

**Town of Westford  
Other Postemployment Benefits Plan**

**GASB 74 & GASB 75 Actuarial Valuation**

With a Valuation Date of July 1, 2019

As of the Measurement Date:  
June 30, 2021

For the Reporting Date:  
June 30, 2021

Delivered August 23, 2021



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August 23, 2021

*Personal and Confidential*

Mr. Dan O'Donnell  
Budget Director  
Town of Westford  
55 Main Street  
Westford, MA 01886

Dear Mr. O'Donnell:

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

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

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

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

Very truly yours,

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

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

**August 23, 2021**

ACTUARIAL CERTIFICATION

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

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

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

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



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

## EXECUTIVE SUMMARY

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

#### Plan Experience

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

#### Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by \$2.5 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.50% to 6.25% increasing the disclosed liability by \$2.5 million.

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

#### Investment Experience

- ✓ During the period there was an investment gain of \$1,546,889 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 6.93 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 \$10,384,412 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute annually the service cost of employees hired after January 1, 2012, and \$200k from Water for FY22 and beyond.
- ✓ Investment Policy - The Town is expected to earn 6.25% 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 67.26% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase at 4.50% per year for Active plans and 4.50% per year for Medicare supplement plans.
- ✓ Discount Rate (6.25%) – 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

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. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age. The Town currently has 19 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. You may wish to review their Medicare eligibility to see if they are already eligible for Medicare or if a “buy-in” is appropriate as this could yield a reduction in your OPEB annual costs and disclosed liabilities. If you are in this situation, we encourage you to talk to your healthcare consultant to see if this might be viable.

## EXECUTIVE SUMMARY

### Key Plan Metrics

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

<b>Representative Plan Statistics</b>		
<b>Valuation Date</b>	<b>July 1, 2019</b>	<b>July 1, 2019</b>
<b>Measurement Date &amp; Period Ending</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
<b>Reporting Date/Fiscal Year End</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total OPEB Liability	86,032,528	79,260,491
Per Eligible Active Plan Participant	46,182	44,802
Per Retiree/Spouse Plan Participant	69,677	60,119
Total Annual Service Cost (Annual Benefit Accrual)	2,216,467	2,144,399
Per Eligible Active Plan Participant	2,184	2,113
Expected Employer Share of Retiree Costs	3,169,596	2,965,571
Per Retiree/Spouse Plan Participant	5,640	5,277
Net OPEB Liability as a % of Covered Payroll	113.30%	111.30%

## 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	562	86,032,528	86,032,528	3,169,596	3,169,596
June 30, 2026	750	107,038,429	92,332,289	4,528,686	3,906,484
June 30, 2031	861	128,751,794	95,803,426	6,450,699	4,799,926
June 30, 2036	927	149,466,714	95,936,996	8,140,726	5,225,222
June 30, 2041	941	173,360,198	95,985,338	9,378,775	5,192,800
June 30, 2046	928	203,868,231	97,368,603	10,663,410	5,092,904
June 30, 2051	912	246,056,509	101,372,024	11,597,750	4,778,119

## 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)	3,440,619
June 30, 2021	Actual	3,169,596
June 30, 2020	Actual	2,965,571
June 30, 2019	Actual	2,485,694
June 30, 2018	Actual	2,245,506
June 30, 2017	Actual	2,042,259

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 \$75,648,116 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 annually the service cost of employees hired after January 1, 2012, and \$200k from Water for FY22 and beyond. The balance of this fund as of June 30, 2021 was \$10,384,412. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

**Town of Westford**

**Assuming Funding - 6.25% discount rate**

**Comparison of Plan Liabilities to Prior Valuation**

Valuation Date	July 1, 2019	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
I. Total OPEB Liability		
A. Actives	46,874,315	45,473,742
B. Retirees/Disabled	<u>39,158,213</u>	<u>33,786,749</u>
C. Total	86,032,528	79,260,491
II. Fiduciary Net Position [Plan Assets]	10,384,412	7,127,037
III. Net OPEB Liability (Asset) [I. - II.]	75,648,116	72,133,454
IV. Funded Ratio [II. / I.]	12.07%	8.99%
V. Number of Eligible Participants		
A. Actives	1,015	1,015
B. Retirees/Disabled & Dependents	<u>562</u>	<u>562</u>
C. Total	1,577	1,577
VI. Service Cost	2,216,467	2,144,399
VII. Financial Statement Expense	8,125,682	4,525,234
VIII. Employer Contribution to the OPEB Trust	(1,227,275)	(1,072,641)
IX. Deferred Inflow of Resources	(5,920,121)	(5,637,457)
X. Deferred Outflow of Resources	9,207,101	9,138,586
XI. Money Weighted Rate of Return	24.63%	1.16%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.25%	6.49%
XIV. Crossover Year	N/A	N/A
XV. Discount Rate	6.25%	6.50%

## PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Recreation Enterprise Employees and Retirees	Total
I. Total OPEB Liability								
A. Actives	4,574,118	35,213,445	3,053,882	2,960,597	709,712	52,197	310,364	46,874,315
B. Retirees/Disabled	<u>8,047,228</u>	<u>28,507,253</u>	<u>974,013</u>	<u>1,145,724</u>	<u>428,753</u>	<u>0</u>	<u>55,242</u>	<u>39,158,213</u>
C. Total	12,621,346	63,720,698	4,027,895	4,106,321	1,138,465	52,197	365,606	86,032,528
II. Fiduciary Net Position [Plan Assets]	387,672	7,832,993	495,137	504,778	1,163,832	0	0	10,384,412
III. Net OPEB Liability (Asset) [I. - II.]	12,233,674	55,887,705	3,532,758	3,601,543	(25,367)	52,197	365,606	75,648,116
IV. Number of Eligible Participants								
A. Actives	116	783	46	32	13	9	16	1,015
B. Retirees/Disabled	<u>114</u>	<u>430</u>	<u>5</u>	<u>6</u>	<u>5</u>	<u>0</u>	<u>2</u>	<u>562</u>
C. Total	230	1,213	51	38	18	9	18	1,577
<b>For the Reporting Date and Fiscal Year Ending June 30, 2021</b>								
V. Service Cost	187,872	1,711,890	151,174	99,901	22,987	14,274	28,369	2,216,467
VI. Financial Statement Expense	565,045	6,540,551	462,704	413,694	64,161	19,587	59,940	8,125,682
VII. Employer Share of Costs	(694,826)	(2,297,654)	(59,528)	(51,003)	(63,167)	0	(3,418)	(3,169,596)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(187,379)	(911,860)	(59,655)	(60,063)	(8,318)	0	0	(1,227,275)
IX. Total Employer Contribution [VII. + VIII.]	(882,205)	(3,209,514)	(119,183)	(111,066)	(71,485)	0	(3,418)	(4,396,871)

PRINCIPAL RESULTS OF THE VALUATION

**Town of Westford**

**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	18,822,349	20,762,070	39,584,419	3,584,778	23,462,950	27,047,728	66,632,147
B. Spouses	<u>10,373,690</u>	<u>14,413,975</u>	<u>24,787,665</u>	<u>2,712,303</u>	<u>9,398,182</u>	<u>12,110,485</u>	<u>36,898,150</u>
C. Total	29,196,039	35,176,045	64,372,084	6,297,081	32,861,132	39,158,213	103,530,297
<b>Total OPEB Liability</b>							
A. Participants	14,063,668	14,732,081	28,795,749	3,584,778	23,462,950	27,047,728	55,843,477
B. Spouses	<u>7,810,465</u>	<u>10,268,101</u>	<u>18,078,566</u>	<u>2,712,303</u>	<u>9,398,182</u>	<u>12,110,485</u>	<u>30,189,051</u>
C. Total	21,874,133	25,000,182	46,874,315	6,297,081	32,861,132	39,158,213	86,032,528
<b>Service Cost</b>							
A. Participants	579,404	792,024	1,371,428	0	0	0	1,371,428
B. Spouses	<u>303,117</u>	<u>541,922</u>	<u>845,039</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>845,039</u>
C. Total	882,521	1,333,946	2,216,467	0	0	0	2,216,467

**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 6.25% return	with an expected 6.25% return									
2021	June 30, 2021	86,032,528	10,384,412	75,648,116	12.07%	2,216,467	3,169,596	1,227,275	4,396,871	3,169,596	0	1,227,275	
2022	June 30, 2022	89,869,832	12,974,252	76,895,580	14.44%	2,417,062	3,440,619	1,882,866	5,323,485	3,440,619	0	1,882,866	
2023	June 30, 2023	94,037,103	15,008,325	79,028,778	15.96%	2,491,947	3,704,835	1,186,661	4,891,496	3,704,835	0	1,186,661	
2024	June 30, 2024	98,320,303	17,343,596	80,976,707	17.64%	2,579,143	3,925,294	1,355,532	5,280,826	3,925,294	0	1,355,532	
2025	June 30, 2025	102,654,831	20,018,911	82,635,920	19.50%	2,662,687	4,217,102	1,543,827	5,760,929	4,217,102	0	1,543,827	
2026	June 30, 2026	107,038,429	22,991,704	84,046,725	21.48%	2,753,298	4,528,686	1,670,208	6,198,894	4,528,686	0	1,670,208	
2027	June 30, 2027	111,452,996	26,291,226	85,161,770	23.59%	2,844,264	4,860,974	1,806,930	6,667,904	4,860,974	0	1,806,930	
2028	June 30, 2028	115,928,786	29,949,427	85,979,359	25.83%	2,950,281	5,153,166	1,954,837	7,108,003	5,153,166	0	1,954,837	
2029	June 30, 2029	120,305,910	34,001,199	86,304,711	28.26%	3,048,010	5,640,992	2,114,845	7,755,837	5,640,992	0	2,114,845	
2030	June 30, 2030	124,563,471	38,484,633	86,078,838	30.90%	3,144,442	6,075,593	2,287,944	8,363,537	6,075,593	0	2,287,944	
2031	June 30, 2031	128,751,794	43,441,304	85,310,490	33.74%	3,253,954	6,450,699	2,475,204	8,925,903	6,450,699	0	2,475,204	
2032	June 30, 2032	132,738,831	48,916,580	83,822,251	36.85%	3,366,353	6,923,314	2,677,782	9,601,096	6,923,314	0	2,677,782	
2033	June 30, 2033	136,821,509	61,183,259	75,638,250	44.72%	3,485,977	7,410,239	8,934,423	16,344,662	7,410,239	0	8,934,423	
2034	June 30, 2034	140,909,163	73,801,852	67,107,311	52.38%	3,615,567	7,586,624	8,532,053	16,118,677	7,586,624	0	8,532,053	
2035	June 30, 2035	145,134,872	86,765,519	58,369,353	59.78%	3,739,735	7,916,363	8,101,710	16,018,073	7,916,363	0	8,101,710	
2036	June 30, 2036	149,466,714	100,098,152	49,368,562	66.97%	3,879,614	8,140,726	7,673,622	15,814,348	8,140,726	0	7,673,622	
2037	June 30, 2037	154,148,558	113,816,758	40,331,800	73.84%	4,030,704	8,342,177	7,239,661	15,581,838	8,342,177	0	7,239,661	
2038	June 30, 2038	158,735,107	127,947,567	30,787,540	80.60%	4,186,177	8,551,644	6,807,744	15,359,388	8,551,644	0	6,807,744	
2039	June 30, 2039	163,304,248	142,481,983	20,822,265	87.25%	4,341,304	8,931,499	6,342,494	15,273,993	8,931,499	0	6,342,494	
2040	June 30, 2040	168,180,677	157,436,689	10,743,988	93.61%	4,515,510	9,118,317	5,868,957	14,987,274	9,118,317	0	5,868,957	
2041	June 30, 2041	173,360,198	172,829,025	531,173	99.69%	4,688,399	9,378,775	5,386,758	14,765,533	9,378,775	0	5,386,758	
2042	June 30, 2042	178,812,428	188,700,010	(9,887,582)	105.53%	4,883,292	9,741,908	4,917,818	14,659,726	9,741,908	0	4,917,818	
2043	June 30, 2043	184,638,964	195,444,989	(10,806,025)	105.85%	5,086,450	9,984,478	(4,898,028)	5,086,450	9,984,478	0	(4,898,028)	
2044	June 30, 2044	190,622,049	202,612,337	(11,990,288)	106.29%	5,302,697	10,199,941	(4,897,244)	5,302,697	10,199,941	0	(4,897,244)	
2045	June 30, 2045	197,016,963	210,211,206	(13,194,243)	106.70%	5,522,653	10,435,845	(4,913,192)	5,522,653	10,435,845	0	(4,913,192)	
2046	June 30, 2046	203,868,231	218,293,544	(14,425,313)	107.08%	5,758,503	10,663,410	(4,904,907)	5,758,503	10,663,410	0	(4,904,907)	
2047	June 30, 2047	211,266,482	227,095,789	(15,829,307)	107.49%	6,010,465	10,707,023	(4,696,558)	6,010,465	10,707,023	0	(4,696,558)	
2048	June 30, 2048	219,069,121	236,406,447	(17,337,326)	107.91%	6,269,078	11,006,118	(4,737,040)	6,269,078	11,006,118	0	(4,737,040)	
2049	June 30, 2049	227,423,004	246,388,373	(18,965,369)	108.34%	6,547,255	11,197,611	(4,650,356)	6,547,255	11,197,611	0	(4,650,356)	
2050	June 30, 2050	236,542,991	257,138,807	(20,595,816)	108.71%	6,833,388	11,343,425	(4,510,037)	6,833,388	11,343,425	0	(4,510,037)	
2051	June 30, 2051	246,056,509	268,609,585	(22,553,076)	109.17%	7,134,709	11,597,750	(4,463,041)	7,134,709	11,597,750	0	(4,463,041)	
2052	June 30, 2052	256,281,414	280,721,771	(24,440,357)	109.54%	7,454,548	11,990,850	(4,536,302)	7,454,548	11,990,850	0	(4,536,302)	

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	2,216,467
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	5,194,612
III. Deferred (Inflows)/Outflows from Plan Experience*	2,026,211
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	(581,619)
V. Projected Earnings on OPEB Plan Investments	(483,211)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(246,778)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	8,125,682
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	8,125,682

\* Amortized over 6.93 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.</b>	<b>Balances for the June 30, 2020 Reporting Date</b>	79,260,491	7,127,037	72,133,454
<b>II.</b>	<b>Prior Period Adjustment</b>	0	0	0
<b>III.</b>	<b>Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]</b>	79,260,491	7,127,037	72,133,454
<b>Changes for the year:</b>				
IV.	Service Cost	2,216,467	0	2,216,467
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,194,612	0	5,194,612
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	2,530,554	0	2,530,554
VIII.	Differences Between Actual and Expected Experience **	0	0	0
IX.	Net Investment Income	0	2,030,100	(2,030,100)
X.	Employer Contributions to Trust	0	4,396,871	(4,396,871)
XI.	Benefit Payments Withdrawn from Trust	0	(3,169,596)	3,169,596
XII.	Benefit Payments Excluding Implicit Cost	(2,391,562)	0	(2,391,562)
XIII.	Implicit Cost Amount	(778,034)	0	(778,034)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(3,169,596)	0	(3,169,596)
XV.	Administrative Expense	0	0	0
XVI.	Other Charges	0	0	0
<b>XVII.</b>	<b>Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]</b>	<b>6,772,037</b>	<b>3,257,375</b>	<b>3,514,662</b>
<b>XVIII.</b>	<b>Balances for the June 30, 2021 Reporting Date [III.+XVII.]</b>	<b>86,032,528</b>	<b>10,384,412</b>	<b>75,648,116</b>

\* Recognized Immediately

\*\* Amortized over 6.93 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	10,149,238	6.81	4,187,866	1,490,343	1,490,343	1,490,343	1,207,180		
2019	0	6.81	0	0	0	0	0	0	
2020	3,713,568	6.93	2,641,832	535,868	535,868	535,868	535,868	535,868	498,360
2021	0	6.93	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			6,829,698						
Net increase (decrease) in OPEB Expense				2,026,211	2,026,211	2,026,211	1,743,048	535,868	498,360

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	6.81	0	0	0	0	0		
2019	0	6.81	0	0	0	0	0	0	
2020	(6,561,176)	6.93	(4,667,620)	(946,778)	(946,778)	(946,778)	(946,778)	(946,778)	(880,508)
2021	2,530,554	6.93	2,165,395	365,159	365,159	365,159	365,159	365,159	365,159
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(2,502,225)						
Net increase (decrease) in OPEB Expense				(581,619)	(581,619)	(581,619)	(581,619)	(581,619)	(515,349)

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	(5,740)	5.00	(1,148)	(1,148)	(1,148)				
2019	(34,605)	5.00	(13,842)	(6,921)	(6,921)	(6,921)			
2020	353,346	5.00	212,008	70,669	70,669	70,669	70,670		
2021	(1,546,889)	5.00	(1,237,511)	(309,378)	(309,378)	(309,378)	(309,378)	(309,377)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(1,040,493)						
Net increase (decrease) in OPEB Expense				(246,778)	(246,778)	(245,630)	(238,708)	(309,377)	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	6,829,698	0	6,829,698
III. Changes of Assumptions	2,165,395	(4,667,620)	(2,502,225)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>212,008</u>	<u>(1,252,501)</u>	<u>(1,040,493)</u>
V. Total [I.+II.+III.+IV.]	9,207,101	(5,920,121)	3,286,980

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

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

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

<b>Year ending June 30:</b>	
2022	1,197,814
2023	1,198,962
2024	922,721
2025	(355,128)
2026	(16,989)
Thereafter	339,600

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.25% as of June 30, 2021 and 6.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefits payments.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$3,169,596. The Town also contributed \$1,227,275 to an OPEB Trust for a total contribution during the measurement period of \$4,396,871 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	42.00%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	5.25%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	4.75%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	2.50%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	28.25%	Domestic Fixed Income	1.40%
International Fixed Income	2.50%	International Fixed Income	1.30%
Alternatives	7.25%	Alternatives	6.32%
Real Estate	5.75%	Real Estate	6.25%
Cash & Cash Equivalents	1.75%	Cash & Cash Equivalents	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return**	4.00%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.50%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>6.25%</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	6,033,439	(4,396,871)	1,636,568	66,756,835	6.59%
June 30, 2020	7,331,061	(4,038,212)	3,292,849	64,812,462	6.23%
June 30, 2019	7,908,973	(3,558,335)	4,350,638	60,760,942	5.86%
June 30, 2018	8,017,242	(3,245,991)	4,771,251	58,991,206	5.50%
June 30, 2017	3,162,513	(3,162,513)	0	57,373,661	5.51%

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

8. Effect of 1% Change in Healthcare Trend

<b><u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u></b>			
	<b><u>1% Decrease</u></b>	<b><u>Current Trend Rate</u></b>	<b><u>1% Increase</u></b>
<b>I. Total OPEB Liability</b>	74,812,603	86,032,528	99,935,576
<b>II. Fiduciary Net Position</b>	<u>10,384,412</u>	<u>10,384,412</u>	<u>10,384,412</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	64,428,191	75,648,116	89,551,164
<b>IV. Service Cost</b>	1,778,295	2,216,467	2,798,742

9. Effect of 1% Change in Discount Rates

<b><u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u></b>			
	<b><u>1% Decrease</u></b>	<b><u>Current Discount Rate</u></b>	<b><u>1% Increase</u></b>
<b>I. Total OPEB Liability</b>	98,149,427	86,032,528	76,169,799
<b>II. Fiduciary Net Position</b>	<u>10,384,412</u>	<u>10,384,412</u>	<u>10,384,412</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	87,765,015	75,648,116	65,785,387
<b>IV. Service Cost</b>	2,811,257	2,216,467	1,767,140

EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - July 1, 2020	7,127,037	12	1.0000
Monthly net external cash flows:			
July	1,227,275	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	1,227,275		
III. Earnings and increase in fair value	2,030,100		
IV. Ending value - June 30, 2021 [I.+II.+III.]	10,384,412		
Money Weighted Rate of Return	24.63%		
Asset Value - June 30, 2021	10,384,412		

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	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Recreation Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2021	12,621,346	63,720,698	4,027,895	4,106,321	1,138,465	52,197	365,606	86,032,528
II. Fiduciary Net Position as of June 30, 2021	387,672	7,832,993	495,137	504,778	1,163,832	0	0	10,384,412
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	12,233,674	55,887,705	3,532,758	3,601,543	(25,367)	52,197	365,606	75,648,116
IV. Service Cost	187,872	1,711,890	151,174	99,901	22,987	14,274	28,369	2,216,467
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	223,585	4,305,730	278,540	280,136	75,554	4,586	26,481	5,194,612
VI. Projected Earnings on OPEB Plan Investments	(22,135)	(364,240)	(23,090)	(23,515)	(50,231)	0	0	(483,211)
VII. Net Recognition of Deferred (Inflows)/Outflows	175,723	887,171	56,080	57,172	15,851	727	5,090	1,197,814
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VII. + VIII.]	565,045	6,540,551	462,704	413,694	64,161	19,587	59,940	8,125,682
X. Employer Share of Costs	(694,826)	(2,297,654)	(59,528)	(51,003)	(63,167)	0	(3,418)	(3,169,596)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(187,379)	(911,860)	(59,655)	(60,063)	(8,318)	0	0	(1,227,275)
XII. Total Employer Contribution [X. + XI.]	(882,205)	(3,209,514)	(119,183)	(111,066)	(71,485)	0	(3,418)	(4,396,871)
XIII. Net OPEB Expense [IX. + XII.]	(317,160)	3,331,037	343,521	302,628	(7,324)	19,587	56,522	3,728,811

EXHIBIT A

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

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

Valuation Date	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2021
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	6,829,698
II. Deferred (Inflow)/Outflow from Investment Experience	(1,040,493)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(2,502,225)
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	9,138,586
II. Deferred Outflow created during the period	2,530,554
III. Deferred Outflow recognized during the period	2,462,039
IV. Change in Deferred Outflow (II. - III. )	68,515
V. Deferred Outflow at end of the period (I. + IV. )	9,207,101
VI. Deferred Inflow at the beginning of the period	(5,637,457)
VII. Deferred Inflow created during the period	(1,546,889)
VIII. Deferred Inflow recognized during the period	(1,264,225)
IX. Change in Deferred Inflow (VII. - VIII. )	(282,664)
X. Deferred Inflow at end of the period (VI. + IX. )	(5,920,121)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	72,133,454
II. Service Cost	2,216,467
III. Interest on Total OPEB Liability, Service Cost, and Payments	5,194,612
IV. Projected Investment Income	(483,211)
V. Total Employer Contributions	(4,396,871)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	2,530,997
VIII. Deferred Outflow created during the period	2,530,554
IX. Deferred Inflow created during the period	(1,546,889)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	75,648,116
<b>Net OPEB Expense</b>	
I. Service Cost	2,216,467
II. Interest on Total OPEB Liability, Service Cost, and Payments	5,194,612
III. Projected Investment Income	(483,211)
IV. Recognition of Deferred (Inflow)/Outflow	1,197,814
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V. )	8,125,682
VII. Benefit Payments	(3,169,596)
VIII. Contributions to Trust	(1,227,275)
IX. Total Employer Payments (VII. + VIII. )	(4,396,871)
X. Total Net OPEB Expense under GASB 75 (VI. + IX. )	3,728,811

**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	2,216,467	2,144,399	2,874,731	2,695,924	N/A
II. Amortization of NOL	<u>3,816,972</u>	<u>5,186,662</u>	<u>5,034,242</u>	<u>5,321,318</u>	N/A
III. Actuarial Determined Contribution [I. + II.]	6,033,439	7,331,061	7,908,973	8,017,242	3,162,513
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(4,396,871)</u>	<u>(4,038,212)</u>	<u>(3,558,335)</u>	<u>(3,245,991)</u>	<u>(3,162,513)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>1,636,568</u>	<u>3,292,849</u>	<u>4,350,638</u>	<u>4,771,251</u>	0
Covered Employee Payroll	66,756,835	64,812,462	60,760,942	58,991,206	57,373,661
Contributions as a % of Covered Employee Payroll	6.59%	6.23%	5.86%	5.50%	5.51%
Discount Rate	6.25%	6.50%	5.75%	5.75%	5.75%
Money Weighted Rate of Return	24.63%	1.16%	6.63%	<u>(0.12%)</u>	14.69%

EXHIBIT B

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2017
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	86,032,528	79,260,491	81,267,779	76,391,404	83,134,715
I. Service Cost	2,216,467	2,144,399	2,874,731	2,695,924	3,379,477
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,194,612	4,712,132	4,487,338	4,871,606	3,932,112
III. Changes in Benefit Terms	0	(3,050,640)	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	3,713,568	0	0	(2,545,735)
V. Changes of Assumptions	2,530,554	(6,561,176)	0	(12,065,335)	0
VI. Benefit Payments Excluding Implicit Cost	(2,391,562)	(2,226,176)	(2,126,291)	(1,926,448)	N/A
VII. Implicit Cost Amount	(778,034)	(739,395)	(359,403)	(319,058)	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	<u>(3,169,596)</u>	<u>(2,965,571)</u>	<u>(2,485,694)</u>	<u>(2,245,506)</u>	<u>(2,042,259)</u>
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	6,772,037	(2,007,288)	4,876,375	(6,743,311)	2,723,595
X. Total OPEB Liability - Beginning of Period	79,260,491	81,267,779	76,391,404	83,134,715	80,411,120
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	79,260,491	81,267,779	76,391,404	83,134,715	80,411,120
XIII. Total OPEB Liability - End of Period [IX.+XII.]	86,032,528	79,260,491	81,267,779	76,391,404	83,134,715
<b>Plan Fiduciary Net Position</b>	10,384,412	7,127,037	5,985,052	4,554,552	3,559,027
XIV. Earning from Plan Investments	2,030,100	69,344	357,859	(4,960)	152,263
XV. Employer Contribution to Trust	4,396,871	4,038,212	3,558,335	3,245,991	3,162,513
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(3,169,596)	(2,965,571)	(2,485,694)	(2,245,506)	(2,042,259)
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.]	3,257,375	1,141,985	1,430,500	995,525	1,272,517
XX. Plan Fiduciary Net Position - Beginning of Period	7,127,037	5,985,052	4,554,552	3,559,027	2,286,510
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	7,127,037	5,985,052	4,554,552	3,559,027	2,286,510
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	10,384,412	7,127,037	5,985,052	4,554,552	3,559,027
XXIV. Net OPEB Liability [XIII.-XXIII.]	75,648,116	72,133,454	75,282,727	71,836,852	79,575,688
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	12.07%	8.99%	7.36%	5.96%	4.28%
XXVI. Covered Employee Payroll	66,756,835	64,812,462	60,760,942	58,991,206	57,373,661
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	113.32%	111.30%	123.90%	121.78%	138.70%
Single Discount Rate to calculate Plan Liabilities	6.25%	6.50%	5.75%	5.75%	5.75%

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	6.25%, 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, 2019, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	562
Active Employees:	<u>1,015</u>
Total:	1,577

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 6.50% to 6.25%

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$1,227,275 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 \$3,169,596. \$778,034 of the \$3,169,596 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, 2019 Valuation Date**

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2021	66,756,835	0	66,756,835	0	3,169,596	0	3,169,596
June 30, 2022	62,781,366	5,978,174	68,759,540	0	3,440,619	0	3,440,619
June 30, 2023	59,565,100	11,257,226	70,822,326	0	3,704,835	0	3,704,835
June 30, 2024	56,584,255	16,362,741	72,946,996	0	3,925,294	0	3,925,294
June 30, 2025	54,069,665	21,065,741	75,135,406	0	4,217,102	0	4,217,102
June 30, 2026	51,668,914	25,720,554	77,389,468	0	4,528,686	0	4,528,686
June 30, 2027	49,388,405	30,322,747	79,711,152	0	4,860,974	0	4,860,974
June 30, 2028	47,080,013	35,022,474	82,102,487	0	5,153,166	0	5,153,166
June 30, 2029	45,099,684	39,465,878	84,565,562	0	5,640,992	0	5,640,992
June 30, 2030	43,033,328	44,069,201	87,102,529	0	6,075,593	0	6,075,593
June 30, 2031	40,720,595	48,995,010	89,715,605	0	6,421,554	29,145	6,450,699
June 30, 2032	38,644,908	53,762,165	92,407,073	0	6,849,619	73,695	6,923,314
June 30, 2033	36,568,830	58,610,455	95,179,285	0	7,274,586	135,653	7,410,239
June 30, 2034	34,610,858	63,423,806	98,034,664	0	7,362,703	223,921	7,586,624
June 30, 2035	32,850,740	68,124,964	100,975,704	0	7,581,722	334,641	7,916,363
June 30, 2036	30,940,075	73,064,900	104,004,975	0	7,726,561	414,165	8,140,726
June 30, 2037	29,119,398	78,005,726	107,125,124	0	7,831,939	510,238	8,342,177
June 30, 2038	27,471,931	82,866,947	110,338,878	0	7,930,043	621,601	8,551,644
June 30, 2039	25,846,256	87,802,788	113,649,044	0	8,224,129	707,370	8,931,499
June 30, 2040	24,055,832	93,002,683	117,058,515	0	8,313,350	804,967	9,118,317
June 30, 2041	22,466,893	98,103,377	120,570,270	0	8,428,831	949,944	9,378,775
June 30, 2042	20,878,386	103,308,992	124,187,378	0	8,604,612	1,137,296	9,741,908
June 30, 2043	19,433,532	108,479,467	127,912,999	0	8,618,103	1,366,375	9,984,478
June 30, 2044	18,059,144	113,691,245	131,750,389	0	8,542,026	1,657,915	10,199,941
June 30, 2045	16,806,020	118,896,881	135,702,901	0	8,434,127	2,001,718	10,435,845
June 30, 2046	15,467,081	124,306,907	139,773,988	0	8,382,397	2,281,013	10,663,410
June 30, 2047	14,213,990	129,753,218	143,967,208	0	8,105,019	2,602,004	10,707,023
June 30, 2048	13,114,188	135,172,036	148,286,224	0	8,047,515	2,958,603	11,006,118
June 30, 2049	11,923,242	140,811,569	152,734,811	0	7,933,991	3,263,620	11,197,611
June 30, 2050	10,839,379	146,477,476	157,316,855	0	7,743,954	3,599,471	11,343,425
June 30, 2051	9,698,010	152,338,351	162,036,361	0	7,602,255	3,995,495	11,597,750
June 30, 2052	8,678,083	158,219,369	166,897,452	0	7,552,882	4,437,968	11,990,850
June 30, 2053	7,558,194	164,346,182	171,904,376	0	7,504,655	4,925,353	12,430,008
June 30, 2054	6,766,854	170,294,653	177,061,507	0	7,471,801	5,476,436	12,948,237
June 30, 2055	5,908,551	176,464,801	182,373,352	0	7,375,108	6,079,923	13,455,031
June 30, 2056	5,134,304	182,710,249	187,844,553	0	7,241,560	6,645,896	13,887,456
June 30, 2057	4,337,237	189,142,653	193,479,890	0	7,206,891	7,260,405	14,467,296
June 30, 2058	3,663,033	195,621,254	199,284,287	0	7,050,235	7,916,026	14,966,261
June 30, 2059	2,991,834	202,270,982	205,262,816	0	6,869,503	8,568,861	15,438,364
June 30, 2060	2,423,904	208,996,796	211,420,700	0	6,779,388	9,263,855	16,043,243

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2061	1,908,376	215,854,945	217,763,321	0	6,554,860	10,024,885	16,579,745
June 30, 2062	1,472,984	222,823,237	224,296,221	0	6,328,097	10,845,693	17,173,790
June 30, 2063	1,136,346	229,888,762	231,025,108	0	6,195,152	11,732,912	17,928,064
June 30, 2064	784,658	237,171,203	237,955,861	0	6,010,204	12,696,161	18,706,365
June 30, 2065	531,812	244,562,725	245,094,537	0	5,827,128	13,727,695	19,554,823
June 30, 2066	359,956	252,087,417	252,447,373	0	5,667,275	14,756,960	20,424,235
June 30, 2067	187,151	259,833,643	260,020,794	0	5,515,745	15,848,787	21,364,532
June 30, 2068	62,430	267,758,988	267,821,418	0	5,349,984	17,000,358	22,350,342
June 30, 2069	29,251	275,826,810	275,856,061	0	5,174,868	18,151,585	23,326,453
June 30, 2070	14,572	284,117,171	284,131,743	0	4,990,442	19,360,712	24,351,154
June 30, 2071	11,938	292,643,757	292,655,695	0	4,799,227	20,632,904	25,432,131
June 30, 2072	0	301,435,366	301,435,366	0	4,600,273	21,961,762	26,562,035
June 30, 2073	0	310,478,427	310,478,427	0	4,395,527	23,355,729	27,751,256
June 30, 2074	0	319,792,780	319,792,780	0	4,186,070	24,811,115	28,997,185
June 30, 2075	0	329,386,563	329,386,563	0	3,972,939	26,329,279	30,302,218
June 30, 2076	0	339,268,160	339,268,160	0	3,757,212	27,913,361	31,670,573
June 30, 2077	0	349,446,205	349,446,205	0	3,540,077	29,560,545	33,100,622
June 30, 2078	0	359,929,591	359,929,591	0	3,322,482	31,276,329	34,598,811
June 30, 2079	0	370,727,479	370,727,479	0	3,105,504	33,065,174	36,170,678
June 30, 2080	0	381,849,303	381,849,303	0	2,890,303	34,924,804	37,815,107
June 30, 2081	0	393,304,782	393,304,782	0	2,677,944	36,857,978	39,535,922
June 30, 2082	0	405,103,925	405,103,925	0	2,469,472	38,873,850	41,343,322
June 30, 2083	0	417,257,043	417,257,043	0	2,265,992	40,979,422	43,245,414
June 30, 2084	0	429,774,754	429,774,754	0	2,068,504	43,170,712	45,239,216
June 30, 2085	0	442,667,997	442,667,997	0	1,877,956	45,456,073	47,334,029
June 30, 2086	0	455,948,037	455,948,037	0	1,695,331	47,845,228	49,540,559
June 30, 2087	0	469,626,478	469,626,478	0	1,521,415	50,327,900	51,849,315
June 30, 2088	0	483,715,272	483,715,272	0	1,356,837	52,918,678	54,275,515
June 30, 2089	0	498,226,730	498,226,730	0	1,202,099	55,625,608	56,827,707
June 30, 2090	0	513,173,532	513,173,532	0	1,057,622	58,443,048	59,500,670
June 30, 2091	0	528,568,738	528,568,738	0	923,585	61,383,494	62,307,079
June 30, 2092	0	544,425,800	544,425,800	0	800,089	64,451,381	65,251,470
June 30, 2093	0	560,758,574	560,758,574	0	687,093	67,657,898	68,344,991
June 30, 2094	0	577,581,331	577,581,331	0	584,526	71,006,216	71,590,742
June 30, 2095	0	594,908,771	594,908,771	0	492,153	74,506,155	74,998,308

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2021	7,127,037	3,169,596	1,227,275	4,396,871	0	3,169,596	3,169,596	2,030,100	10,384,412
June 30, 2022	10,384,412	3,440,619	1,719,164	5,159,783	0	3,440,619	3,440,619	645,507	12,749,083
June 30, 2023	12,749,083	3,704,835	998,041	4,702,876	0	3,704,835	3,704,835	827,534	14,574,658
June 30, 2024	14,574,658	3,925,294	1,051,473	4,976,767	0	3,925,294	3,925,294	943,277	16,569,408
June 30, 2025	16,569,408	4,217,102	1,110,984	5,328,086	0	4,217,102	4,217,102	1,069,780	18,750,172
June 30, 2026	18,750,172	4,528,686	1,115,111	5,643,797	0	4,528,686	4,528,686	1,206,205	21,071,488
June 30, 2027	21,071,488	4,860,974	1,119,560	5,980,534	0	4,860,974	4,860,974	1,351,424	23,542,472
June 30, 2028	23,542,472	5,153,166	1,120,962	6,274,128	0	5,153,166	5,153,166	1,505,904	26,169,338
June 30, 2029	26,169,338	5,640,992	1,127,869	6,768,861	0	5,640,992	5,640,992	1,670,295	28,967,502
June 30, 2030	28,967,502	6,075,593	1,130,367	7,205,960	0	6,075,593	6,075,593	1,845,258	31,943,127
June 30, 2031	31,943,127	6,421,554	1,123,459	7,545,013	0	6,421,554	6,421,554	2,031,021	35,068,462
June 30, 2032	35,068,462	6,849,619	1,119,856	7,969,475	0	6,849,619	6,849,619	2,226,244	38,340,867
June 30, 2033	38,340,867	7,274,586	3,432,694	10,707,280	0	7,274,586	7,274,586	2,501,950	44,139,858
June 30, 2034	44,139,858	7,362,703	3,012,217	10,374,920	0	7,362,703	7,362,703	2,851,446	49,779,600
June 30, 2035	49,779,600	7,581,722	2,635,755	10,217,477	0	7,581,722	7,581,722	3,192,344	55,273,058
June 30, 2036	55,273,058	7,726,561	2,282,799	10,009,360	0	7,726,561	7,726,561	3,524,822	60,666,514
June 30, 2037	60,666,514	7,831,939	1,967,928	9,799,867	0	7,831,939	7,831,939	3,852,223	65,976,427
June 30, 2038	65,976,427	7,930,043	1,694,977	9,625,020	0	7,930,043	7,930,043	4,175,692	71,225,495
June 30, 2039	71,225,495	8,224,129	1,442,421	9,666,550	0	8,224,129	8,224,129	4,495,986	76,456,532
June 30, 2040	76,456,532	8,313,350	1,206,086	9,519,436	0	8,313,350	8,313,350	4,815,652	81,673,303
June 30, 2041	81,673,303	8,428,831	1,003,761	9,432,592	0	8,428,831	8,428,831	5,135,474	86,862,594
June 30, 2042	86,862,594	8,604,612	826,784	9,431,396	0	8,604,612	8,604,612	5,454,358	92,006,440
June 30, 2043	92,006,440	8,618,103	675,130	9,293,233	0	8,618,103	8,618,103	5,771,181	97,086,376
June 30, 2044	97,086,376	8,542,026	630,568	9,172,594	0	8,542,026	8,542,026	6,087,305	102,146,334
June 30, 2045	102,146,334	8,434,127	587,428	9,021,555	0	8,434,127	8,434,127	6,402,225	107,134,269
June 30, 2046	107,134,269	8,382,397	542,320	8,924,717	0	8,382,397	8,382,397	6,712,582	112,108,158
June 30, 2047	112,108,158	8,105,019	500,843	8,605,862	0	8,105,019	8,105,019	7,022,174	117,029,171
June 30, 2048	117,029,171	8,047,515	463,432	8,510,947	0	8,047,515	8,047,515	7,328,586	121,862,586
June 30, 2049	121,862,586	7,933,991	423,138	8,357,129	0	7,933,991	7,933,991	7,629,434	126,651,538
June 30, 2050	126,651,538	7,743,954	385,893	8,129,847	0	7,743,954	7,743,954	7,927,598	131,365,558
June 30, 2051	131,365,558	7,602,255	346,894	7,949,149	0	7,602,255	7,602,255	8,221,024	135,937,981
June 30, 2052	135,937,981	7,552,882	311,386	7,864,268	0	7,552,882	7,552,882	8,505,707	140,317,106
June 30, 2053	140,317,106	7,504,655	273,311	7,777,966	0	7,504,655	7,504,655	8,778,231	144,443,295
June 30, 2054	144,443,295	7,471,801	245,896	7,717,697	0	7,471,801	7,471,801	9,035,274	148,248,029
June 30, 2055	148,248,029	7,375,108	216,339	7,591,447	0	7,375,108	7,375,108	9,272,160	151,656,605
June 30, 2056	151,656,605	7,241,560	189,435	7,430,995	0	7,241,560	7,241,560	9,484,368	154,684,512
June 30, 2057	154,684,512	7,206,891	161,549	7,368,440	0	7,206,891	7,206,891	9,672,754	157,258,410
June 30, 2058	157,258,410	7,050,235	137,474	7,187,709	0	7,050,235	7,050,235	9,832,882	159,312,740
June 30, 2059	159,312,740	6,869,503	113,339	6,982,842	0	6,869,503	6,869,503	9,960,534	160,817,752
June 30, 2060	160,817,752	6,779,388	92,711	6,872,099	0	6,779,388	6,779,388	10,053,963	161,700,571

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust for Current Plan Members	VII. Trust Withdrawals for Current Plan Members [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2061	161,700,571	6,554,860	73,561	6,628,421	0	6,554,860	6,554,860	10,108,550	155,234,298
June 30, 2062	155,234,298	6,328,097	57,245	6,385,342	0	6,328,097	6,328,097	9,703,905	148,969,927
June 30, 2063	148,969,927	6,195,152	44,546	6,239,698	0	6,195,152	6,195,152	9,311,991	142,820,578
June 30, 2064	142,820,578	6,010,204	31,044	6,041,248	0	6,010,204	6,010,204	8,927,242	136,839,812
June 30, 2065	136,839,812	5,827,128	21,203	5,848,331	0	5,827,128	5,827,128	8,553,141	131,031,243
June 30, 2066	131,031,243	5,667,275	14,485	5,681,760	0	5,667,275	5,667,275	8,189,898	125,375,646
June 30, 2067	125,375,646	5,515,745	7,593	5,523,338	0	5,515,745	5,515,745	7,836,212	119,865,541
June 30, 2068	119,865,541	5,349,984	2,555	5,352,539	0	5,349,984	5,349,984	7,491,675	114,517,303
June 30, 2069	114,517,303	5,174,868	1,205	5,176,073	0	5,174,868	5,174,868	7,157,369	109,343,194
June 30, 2070	109,343,194	4,990,442	605	4,991,047	0	4,990,442	4,990,442	6,833,968	104,353,102
June 30, 2071	104,353,102	4,799,227	498	4,799,725	0	4,799,227	4,799,227	6,522,084	99,554,141
June 30, 2072	99,554,141	4,600,273	0	4,600,273	0	4,600,273	4,600,273	6,222,134	94,953,868
June 30, 2073	94,953,868	4,395,527	0	4,395,527	0	4,395,527	4,395,527	5,934,617	90,558,341
June 30, 2074	90,558,341	4,186,070	0	4,186,070	0	4,186,070	4,186,070	5,659,896	86,372,271
June 30, 2075	86,372,271	3,972,939	0	3,972,939	0	3,972,939	3,972,939	5,398,267	82,399,332
June 30, 2076	82,399,332	3,757,212	0	3,757,212	0	3,757,212	3,757,212	5,149,958	78,642,120
June 30, 2077	78,642,120	3,540,077	0	3,540,077	0	3,540,077	3,540,077	4,915,133	75,102,043
June 30, 2078	75,102,043	3,322,482	0	3,322,482	0	3,322,482	3,322,482	4,693,878	71,779,561
June 30, 2079	71,779,561	3,105,504	0	3,105,504	0	3,105,504	3,105,504	4,486,223	68,674,057
June 30, 2080	68,674,057	2,890,303	0	2,890,303	0	2,890,303	2,890,303	4,292,129	65,783,754
June 30, 2081	65,783,754	2,677,944	0	2,677,944	0	2,677,944	2,677,944	4,111,485	63,105,810
June 30, 2082	63,105,810	2,469,472	0	2,469,472	0	2,469,472	2,469,472	3,944,113	60,636,338
June 30, 2083	60,636,338	2,265,992	0	2,265,992	0	2,265,992	2,265,992	3,789,771	58,370,346
June 30, 2084	58,370,346	2,068,504	0	2,068,504	0	2,068,504	2,068,504	3,648,147	56,301,842
June 30, 2085	56,301,842	1,877,956	0	1,877,956	0	1,877,956	1,877,956	3,518,865	54,423,886
June 30, 2086	54,423,886	1,695,331	0	1,695,331	0	1,695,331	1,695,331	3,401,493	52,728,555
June 30, 2087	52,728,555	1,521,415	0	1,521,415	0	1,521,415	1,521,415	3,295,535	51,207,140
June 30, 2088	51,207,140	1,356,837	0	1,356,837	0	1,356,837	1,356,837	3,200,446	49,850,303
June 30, 2089	49,850,303	1,202,099	0	1,202,099	0	1,202,099	1,202,099	3,115,644	48,648,204
June 30, 2090	48,648,204	1,057,622	0	1,057,622	0	1,057,622	1,057,622	3,040,513	47,590,582
June 30, 2091	47,590,582	923,585	0	923,585	0	923,585	923,585	2,974,411	46,666,997
June 30, 2092	46,666,997	800,089	0	800,089	0	800,089	800,089	2,916,687	45,866,908
June 30, 2093	45,866,908	687,093	0	687,093	0	687,093	687,093	2,866,682	45,179,815
June 30, 2094	45,179,815	584,526	0	584,526	0	584,526	584,526	2,823,738	44,595,289
June 30, 2095	44,595,289	492,153	0	492,153	0	492,153	492,153	2,787,206	44,103,136

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

### BENEFIT PAYMENT PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.25%]	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 [6.25%]	
June 30, 2021	7,127,037	3,169,596	3,169,596	0	3,169,596	0	3,169,596	<b>Sum of Column V.</b>
June 30, 2022	10,384,412	3,440,619	3,440,619	0	3,238,230	0	3,238,230	99,020,665
June 30, 2023	12,749,083	3,704,835	3,704,835	0	3,281,792	0	3,281,792	
June 30, 2024	14,574,658	3,925,294	3,925,294	0	3,272,543	0	3,272,543	<b>Sum of Column VI.</b>
June 30, 2025	16,569,408	4,217,102	4,217,102	0	3,309,012	0	3,309,012	0
June 30, 2026	18,750,172	4,528,686	4,528,686	0	3,344,472	0	3,344,472	
June 30, 2027	21,071,488	4,860,974	4,860,974	0	3,378,700	0	3,378,700	<b>Sum of Column VII.</b>
June 30, 2028	23,542,472	5,153,166	5,153,166	0	3,371,099	0	3,371,099	[V. + VI.]
June 30, 2029	26,169,338	5,640,992	5,640,992	0	3,473,153	0	3,473,153	99,020,665
June 30, 2030	28,967,502	6,075,593	6,075,593	0	3,520,694	0	3,520,694	
June 30, 2031	31,943,127	6,421,554	6,421,554	0	3,502,279	0	3,502,279	
June 30, 2032	35,068,462	6,849,619	6,849,619	0	3,515,994	0	3,515,994	
June 30, 2033	38,340,867	7,274,586	7,274,586	0	3,514,480	0	3,514,480	
June 30, 2034	44,139,858	7,362,703	7,362,703	0	3,347,812	0	3,347,812	
June 30, 2035	49,779,600	7,581,722	7,581,722	0	3,244,612	0	3,244,612	
June 30, 2036	55,273,058	7,726,561	7,726,561	0	3,112,090	0	3,112,090	
June 30, 2037	60,666,514	7,831,939	7,831,939	0	2,968,973	0	2,968,973	
June 30, 2038	65,976,427	7,930,043	7,930,043	0	2,829,330	0	2,829,330	
June 30, 2039	71,225,495	8,224,129	8,224,129	0	2,761,652	0	2,761,652	
June 30, 2040	76,456,532	8,313,350	8,313,350	0	2,627,400	0	2,627,400	
June 30, 2041	81,673,303	8,428,831	8,428,831	0	2,507,198	0	2,507,198	
June 30, 2042	86,862,594	8,604,612	8,604,612	0	2,408,927	0	2,408,927	
June 30, 2043	92,006,440	8,618,103	8,618,103	0	2,270,780	0	2,270,780	
June 30, 2044	97,086,376	8,542,026	8,542,026	0	2,118,338	0	2,118,338	
June 30, 2045	102,146,334	8,434,127	8,434,127	0	1,968,546	0	1,968,546	
June 30, 2046	107,134,269	8,382,397	8,382,397	0	1,841,386	0	1,841,386	
June 30, 2047	112,108,158	8,105,019	8,105,019	0	1,675,721	0	1,675,721	
June 30, 2048	117,029,171	8,047,515	8,047,515	0	1,565,959	0	1,565,959	
June 30, 2049	121,862,586	7,933,991	7,933,991	0	1,453,053	0	1,453,053	
June 30, 2050	126,651,538	7,743,954	7,743,954	0	1,334,823	0	1,334,823	
June 30, 2051	131,365,558	7,602,255	7,602,255	0	1,233,316	0	1,233,316	
June 30, 2052	135,937,981	7,552,882	7,552,882	0	1,153,229	0	1,153,229	
June 30, 2053	140,317,106	7,504,655	7,504,655	0	1,078,462	0	1,078,462	
June 30, 2054	144,443,295	7,471,801	7,471,801	0	1,010,579	0	1,010,579	
June 30, 2055	148,248,029	7,375,108	7,375,108	0	938,825	0	938,825	
June 30, 2056	151,656,605	7,241,560	7,241,560	0	867,599	0	867,599	
June 30, 2057	154,684,512	7,206,891	7,206,891	0	812,655	0	812,655	
June 30, 2058	157,258,410	7,050,235	7,050,235	0	748,226	0	748,226	
June 30, 2059	159,312,740	6,869,503	6,869,503	0	686,160	0	686,160	
June 30, 2060	160,817,752	6,779,388	6,779,388	0	637,326	0	637,326	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.25%]	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 [6.25%]
June 30, 2061	161,700,571	6,554,860	6,554,860	0	579,970	0	579,970
June 30, 2062	155,234,298	6,328,097	6,328,097	0	526,971	0	526,971
June 30, 2063	148,969,927	6,195,152	6,195,152	0	485,553	0	485,553
June 30, 2064	142,820,578	6,010,204	6,010,204	0	443,348	0	443,348
June 30, 2065	136,839,812	5,827,128	5,827,128	0	404,558	0	404,558
June 30, 2066	131,031,243	5,667,275	5,667,275	0	370,316	0	370,316
June 30, 2067	125,375,646	5,515,745	5,515,745	0	339,213	0	339,213
June 30, 2068	119,865,541	5,349,984	5,349,984	0	309,665	0	309,665
June 30, 2069	114,517,303	5,174,868	5,174,868	0	281,910	0	281,910
June 30, 2070	109,343,194	4,990,442	4,990,442	0	255,871	0	255,871
June 30, 2071	104,353,102	4,799,227	4,799,227	0	231,592	0	231,592
June 30, 2072	99,554,141	4,600,273	4,600,273	0	208,933	0	208,933
June 30, 2073	94,953,868	4,395,527	4,395,527	0	187,891	0	187,891
June 30, 2074	90,558,341	4,186,070	4,186,070	0	168,412	0	168,412
June 30, 2075	86,372,271	3,972,939	3,972,939	0	150,435	0	150,435
June 30, 2076	82,399,332	3,757,212	3,757,212	0	133,898	0	133,898
June 30, 2077	78,642,120	3,540,077	3,540,077	0	118,739	0	118,739
June 30, 2078	75,102,043	3,322,482	3,322,482	0	104,885	0	104,885
June 30, 2079	71,779,561	3,105,504	3,105,504	0	92,269	0	92,269
June 30, 2080	68,674,057	2,890,303	2,890,303	0	80,823	0	80,823
June 30, 2081	65,783,754	2,677,944	2,677,944	0	70,480	0	70,480
June 30, 2082	63,105,810	2,469,472	2,469,472	0	61,170	0	61,170
June 30, 2083	60,636,338	2,265,992	2,265,992	0	52,828	0	52,828
June 30, 2084	58,370,346	2,068,504	2,068,504	0	45,387	0	45,387
June 30, 2085	56,301,842	1,877,956	1,877,956	0	38,782	0	38,782
June 30, 2086	54,423,886	1,695,331	1,695,331	0	32,951	0	32,951
June 30, 2087	52,728,555	1,521,415	1,521,415	0	27,832	0	27,832
June 30, 2088	51,207,140	1,356,837	1,356,837	0	23,361	0	23,361
June 30, 2089	49,850,303	1,202,099	1,202,099	0	19,479	0	19,479
June 30, 2090	48,648,204	1,057,622	1,057,622	0	16,130	0	16,130
June 30, 2091	47,590,582	923,585	923,585	0	13,257	0	13,257
June 30, 2092	46,666,997	800,089	800,089	0	10,809	0	10,809
June 30, 2093	45,866,908	687,093	687,093	0	8,736	0	8,736
June 30, 2094	45,179,815	584,526	584,526	0	6,995	0	6,995
June 30, 2095	44,595,289	492,153	492,153	0	5,543	0	5,543

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	<b>Medicare Supplement Plans:</b> effective January 1, 2020 <b>Non-Medicare Plans:</b> effective November 1, 2019 <b>Dental Plans:</b> effective November 1, 2019
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical and Dental Insurance as well as \$1,000 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>

Participant Contributions

Group	Individual	Two-Person / Family
<b>Medical</b>	<ul style="list-style-type: none"> <li>• 35% of premiums for HMO plans</li> <li>• 40% of premiums for PPO and Medicare Supplement plans</li> </ul>	<ul style="list-style-type: none"> <li>• 35% of premiums for HMO plans</li> <li>• 40% of premiums for PPO and Medicare Supplement plans</li> </ul>
<b>Dental</b>	100%	100%
<b>Life</b>	50% 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 6.50%)

### Net Long Term Rate of Return

6.25% (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**

Service	Male	Female
0	15.00%	15.00%
5	7.60%	7.60%
10	5.40%	5.40%
15	3.30%	3.30%
20	2.00%	2.00%

**Public Safety Employees**

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Retirement Rates for Eligible Employees

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

### Permanent Disability Rates

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Trend Rate

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

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

### Participation Rate

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

### Spouse Participation Rate

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

### Medicare Eligibility

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

### Compensation Increases

3.00% per year.

### Inflation Rate

2.50% per year.

### COVID-19

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Implicit Subsidy

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

<b>Impact of Implicit Subsidy</b>		
	<b>As of the Measurement Date</b>	
<b>Impact on Liability</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
I. Total OPEB Liability	86,032,528	79,260,491
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>69,771,301</u>	<u>64,223,940</u>
III. Liability from Implicit Subsidy [I. - II.]	16,261,227	15,036,551

  

	<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)	3,169,596	2,965,571
V. Actual Employer Payments	<u>2,391,562</u>	<u>2,226,176</u>
VI. Implicit Subsidy [IV. - V.]	778,034	739,395

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	4,716	2,973	44 & Under	9,269	6,074	65 to 69	4,448	4,448
25 to 29	6,957	3,093	45 to 49	10,181	7,669	70 to 74	4,448	4,448
30 to 34	8,791	3,883	50 to 54	11,977	10,100	75 to 79	4,448	4,448
35 to 39	9,056	4,875	55 to 59	13,846	13,131	80 to 84	4,448	4,448
40 to 44	9,269	6,074	60 to 64	16,476	16,849	85 to 89	4,448	4,448
45 to 49	10,181	7,669	65 to 69	19,751	21,017	90 & Over	4,448	4,448
50 to 54	11,977	10,100	70 to 74	23,291	25,187			
55 to 59	13,846	13,131	75 to 79	27,048	29,747			
60 to 64	16,476	16,849	80 to 84	31,013	34,192			
65 to 69	19,751	21,017	85 to 89	35,401	39,138			
70 & Over	23,291	25,187	90 & Over	35,401	39,138			

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Open Group Forecast

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

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

### Additional Comments

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

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

## APPENDIX IV – PLAN DEMOGRAPHICS

### Active Employees

Valuation Date	July 1, 2019
A. Average Age at Hire	36.81
B. Average Service	<u>9.77</u>
C. Average Current Age	46.58

### Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	104
B. Age 65 & Over	<u>458</u>
C. Total	562

### 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	32	2								34
25-29	42	11	1							54
30-34	51	32	12							95
35-39	36	25	46	14						121
40-44	48	24	20	33	6					131
45-49	49	27	24	35	23	4				162
50-54	53	44	27	23	11	6	6			170
55-59	33	23	27	30	10	3	4	2		132
60-64	13	11	14	26	11	3			1	79
65-69	5	5	4	8			1	1	1	25
70+	3			3	2	2	1	1		12
<b>Total</b>	365	204	175	172	63	18	12	4	2	1,015

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue Premium	145		260	405
HMO Blue Value	82		130	212
PPO	18		26	44
Medex II	<u>129</u>	<u>162</u>		<u>291</u>
Total	374	162	416	952

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue Premium	889.33		2,332.71
HMO Blue Value	850.89		2,231.88
PPO	962.36		2,524.27
Medex II	370.65	741.30	
BCBS Dental Low Option	37.65	80.20	112.22
BCBS Dental High Option	55.97	113.00	161.06

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Blue Premium	145		260	665	8,825,489.40	7,096,853.40
HMO Blue Value	82		130	342	4,319,008.56	3,492,052.56
PPO	18		26	70	995,442.00	808,382.40
<b>Total</b>	<b>245</b>	<b>0</b>	<b>416</b>	<b>1,077</b>	<b>14,139,939.96</b>	<b>11,397,288.36</b>
Blended Average Monthly Rate:						\$ 881.87

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex II	129	162		453	2,014,853.40	2,014,853.40
<b>Total</b>	<b>129</b>	<b>162</b>	<b>0</b>	<b>453</b>	<b>2,014,853.40</b>	<b>2,014,853.40</b>
Blended Average Monthly Rate:						\$ 370.67

## 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 23, 2021 and its subject is the Town of Westford’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 Westford 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.