer Share of Costs	(666,026)	(2,581,859)	(721,165)	(19,656)	(79,442)	(51,050)	(4,119,198)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(105,910)	(577,104)	(201,238)	(6,169)	(17,047)	(6,532)	(914,000)
XII. Total Employer Contribution [X. + XI.]	(771,936)	(3,158,963)	(922,403)	(25,825)	(96,489)	(57,582)	(5,033,198)
XIII. Net OPEB Expense/(Income) [IX. + XII.]	(100,273)	24,153	120,956	15,063	(8,164)	(29,019)	22,716

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, 2020
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	(7,037,665)
II. Deferred (Inflow)/Outflow from Investment Experience	(885,069)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	3,730,914
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	250,135
II. Deferred Outflow created during the period	8,820,874
III. Deferred Outflow recognized during the period	1,552,884
IV. Change in Deferred Outflow (II. - III. )	7,267,990
V. Deferred Outflow at end of the period (I. + IV. )	7,518,125
VI. Deferred Inflow at the beginning of the period	(8,716,226)
VII. Deferred Inflow created during the period	(6,503,500)
VIII. Deferred Inflow recognized during the period	(3,509,781)
IX. Change in Deferred Inflow (VII. - VIII. )	(2,993,719)
X. Deferred Inflow at end of the period (VI. + IX. )	(11,709,945)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	82,571,884
II. Service Cost	2,115,184
III. Interest on Total OPEB Liability, Service Cost, and Payments	5,342,271
IV. Projected Investment Income	(444,644)
V. Total Employer Contributions	(5,033,198)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	1,979,613
VIII. Deferred Outflow created during the period	8,820,874
IX. Deferred Inflow created during the period	(6,503,500)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	86,868,871
<b>Net OPEB Expense</b>	
I. Service Cost	2,115,184
II. Interest on Total OPEB Liability, Service Cost, and Payments	5,342,271
III. Projected Investment Income	(444,644)
IV. Recognition of Deferred (Inflow)/Outflow	(1,956,897)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. )	5,055,914
VII. Benefit Payments	(4,119,198)
VIII. Contributions to Trust	(914,000)
IX. Total Employer Payments (VII. + VIII. )	(5,033,198)
X. Total Net OPEB Expense/(Income) under GASB 75 (VI. + IX. )	22,716

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

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

	Actuarially Determined Contribution - Deficiency / (Excess)				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	For the Fiscal Year Ending:	
				<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	2,115,184	2,011,440	2,040,579	2,675,741	2,515,860
II. Amortization of NOL	<u>4,383,137</u>	<u>5,659,205</u>	<u>5,581,642</u>	<u>5,564,776</u>	<u>5,366,369</u>
III. Actuarial Determined Contribution [I. + II.]	6,498,321	7,670,645	7,622,221	8,240,517	7,882,229
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(5,033,198)</u>	<u>(4,905,429)</u>	<u>(4,523,578)</u>	<u>(4,179,556)</u>	<u>(3,783,880)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>1,465,123</u>	<u>2,765,216</u>	<u>3,098,643</u>	<u>4,060,961</u>	<u>4,098,349</u>
Covered Employee Payroll	50,059,589	47,989,715	46,591,956	45,486,461	44,161,613
Contributions as a % of Covered Employee Payroll	10.05%	10.22%	9.71%	9.19%	8.57%
Discount Rate	6.25%	6.00%	5.75%	5.25%	5.25%
Money Weighted Rate of Return	26.10%	2.35%	5.55%	5.05%	8.23%

## 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, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	95,935,243	88,952,265	88,688,109	94,811,510	90,505,695
I. Service Cost	2,115,184	2,011,440	2,040,579	2,675,741	2,515,860
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,342,271	5,105,363	5,463,438	4,809,630	4,590,666
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(5,176,153)	(61,259)	(5,996,352)	0	0
V. Changes of Assumptions	8,820,874	(2,915,959)	(3,907,488)	0	0
VI. Benefit Payments Excluding Implicit Cost	(2,892,692)	(2,998,522)	(2,867,284)	(2,839,350)	N/A
VII. Implicit Cost Amount	(1,226,506)	(876,907)	(856,294)	(340,206)	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(4,119,198)	(3,875,429)	(3,723,578)	(3,179,556)	(3,013,880)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	6,982,978	264,156	(6,123,401)	4,305,815	4,092,646
X. Total OPEB Liability - Beginning of Period	88,952,265	88,688,109	94,811,510	90,505,695	86,413,049
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	88,952,265	88,688,109	94,811,510	90,505,695	86,413,049
XIII. Total OPEB Liability - End of Period [IX.+XII.]	95,935,243	88,952,265	88,688,109	94,811,510	90,505,695
<b>Plan Fiduciary Net Position</b>	9,066,372	6,380,381	5,219,494	4,155,794	2,980,371
XIV. Earning from Plan Investments	1,771,991	130,887	263,700	175,423	221,830
XV. Employer Contribution to Trust	5,033,198	4,905,429	4,523,578	4,179,556	3,783,880
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(4,119,198)	(3,875,429)	(3,723,578)	(3,179,556)	(3,013,880)
XVII. Administrative Expense	0	0	0	0	0
XVIII. Other	0	0	0	0	0
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	2,685,991	1,160,887	1,063,700	1,175,423	991,830
XX. Plan Fiduciary Net Position - Beginning of Period	6,380,381	5,219,494	4,155,794	2,980,371	1,988,541
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	6,380,381	5,219,494	4,155,794	2,980,371	1,988,541
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	9,066,372	6,380,381	5,219,494	4,155,794	2,980,371
XXIV. Net OPEB Liability [XIII.-XXIII.]	86,868,871	82,571,884	83,468,615	90,655,716	87,525,324
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	9.45%	7.17%	5.89%	4.38%	3.29%
XXVI. Covered Employee Payroll	50,059,589	47,989,715	46,591,956	45,486,461	44,161,613
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	173.53%	172.06%	179.15%	199.30%	198.19%
Single Discount Rate to calculate Plan Liabilities	6.25%	6.00%	5.75%	5.25%	5.25%

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, 2020.
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:	6.51%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	6.25%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

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

## EXHIBIT B

### REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

#### Plan Membership

At July 1, 2020, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	617
Active Employees:	679
Total:	1,296

#### 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 6.00% to 6.25%
- ✓ Based on recommendations by PERAC, the mortality table has been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females
- ✓ Due to updated guidance related to the implementation of ASOP 6, we have updated our methodology for calculating expected claims
- ✓ Based on recent actuarial research we have adopted the Getzen model for future healthcare cost increases

#### Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$914,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$4,119,198. \$1,226,506 of the \$4,119,198 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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



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

### CONTRIBUTION PROJECTION DISCLOSURES

**Table 1: Projection of Contributions using a July 1, 2020 Valuation Date**

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	50,059,589	0	50,059,589	0	4,119,198	0	4,119,198
June 30, 2022	47,451,996	4,109,381	51,561,377	0	4,058,281	0	4,058,281
June 30, 2023	45,196,311	7,911,907	53,108,218	0	4,297,460	0	4,297,460
June 30, 2024	43,248,393	11,453,072	54,701,465	0	4,539,021	0	4,539,021
June 30, 2025	41,478,197	14,864,312	56,342,509	0	4,860,826	0	4,860,826
June 30, 2026	39,888,667	18,144,117	58,032,784	0	5,136,770	0	5,136,770
June 30, 2027	38,319,147	21,454,621	59,773,768	0	5,387,917	0	5,387,917
June 30, 2028	36,719,020	24,847,961	61,566,981	0	5,714,555	0	5,714,555
June 30, 2029	35,173,210	28,240,780	63,413,990	0	6,027,352	0	6,027,352
June 30, 2030	33,720,807	31,595,603	65,316,410	0	6,337,650	0	6,337,650
June 30, 2031	32,144,286	35,131,616	67,275,902	0	6,784,935	0	6,784,935
June 30, 2032	30,652,547	38,641,632	69,294,179	0	7,148,603	21,841	7,170,444
June 30, 2033	29,034,480	42,338,524	71,373,004	0	7,356,623	56,125	7,412,748
June 30, 2034	27,573,133	45,941,061	73,514,194	0	7,703,464	104,738	7,808,202
June 30, 2035	26,153,807	49,565,813	75,719,620	0	8,045,779	173,685	8,219,464
June 30, 2036	24,852,702	53,138,507	77,991,209	0	8,081,072	261,309	8,342,381
June 30, 2037	23,517,632	56,813,313	80,330,945	0	8,225,847	323,825	8,549,672
June 30, 2038	22,181,760	60,559,113	82,740,873	0	8,410,728	399,179	8,809,907
June 30, 2039	20,977,445	64,245,654	85,223,099	0	8,393,809	487,190	8,880,999
June 30, 2040	19,757,118	68,022,674	87,779,792	0	8,498,433	557,482	9,055,915
June 30, 2041	18,505,042	71,908,144	90,413,186	0	8,590,435	635,927	9,226,362
June 30, 2042	17,381,023	75,744,559	93,125,582	0	8,719,824	756,069	9,475,893
June 30, 2043	16,386,580	79,532,769	95,919,349	0	8,693,015	911,112	9,604,127
June 30, 2044	15,248,989	83,547,940	98,796,929	0	8,727,207	1,102,170	9,829,377
June 30, 2045	14,313,423	87,447,414	101,760,837	0	8,949,965	1,343,615	10,293,580
June 30, 2046	13,328,577	91,485,085	104,813,662	0	8,886,291	1,628,983	10,515,274
June 30, 2047	12,395,926	95,562,146	107,958,072	0	8,959,534	1,866,639	10,826,173
June 30, 2048	11,442,606	99,754,208	111,196,814	0	9,155,151	2,134,988	11,290,139
June 30, 2049	10,481,180	104,051,538	114,532,718	0	9,118,243	2,433,416	11,551,659
June 30, 2050	9,668,420	108,300,280	117,968,700	0	8,979,571	2,697,471	11,677,042
June 30, 2051	8,686,681	112,821,080	121,507,761	0	8,957,456	2,981,625	11,939,081
June 30, 2052	7,935,186	117,217,808	125,152,994	0	8,850,262	3,324,501	12,174,763
June 30, 2053	7,135,731	121,771,853	128,907,584	0	8,852,465	3,702,800	12,555,265
June 30, 2054	6,339,457	126,435,355	132,774,812	0	8,763,104	4,116,864	12,879,968
June 30, 2055	5,501,230	131,256,826	136,758,056	0	8,725,735	4,582,683	13,308,418
June 30, 2056	4,802,331	136,058,467	140,860,798	0	8,728,165	5,087,868	13,816,033
June 30, 2057	4,118,621	140,968,001	145,086,622	0	8,655,975	5,573,868	14,229,843
June 30, 2058	3,541,505	145,897,716	149,439,221	0	8,515,679	6,088,254	14,603,933
June 30, 2059	2,911,666	151,010,732	153,922,398	0	8,383,950	6,632,557	15,016,507
June 30, 2060	2,391,684	156,148,386	158,540,070	0	8,208,645	7,175,511	15,384,156

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

**Table 1: Projection of Contributions using a July 1, 2020 Valuation Date**

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	1,859,339	161,436,933	163,296,272	0	8,120,956	7,736,772	15,857,728
June 30, 2062	1,446,633	166,748,527	168,195,160	0	7,901,858	8,361,690	16,263,548
June 30, 2063	1,012,227	172,228,788	173,241,015	0	7,662,112	9,025,576	16,687,688
June 30, 2064	760,898	177,677,347	178,438,245	0	7,494,513	9,736,879	17,231,392
June 30, 2065	481,217	183,310,175	183,791,392	0	7,270,247	10,506,904	17,777,151
June 30, 2066	337,476	188,967,658	189,305,134	0	7,080,893	11,326,739	18,407,632
June 30, 2067	150,401	194,833,887	194,984,288	0	6,885,994	12,151,619	19,037,613
June 30, 2068	67,228	200,766,589	200,833,817	0	6,695,445	13,017,613	19,713,058
June 30, 2069	0	206,858,832	206,858,832	0	6,520,384	13,927,235	20,447,619
June 30, 2070	0	213,064,597	213,064,597	0	6,324,530	14,832,270	21,156,800
June 30, 2071	0	219,456,535	219,456,535	0	6,102,656	15,769,431	21,872,087
June 30, 2072	0	226,040,231	226,040,231	0	5,882,319	16,758,604	22,640,923
June 30, 2073	0	232,821,438	232,821,438	0	5,645,960	17,776,600	23,422,560
June 30, 2074	0	239,806,081	239,806,081	0	5,411,093	18,832,621	24,243,714
June 30, 2075	0	247,000,263	247,000,263	0	5,163,250	19,928,124	25,091,374
June 30, 2076	0	254,410,271	254,410,271	0	4,900,481	21,063,982	25,964,463
June 30, 2077	0	262,042,579	262,042,579	0	4,644,939	22,245,107	26,890,046
June 30, 2078	0	269,903,856	269,903,856	0	4,389,245	23,462,809	27,852,054
June 30, 2079	0	278,000,972	278,000,972	0	4,127,934	24,721,136	28,849,070
June 30, 2080	0	286,341,001	286,341,001	0	3,869,900	26,017,008	29,886,908
June 30, 2081	0	294,931,231	294,931,231	0	3,604,100	27,347,104	30,951,204
June 30, 2082	0	303,779,168	303,779,168	0	3,349,828	28,724,601	32,074,429
June 30, 2083	0	312,892,543	312,892,543	0	3,097,535	30,140,836	33,238,371
June 30, 2084	0	322,279,319	322,279,319	0	2,846,332	31,600,894	34,447,226
June 30, 2085	0	331,947,699	331,947,699	0	2,603,296	33,110,235	35,713,531
June 30, 2086	0	341,906,130	341,906,130	0	2,366,202	34,670,080	37,036,282
June 30, 2087	0	352,163,314	352,163,314	0	2,137,833	36,285,266	38,423,099
June 30, 2088	0	362,728,213	362,728,213	0	1,917,427	37,949,089	39,866,516
June 30, 2089	0	373,610,059	373,610,059	0	1,708,697	39,668,445	41,377,142
June 30, 2090	0	384,818,361	384,818,361	0	1,512,307	41,446,097	42,958,404
June 30, 2091	0	396,362,912	396,362,912	0	1,328,750	43,275,877	44,604,627
June 30, 2092	0	408,253,799	408,253,799	0	1,158,310	45,167,807	46,326,117
June 30, 2093	0	420,501,413	420,501,413	0	1,001,359	47,119,961	48,121,320
June 30, 2094	0	433,116,455	433,116,455	0	857,926	49,138,035	49,995,961
June 30, 2095	0	446,109,949	446,109,949	0	727,965	51,223,972	51,951,937

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

### FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2021	6,380,381	4,119,198	914,000	5,033,198	0	4,119,198	4,119,198	1,771,991	9,066,372
June 30, 2022	9,066,372	4,058,281	966,316	5,024,597	0	4,058,281	4,058,281	574,138	10,606,826
June 30, 2023	10,606,826	4,297,460	978,676	5,276,136	0	4,297,460	4,297,460	721,858	12,307,360
June 30, 2024	12,307,360	4,539,021	988,282	5,527,303	0	4,539,021	4,539,021	832,871	14,128,513
June 30, 2025	14,128,513	4,860,826	993,842	5,854,668	0	4,860,826	4,860,826	951,606	16,073,961
June 30, 2026	16,073,961	5,136,770	996,653	6,133,423	0	5,136,770	5,136,770	1,078,344	18,148,958
June 30, 2027	18,148,958	5,387,917	961,604	6,349,521	0	5,387,917	5,387,917	1,212,304	20,322,866
June 30, 2028	20,322,866	5,714,555	894,612	6,609,167	0	5,714,555	5,714,555	1,351,679	22,569,157
June 30, 2029	22,569,157	6,027,352	831,990	6,859,342	0	6,027,352	6,027,352	1,495,906	24,897,053
June 30, 2030	24,897,053	6,337,650	774,403	7,112,053	0	6,337,650	6,337,650	1,643,608	27,317,064
June 30, 2031	27,317,064	6,784,935	716,697	7,501,632	0	6,784,935	6,784,935	1,801,302	29,835,063
June 30, 2032	29,835,063	7,148,603	663,531	7,812,134	0	7,148,603	7,148,603	1,963,520	32,440,273
June 30, 2033	32,440,273	7,356,623	610,199	7,966,822	0	7,356,623	7,356,623	2,131,411	35,125,758
June 30, 2034	35,125,758	7,703,464	562,608	8,266,072	0	7,703,464	7,703,464	2,304,711	37,888,339
June 30, 2035	37,888,339	8,045,779	518,105	8,563,884	0	8,045,779	8,045,779	2,483,129	40,715,888
June 30, 2036	40,715,888	8,081,072	477,990	8,559,062	0	8,081,072	8,081,072	2,665,918	43,598,487
June 30, 2037	43,598,487	8,225,847	439,139	8,664,986	0	8,225,847	8,225,847	2,852,330	46,566,131
June 30, 2038	46,566,131	8,410,728	402,131	8,812,859	0	8,410,728	8,410,728	3,044,338	49,613,421
June 30, 2039	49,613,421	8,393,809	369,221	8,763,030	0	8,393,809	8,393,809	3,241,662	52,737,114
June 30, 2040	52,737,114	8,498,433	337,614	8,836,047	0	8,498,433	8,498,433	3,444,002	55,961,248
June 30, 2041	55,961,248	8,590,435	307,008	8,897,443	0	8,590,435	8,590,435	3,652,913	59,285,242
June 30, 2042	59,285,242	8,719,824	279,961	8,999,785	0	8,719,824	8,719,824	3,868,438	62,677,572
June 30, 2043	62,677,572	8,693,015	256,256	8,949,271	0	8,693,015	8,693,015	4,088,520	66,111,236
June 30, 2044	66,111,236	8,727,207	231,520	8,958,727	0	8,727,207	8,727,207	4,311,259	69,551,845
June 30, 2045	69,551,845	8,949,965	210,986	9,160,951	0	8,949,965	8,949,965	4,534,584	72,953,800
June 30, 2046	72,953,800	8,886,291	190,747	9,077,038	0	8,886,291	8,886,291	4,755,403	76,270,967
June 30, 2047	76,270,967	8,959,534	172,233	9,131,767	0	8,959,534	8,959,534	4,970,758	79,547,319
June 30, 2048	79,547,319	9,155,151	154,356	9,309,507	0	9,155,151	9,155,151	5,183,476	82,750,163
June 30, 2049	82,750,163	9,118,243	137,269	9,255,512	0	9,118,243	9,118,243	5,391,433	85,845,449
June 30, 2050	85,845,449	8,979,571	122,936	9,102,507	0	8,979,571	8,979,571	5,592,477	88,863,391
June 30, 2051	88,863,391	8,957,456	107,236	9,064,692	0	8,957,456	8,957,456	5,788,442	91,777,444
June 30, 2052	91,777,444	8,850,262	95,106	8,945,368	0	8,850,262	8,850,262	5,977,758	94,525,807
June 30, 2053	94,525,807	8,852,465	83,033	8,935,498	0	8,852,465	8,852,465	6,156,290	97,062,330
June 30, 2054	97,062,330	8,763,104	71,619	8,834,723	0	8,763,104	8,763,104	6,321,052	99,338,137
June 30, 2055	99,338,137	8,725,735	60,339	8,786,074	0	8,725,735	8,725,735	6,468,846	101,284,639
June 30, 2056	101,284,639	8,728,165	51,139	8,779,304	0	8,728,165	8,728,165	6,595,268	102,843,178
June 30, 2057	102,843,178	8,655,975	42,581	8,698,556	0	8,655,975	8,655,975	6,696,455	104,008,346
June 30, 2058	104,008,346	8,515,679	35,548	8,551,227	0	8,515,679	8,515,679	6,772,082	104,727,722
June 30, 2059	104,727,722	8,383,950	28,375	8,412,325	0	8,383,950	8,383,950	6,818,684	104,942,224
June 30, 2060	104,942,224	8,208,645	22,629	8,231,274	0	8,208,645	8,208,645	6,832,464	104,621,806

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members 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	104,621,806	8,120,956	17,079	8,138,035	0	8,120,956	8,120,956	6,811,427	96,578,407
June 30, 2062	96,578,407	7,901,858	12,901	7,914,759	0	7,901,858	7,901,858	6,287,668	88,730,629
June 30, 2063	88,730,629	7,662,112	8,764	7,670,876	0	7,662,112	7,662,112	5,776,645	81,102,269
June 30, 2064	81,102,269	7,494,513	6,396	7,500,909	0	7,494,513	7,494,513	5,279,963	73,630,271
June 30, 2065	73,630,271	7,270,247	3,927	7,274,174	0	7,270,247	7,270,247	4,793,456	66,372,574
June 30, 2066	66,372,574	7,080,893	2,674	7,083,567	0	7,080,893	7,080,893	4,320,940	59,299,384
June 30, 2067	59,299,384	6,885,994	1,157	6,887,151	0	6,885,994	6,885,994	3,860,427	52,416,368
June 30, 2068	52,416,368	6,695,445	502	6,695,947	0	6,695,445	6,695,445	3,412,322	45,722,065
June 30, 2069	45,722,065	6,520,384	0	6,520,384	0	6,520,384	6,520,384	2,976,506	39,201,681
June 30, 2070	39,201,681	6,324,530	0	6,324,530	0	6,324,530	6,324,530	2,552,029	32,877,151
June 30, 2071	32,877,151	6,102,656	0	6,102,656	0	6,102,656	6,102,656	2,140,303	26,774,495
June 30, 2072	26,774,495	5,882,319	0	5,882,319	0	5,882,319	5,882,319	1,743,020	20,892,176
June 30, 2073	20,892,176	5,645,960	0	5,645,960	0	5,645,960	5,645,960	1,360,081	15,246,216
June 30, 2074	15,246,216	5,411,093	0	5,411,093	0	5,411,093	5,411,093	992,529	9,835,123
June 30, 2075	9,835,123	5,163,250	0	5,163,250	0	5,163,250	5,163,250	640,267	4,671,873
June 30, 2076	4,671,873	4,900,481	0	4,900,481	0	4,900,481	4,900,481	304,139	304,139
June 30, 2077	304,139	4,644,939	0	4,644,939	0	4,644,939	4,644,939	19,799	19,799
June 30, 2078	19,799	4,389,245	0	4,389,245	0	4,389,245	4,389,245	1,289	1,289
June 30, 2079	1,289	4,127,934	0	4,127,934	0	4,127,934	4,127,934	84	84
June 30, 2080	84	3,869,900	0	3,869,900	0	3,869,900	3,869,900	5	5
June 30, 2081	5	3,604,100	0	3,604,100	0	3,604,100	3,604,100	0	0
June 30, 2082	0	3,349,828	0	3,349,828	0	3,349,828	3,349,828	0	0
June 30, 2083	0	3,097,535	0	3,097,535	0	3,097,535	3,097,535	0	0
June 30, 2084	0	2,846,332	0	2,846,332	0	2,846,332	2,846,332	0	0
June 30, 2085	0	2,603,296	0	2,603,296	0	2,603,296	2,603,296	0	0
June 30, 2086	0	2,366,202	0	2,366,202	0	2,366,202	2,366,202	0	0
June 30, 2087	0	2,137,833	0	2,137,833	0	2,137,833	2,137,833	0	0
June 30, 2088	0	1,917,427	0	1,917,427	0	1,917,427	1,917,427	0	0
June 30, 2089	0	1,708,697	0	1,708,697	0	1,708,697	1,708,697	0	0
June 30, 2090	0	1,512,307	0	1,512,307	0	1,512,307	1,512,307	0	0
June 30, 2091	0	1,328,750	0	1,328,750	0	1,328,750	1,328,750	0	0
June 30, 2092	0	1,158,310	0	1,158,310	0	1,158,310	1,158,310	0	0
June 30, 2093	0	1,001,359	0	1,001,359	0	1,001,359	1,001,359	0	0
June 30, 2094	0	857,926	0	857,926	0	857,926	857,926	0	0
June 30, 2095	0	727,965	0	727,965	0	727,965	727,965	0	0

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

**BENEFIT PAYMENT PROJECTION DISCLOSURES**

**Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2020 Valuation Date**

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	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 [6.51%]	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 [6.13%]	
June 30, 2021	6,380,381	4,119,198	4,119,198	0	4,119,198	0	4,119,198	<b>Sum of Column V.</b>
June 30, 2022	9,066,372	4,058,281	4,058,281	0	3,810,235	0	3,823,742	104,608,430
June 30, 2023	10,606,826	4,297,460	4,297,460	0	3,788,184	0	3,815,090	
June 30, 2024	12,307,360	4,539,021	4,539,021	0	3,756,566	0	3,796,659	<b>Sum of Column VI.</b>
June 30, 2025	14,128,513	4,860,826	4,860,826	0	3,777,013	0	3,830,857	6,981,647
June 30, 2026	16,073,961	5,136,770	5,136,770	0	3,747,470	0	3,814,367	
June 30, 2027	18,148,958	5,387,917	5,387,917	0	3,690,444	0	3,769,638	<b>Sum of Column VII.</b>
June 30, 2028	20,322,866	5,714,555	5,714,555	0	3,674,936	0	3,767,104	[V. + VI.]
June 30, 2029	22,569,157	6,027,352	6,027,352	0	3,639,180	0	3,743,676	111,590,077
June 30, 2030	24,897,053	6,337,650	6,337,650	0	3,592,649	0	3,708,911	
June 30, 2031	27,317,064	6,784,935	6,784,935	0	3,611,119	0	3,741,195	
June 30, 2032	29,835,063	7,148,603	7,148,603	0	3,572,127	0	3,713,918	
June 30, 2033	32,440,273	7,356,623	7,356,623	0	3,451,389	0	3,601,107	
June 30, 2034	35,125,758	7,703,464	7,703,464	0	3,393,212	0	3,552,958	
June 30, 2035	37,888,339	8,045,779	8,045,779	0	3,327,382	0	3,496,380	
June 30, 2036	40,715,888	8,081,072	8,081,072	0	3,137,713	0	3,308,765	
June 30, 2037	43,598,487	8,225,847	8,225,847	0	2,998,710	0	3,173,394	
June 30, 2038	46,566,131	8,410,728	8,410,728	0	2,878,704	0	3,057,197	
June 30, 2039	49,613,421	8,393,809	8,393,809	0	2,697,318	0	2,874,719	
June 30, 2040	52,737,114	8,498,433	8,498,433	0	2,564,021	0	2,742,342	
June 30, 2041	55,961,248	8,590,435	8,590,435	0	2,433,366	0	2,611,827	
June 30, 2042	59,285,242	8,719,824	8,719,824	0	2,319,047	0	2,497,948	
June 30, 2043	62,677,572	8,693,015	8,693,015	0	2,170,611	0	2,346,349	
June 30, 2044	66,111,236	8,727,207	8,727,207	0	2,045,957	0	2,219,443	
June 30, 2045	69,551,845	8,949,965	8,949,965	0	1,969,936	0	2,144,551	
June 30, 2046	72,953,800	8,886,291	8,886,291	0	1,836,373	0	2,006,237	
June 30, 2047	76,270,967	8,959,534	8,959,534	0	1,738,343	0	1,905,871	
June 30, 2048	79,547,319	9,155,151	9,155,151	0	1,667,728	0	1,834,932	
June 30, 2049	82,750,163	9,118,243	9,118,243	0	1,559,482	0	1,721,917	
June 30, 2050	85,845,449	8,979,571	8,979,571	0	1,441,898	0	1,597,729	
June 30, 2051	88,863,391	8,957,456	8,957,456	0	1,350,433	0	1,501,684	
June 30, 2052	91,777,444	8,850,262	8,850,262	0	1,252,721	0	1,397,966	
June 30, 2053	94,525,807	8,852,465	8,852,465	0	1,176,446	0	1,317,501	
June 30, 2054	97,062,330	8,763,104	8,763,104	0	1,093,390	0	1,228,828	
June 30, 2055	99,338,137	8,725,735	8,725,735	0	1,022,184	0	1,152,874	
June 30, 2056	101,284,639	8,728,165	8,728,165	0	959,974	0	1,086,549	
June 30, 2057	102,843,178	8,655,975	8,655,975	0	893,845	0	1,015,287	
June 30, 2058	104,008,346	8,515,679	8,515,679	0	825,610	0	941,106	
June 30, 2059	104,727,722	8,383,950	8,383,950	0	763,157	0	873,000	
June 30, 2060	104,942,224	8,208,645	8,208,645	0	701,530	0	805,348	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

**Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2020 Valuation Date**

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.51%]	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 [6.13%]
June 30, 2061	104,621,806	8,120,956	8,120,956	0	651,616	0	750,699
June 30, 2062	96,578,407	7,901,858	7,901,858	0	595,283	0	688,231
June 30, 2063	88,730,629	7,662,112	7,662,112	0	541,941	0	628,782
June 30, 2064	81,102,269	7,494,513	7,494,513	0	497,688	0	579,484
June 30, 2065	73,630,271	7,270,247	7,270,247	0	453,286	0	529,656
June 30, 2066	66,372,574	7,080,893	7,080,893	0	414,496	0	486,048
June 30, 2067	59,299,384	6,885,994	6,885,994	0	378,450	0	445,353
June 30, 2068	52,416,368	6,695,445	6,695,445	0	345,487	0	408,003
June 30, 2069	45,722,065	6,520,384	6,520,384	0	315,889	0	374,372
June 30, 2070	39,201,681	6,324,530	6,324,530	0	287,673	0	342,141
June 30, 2071	32,877,151	6,102,656	6,102,656	0	260,615	0	311,059
June 30, 2072	26,774,495	5,882,319	5,882,319	0	235,852	0	282,500
June 30, 2073	20,892,176	5,645,960	5,645,960	0	212,539	0	255,478
June 30, 2074	15,246,216	5,411,093	5,411,093	0	191,247	0	230,700
June 30, 2075	9,835,123	5,163,250	5,163,250	0	171,334	0	207,411
June 30, 2076	4,671,873	4,900,481	4,900,481	0	152,675	0	185,479
June 30, 2077	304,139	4,644,939	2,426,163	2,218,776	70,967	663,835	165,646
June 30, 2078	19,799	4,389,245	2,017,130	2,372,115	55,396	694,583	147,482
June 30, 2079	1,289	4,127,934	1,872,252	2,255,682	48,275	646,411	130,686
June 30, 2080	84	3,869,900	1,747,433	2,122,467	42,303	595,269	115,436
June 30, 2081	5	3,604,100	1,620,342	1,983,758	36,828	544,507	101,294
June 30, 2082	0	3,349,828	1,500,803	1,849,025	32,027	496,706	88,707
June 30, 2083	0	3,097,535	1,382,892	1,714,643	27,707	450,788	77,285
June 30, 2084	0	2,846,332	1,266,383	1,579,949	23,822	406,521	66,913
June 30, 2085	0	2,603,296	1,154,785	1,448,511	20,395	364,757	57,663
June 30, 2086	0	2,366,202	1,046,812	1,319,390	17,358	325,160	49,382
June 30, 2087	0	2,137,833	943,699	1,194,134	14,692	288,018	42,038
June 30, 2088	0	1,917,427	844,685	1,072,742	12,346	253,223	35,525
June 30, 2089	0	1,708,697	751,492	957,205	10,313	221,134	29,828
June 30, 2090	0	1,512,307	664,293	848,014	8,559	191,732	24,874
June 30, 2091	0	1,328,750	583,003	745,747	7,053	165,016	20,592
June 30, 2092	0	1,158,310	507,834	650,476	5,768	140,866	16,913
June 30, 2093	0	1,001,359	438,774	562,585	4,679	119,235	13,776
June 30, 2094	0	857,926	375,808	482,118	3,762	100,003	11,121
June 30, 2095	0	727,965	318,846	409,119	2,997	83,052	8,891

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, 2021 <b>Non-Medicare Plans:</b> effective July 1, 2021 <b>Dental Plans:</b> effective July 1, 2021
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical and Dental Insurance and \$5,000 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"> <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>

Town Contributions

Group	Individual	Two-Person / Family
<b>Medical</b>	The Town pays 75% of premiums	The Town pays 75% of premiums
<b>Dental</b>	The Town pays 75% of the basic plan premiums	The Town pays 75% of the basic plan premiums
<b>Life</b>	The Town pays 75% of premiums	N/A



## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Pre-Retirement Mortality

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

### Post-Retirement Mortality

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

### Disabled Mortality

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

### Assumption Experience Study

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

### Discount Rate

6.25% per annum (previously 6.00%)

### Net Long Term Rate of Return

6.51% (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	Male Teachers	Female Teachers	Public Safety
45 - 49	0.00%	0.00%	0.00%	0.00%	6.00%
50 - 51	3.00%	3.00%	2.00%	1.50%	6.00%
52	3.00%	3.00%	2.00%	1.50%	6.00%
53	3.00%	3.00%	2.00%	1.50%	7.50%
54	3.00%	3.50%	2.00%	2.00%	15.00%
55	3.50%	5.00%	6.00%	5.00%	25.00%
56	3.50%	5.00%	20.00%	15.00%	15.00%
57	4.00%	5.50%	40.00%	35.00%	15.00%
58	5.00%	6.00%	50.00%	35.00%	15.00%
59	6.00%	6.50%	50.00%	35.00%	15.00%
60	9.00%	7.50%	40.00%	35.00%	20.00%
61	11.00%	10.00%	40.00%	35.00%	20.00%
62	15.00%	15.00%	35.00%	35.00%	20.00%
63	15.00%	15.00%	35.00%	35.00%	20.00%
64	16.00%	15.00%	35.00%	35.00%	30.00%
65	20.00%	20.00%	35.00%	35.00%	50.00%
66	20.00%	20.00%	40.00%	35.00%	25.00%
67	20.00%	20.00%	40.00%	30.00%	25.00%
68	20.00%	20.00%	40.00%	30.00%	25.00%
69	20.00%	20.00%	40.00%	30.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%	100.00%	100.00%

### Permanent Disability Rates

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Trend Rate

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

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

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

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

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

### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Participation Rate

It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical and dental 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	95,935,243	88,952,265
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>73,121,853</u>	<u>72,233,594</u>
III. Liability from Implicit Subsidy [I. - II.]	22,813,390	16,718,671

	<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)	4,119,198	3,875,429
V. Actual Employer Payments	<u>2,892,692</u>	<u>2,998,522</u>
VI. Implicit Subsidy [IV. - V.]	1,226,506	876,907

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	4,975	3,136	44 & Under	10,219	6,696	65 to 69	2,963	3,043
25 to 29	7,340	3,263	45 to 49	11,224	8,454	70 to 74	3,496	3,647
30 to 34	9,275	4,096	50 to 54	13,204	11,134	75 to 79	4,056	4,306
35 to 39	9,554	5,143	55 to 59	15,264	14,476	80 to 84	4,652	4,950
40 to 44	9,779	6,408	60 to 64	18,164	18,576	85 to 89	5,200	5,514
45 to 49	10,741	8,090	65 to 69	21,774	23,171	90 & Over	5,200	5,514
50 to 54	12,635	10,655	70 to 74	25,677	27,767			
55 to 59	14,607	13,853	75 to 79	29,820	32,795			
60 to 64	17,382	17,776	80 to 84	34,190	37,695			
65 to 69	20,836	22,173	85 to 89	39,027	43,148			
70 & Over	24,571	26,571	90 & Over	39,027	43,148			

\*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, 2020	July 1, 2018
<b>A. Average Age at Hire</b>	34.23	34.32
<b>B. Average Service</b>	<u>10.96</u>	<u>10.94</u>
<b>C. Average Current Age</b>	45.19	45.26

### Retired Employees & Spouses

Valuation Date	July 1, 2020	July 1, 2018
<b>A. Under Age 65</b>	109	101
<b>B. Age 65 &amp; Over</b>	<u>508</u>	<u>491</u>
<b>C. Total</b>	617	592

### 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	22	3								25
25-29	39	7	2							48
30-34	36	21	8							65
35-39	38	30	18	3	2					91
40-44	21	18	26	21	4					90
45-49	28	21	20	16	24	4				113
50-54	16	11	22	14	19	15	4			101
55-59	19	9	12	16	15	7	8	2		88
60-64	10	4	5	12	6	2	4			43
65-69	1	2	2	3	1	1	1		1	12
70+			1	1	1					3
<b>Total</b>	230	126	116	86	72	29	17	2	1	679

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue	161		297	458
Blue Care Elect	51		67	118
Medex II	184	156		340
Total	396	156	364	916

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue	846.08		2,223.83
Blue Care Elect	1,304.10		3,093.66
Medex II	341.26	682.52	
Basic Dental Plan	23.10		78.54
Enhanced Dental Plan	35.30		127.34

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Blue	161		297	755	9,560,356.68	7,665,484.80
Blue Care Elect	51		67	185	3,285,411.84	2,895,102.00
Total	212	0	364	940	12,845,768.52	10,560,586.80
Blended Average Monthly Rate:						\$ 936.22

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex II	184	156		496	2,031,179.52	2,031,179.52
Total	184	156	0	496	2,031,179.52	2,031,179.52
Blended Average Monthly Rate:						\$ 341.25

## 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 August 13, 2021 and its subject is the Town of Canton’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 Canton 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.