

Town of South Hadley Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2020

As of the Measurement Date:
June 30, 2022

For the Reporting Date:
June 30, 2022

Delivered February 6, 2023



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February 6, 2023

Personal and Confidential

Mr. William Sutton
Town Accountant
Town of South Hadley
116 Main Street
South Hadley, MA 01075

Dear Mr. Sutton:

We have performed an actuarial valuation of the Town of South Hadley Other Postemployment Benefits Plan for the Reporting Date & Fiscal Year Ending June 30, 2022 with a Measurement Date of June 30, 2022 and a Valuation Date of July 1, 2020. The figures presented in this report reflect the adoption, by the Town of South Hadley, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

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

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

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

Very truly yours,

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

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



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ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of South Hadley other postemployment benefit programs with a Valuation Date of July 1, 2020 with a Measurement Date of June 30, 2022 for the Reporting Date & Fiscal Year Ending June 30, 2022 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

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

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

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

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

Andrew D. Taggart, ASA, EA, ACA, MAAA
Consulting Actuary

EXECUTIVE SUMMARY

How did plan liabilities change from FY 21 to FY 22?

Plan Experience

For the year ending on the Measurement Date of June 30, 2022, there was no plan experience because this was an interim valuation.

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change decreased disclosed liabilities by approximately \$5.7 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.50% to 5.50% decreasing the disclosed liability by approximately \$5.7 million.

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

Investment Experience

- ✓ During the period investments earned approximately \$490 thousand less than expected.

Changes in Benefit Terms

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

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 5.77 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

Events Subsequent to the Measurement Date

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

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 75.40% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 4.50% increase in fiscal year 2022 and an ultimate trend rate of 3.60% in fiscal year 2061.
- ✓ Discount Rate (5.50%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.09% as of June 30, 2022.
- ✓ Current Asset Level – The Town had \$2,188,071 of OPEB assets as of June 30, 2022.
- ✓ Future Funding Policy – The Town is expected to contribute \$500,000 annually beyond pay-as-you-go costs.
- ✓ Investment Policy – The Town is expected to earn 5.98% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Low Default Risk Obligation Measure (LDRM)

For purposes of this LDRM, we have used a discount rate of 4.09% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDRM Total OPEB Liability is \$51 million vs. the \$42 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$9 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

Medicare Buy-In

The Town currently has 14 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

EXECUTIVE SUMMARY

Key Plan Metrics

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

Representative Plan Statistics		
Valuation Date	July 1, 2020	July 1, 2020
Measurement Date & Period Ending	June 30, 2022	June 30, 2021
Reporting Date/Fiscal Year End	June 30, 2022	June 30, 2021
Total OPEB Liability	42,188,100	46,190,850
Per Eligible Active Plan Participant	46,487	48,871
Per Retiree/Spouse Plan Participant	61,058	69,312
Total Annual Service Cost (Annual Benefit Accrual)	1,299,343	1,298,140
Per Eligible Active Plan Participant	2,980	2,977
Expected Employer Share of Retiree Costs	1,682,914	2,086,152
Per Retiree/Spouse Plan Participant	4,688	5,811
Net OPEB Liability as a % of Covered Payroll	152.45%	173.34%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2022	396	42,188,100	40,959,320	1,682,914	1,633,897
June 30, 2027	432	49,852,643	41,750,804	2,131,916	1,785,446
June 30, 2032	446	57,859,780	41,799,136	2,743,674	1,982,088
June 30, 2037	435	65,354,409	40,726,707	3,312,555	2,064,275
June 30, 2042	404	74,064,804	39,813,482	3,762,358	2,022,453
June 30, 2047	373	85,047,581	39,436,115	4,077,968	1,890,932
June 30, 2052	353	99,632,311	39,851,644	4,558,966	1,823,528

EXECUTIVE SUMMARY

Continuing OPEB Disclosures

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

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

<u>Fiscal Year Ending</u>		<u>Cost</u>
June 30, 2023	(Projected)	1,731,946
June 30, 2022		1,682,914
June 30, 2021		2,086,152
June 30, 2020		1,918,156
June 30, 2019		1,785,910
June 30, 2018		1,481,613

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2022 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$40,000,029 assuming a discount rate of 5.50%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$500,000 annually beyond pay-as-you-go costs. The balance of this fund as of June 30, 2022 was \$2,188,071. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of South Hadley
Assuming Funding - 5.50% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2020	July 1, 2020
For the Measurement Period ending on the Measurement Date of:	June 30, 2022	June 30, 2021
For the Reporting Period & Fiscal Year ending on:	June 30, 2022	June 30, 2021
I. Total OPEB Liability		
A. Actives	20,268,265	21,307,839
B. Retirees/Disabled	<u>21,919,835</u>	<u>24,883,011</u>
C. Total	42,188,100	46,190,850
II. Fiduciary Net Position [Plan Assets]	2,188,071	2,033,344
III. Net OPEB Liability (Asset) [I. - II.]	40,000,029	44,157,506
IV. Funded Ratio [II. / I.]	5.19%	4.40%
V. Number of Eligible Participants		
A. Actives	436	436
B. Retirees/Disabled & Dependents	<u>359</u>	<u>359</u>
C. Total	795	795
VI. Service Cost	1,299,343	1,298,140
VII. Financial Statement Expense/(Income)	2,664,509	3,656,921
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(500,000)	(150,000)
IX. Deferred Inflow of Resources	(11,286,720)	(8,748,017)
X. Deferred Outflow of Resources	7,383,527	9,483,896
XI. Money Weighted Rate of Return	(13.85%)	27.32%
XII. 20-year Municipal Bond Rate (SAPIHG)	4.09%	2.18%
XIII. Expected Long Term Rate of Return (Net of Expense)	5.98%	6.22%
XIV. Crossover Year	2062	Immediate
XV. Discount Rate	5.50%	4.50%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	Teacher Employees and Retirees	School Non- Teacher Employees and Retirees	Police Employees and Retirees	Landfill Enterprise Employees and Retirees	Water/Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability							
A. Actives	1,860,126	13,029,171	2,417,946	2,040,136	182,841	738,045	20,268,265
B. Retirees/Disabled	<u>3,581,327</u>	<u>13,647,097</u>	<u>2,597,781</u>	<u>1,661,338</u>	<u>231,358</u>	<u>200,934</u>	<u>21,919,835</u>
C. Total	5,441,453	26,676,268	5,015,727	3,701,474	414,199	938,979	42,188,100
II. Fiduciary Net Position [Plan Assets]	282,219	1,383,555	260,139	191,976	21,482	48,700	2,188,071
III. Net OPEB Liability (Asset) [I. - II.]	5,159,234	25,292,713	4,755,588	3,509,498	392,717	890,279	40,000,029
For the Reporting Date and Fiscal Year Ending June 30, 2022							
IV. Service Cost	108,896	885,412	125,481	138,863	13,161	27,530	1,299,343
V. Financial Statement Expense/(Income)	212,869	1,802,012	295,610	266,582	27,456	59,980	2,664,509
VI. Employer Share of Costs	(224,644)	(1,050,642)	(221,301)	(149,604)	(12,900)	(23,823)	(1,682,914)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(64,490)	(316,159)	(59,445)	(43,869)	(4,909)	(11,128)	(500,000)
VIII. Total Employer Contribution [VI. + VII.]	(289,134)	(1,366,801)	(280,746)	(193,473)	(17,809)	(34,951)	(2,182,914)

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

Funding - 5.50% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 5.98% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			Measurement Date	with an expected 5.98% return									
2022	June 30, 2022	42,188,100	2,188,071	40,000,029	5.19%	1,299,343	1,682,914	500,000	2,182,914	1,682,914	0	500,000	
2023	June 30, 2023	43,689,604	2,833,651	40,855,953	6.49%	1,032,928	1,731,946	500,000	2,231,946	1,731,946	0	500,000	
2024	June 30, 2024	45,174,152	3,517,836	41,656,316	7.79%	1,066,563	1,870,744	500,000	2,370,744	1,870,744	0	500,000	
2025	June 30, 2025	46,696,034	4,242,936	42,453,098	9.09%	1,100,325	1,945,886	500,000	2,445,886	1,945,886	0	500,000	
2026	June 30, 2026	48,272,109	5,011,397	43,260,712	10.38%	1,138,755	2,010,179	500,000	2,510,179	2,010,179	0	500,000	
2027	June 30, 2027	49,852,643	5,825,811	44,026,832	11.69%	1,178,424	2,131,916	500,000	2,631,916	2,131,916	0	500,000	
2028	June 30, 2028	51,457,232	6,688,927	44,768,305	13.00%	1,217,249	2,232,984	500,000	2,732,984	2,232,984	0	500,000	
2029	June 30, 2029	53,061,542	7,603,658	45,457,884	14.33%	1,258,260	2,361,349	500,000	2,861,349	2,361,349	0	500,000	
2030	June 30, 2030	54,657,511	8,573,090	46,084,421	15.69%	1,299,293	2,453,197	500,000	2,953,197	2,453,197	0	500,000	
2031	June 30, 2031	56,279,725	9,600,494	46,679,231	17.06%	1,337,408	2,568,281	500,000	3,068,281	2,568,281	0	500,000	
2032	June 30, 2032	57,859,780	10,689,336	47,170,444	18.47%	1,383,247	2,743,674	500,000	3,243,674	2,743,674	0	500,000	
2033	June 30, 2033	59,338,117	11,843,291	47,494,826	19.96%	1,424,859	2,895,960	500,000	3,395,960	2,895,960	0	500,000	
2034	June 30, 2034	60,683,494	13,066,253	47,617,241	21.53%	1,468,031	2,997,294	500,000	3,497,294	2,997,294	0	500,000	
2035	June 30, 2035	62,171,264	14,362,348	47,808,916	23.10%	1,508,813	3,153,587	500,000	3,653,587	3,153,587	0	500,000	
2036	June 30, 2036	63,720,460	15,735,949	47,984,511	24.70%	1,560,052	3,198,556	500,000	3,698,556	3,198,556	0	500,000	
2037	June 30, 2037	65,354,409	17,191,692	48,162,717	26.31%	1,612,173	3,312,555	500,000	3,812,555	3,312,555	0	500,000	
2038	June 30, 2038	66,827,284	18,734,488	48,092,796	28.03%	1,663,810	3,442,068	500,000	3,942,068	3,442,068	0	500,000	
2039	June 30, 2039	68,574,584	20,369,543	48,205,041	29.70%	1,716,443	3,459,311	500,000	3,959,311	3,459,311	0	500,000	
2040	June 30, 2040	70,339,531	22,102,375	48,237,156	31.42%	1,774,379	3,551,773	500,000	4,051,773	3,551,773	0	500,000	
2041	June 30, 2041	72,190,291	23,938,830	48,251,461	33.16%	1,830,380	3,668,341	500,000	4,168,341	3,668,341	0	500,000	
2042	June 30, 2042	74,064,804	25,885,105	48,179,699	34.95%	1,891,171	3,762,358	500,000	4,262,358	3,762,358	0	500,000	
2043	June 30, 2043	75,957,477	27,947,767	48,009,710	36.79%	1,953,296	3,781,192	500,000	4,281,192	3,781,192	0	500,000	
2044	June 30, 2044	78,101,040	30,133,776	47,967,264	38.58%	2,018,237	3,838,749	500,000	4,338,749	3,838,749	0	500,000	
2045	June 30, 2045	80,367,455	32,450,509	47,916,946	40.38%	2,089,130	3,922,077	500,000	4,422,077	3,922,077	0	500,000	
2046	June 30, 2046	82,757,032	34,905,782	47,851,250	42.18%	2,163,387	4,012,893	500,000	4,512,893	4,012,893	0	500,000	
2047	June 30, 2047	85,047,581	37,507,881	47,539,700	44.10%	2,238,917	4,077,968	500,000	4,577,968	4,077,968	0	500,000	
2048	June 30, 2048	87,642,195	40,265,585	47,376,610	45.94%	2,315,864	4,166,649	500,000	4,666,649	4,166,649	0	500,000	
2049	June 30, 2049	90,392,293	43,188,200	47,204,093	47.78%	2,400,924	4,251,193	500,000	4,751,193	4,251,193	0	500,000	
2050	June 30, 2050	93,325,053	46,285,587	47,039,466	49.60%	2,488,894	4,372,863	500,000	4,872,863	4,372,863	0	500,000	
2051	June 30, 2051	96,380,962	49,568,198	46,812,764	51.43%	2,581,573	4,477,319	500,000	4,977,319	4,477,319	0	500,000	
2052	June 30, 2052	99,632,311	53,047,109	46,585,202	53.24%	2,672,991	4,558,966	500,000	5,058,966	4,558,966	0	500,000	

EXHIBIT A

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

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2022	
Description	Amount
I. Service Cost	1,299,343
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,099,610
III. Deferred (Inflows)/Outflows from Plan Experience*	(1,945,362)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	1,312,708
V. Projected Earnings on OPEB Plan Investments	(141,809)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	40,019
VII. OPEB Plan Administrative Expense	0
VIII. Other Changes in Fiduciary Net Position	0
IX. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ ... + VII. + VIII.]	2,664,509
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	2,664,509

* Amortized over 5.77 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

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

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability				
		Increase (Decrease)		
		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I.	Balances for the June 30, 2021 Reporting Date	46,190,850	2,033,344	44,157,506
II.	Prior Period Adjustment	0	0	0
III.	Balances for the June 30, 2021 Reporting Date with Adjustment [I. + II.]	46,190,850	2,033,344	44,157,506
Changes for the year:				
IV.	Service Cost	1,299,343	0	1,299,343
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,099,610	0	2,099,610
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	(5,718,789)	0	(5,718,789)
VIII.	Differences Between Actual and Expected Experience **	0	0	0
IX.	Net Investment Income	0	(345,273)	345,273
X.	Employer Contributions to Trust	0	2,182,914	(2,182,914)
XI.	Benefit Payments Withdrawn from Trust	0	(1,682,914)	1,682,914
XII.	Benefit Payments Excluding Implicit Cost	(1,174,899)	0	(1,174,899)
XIII.	Implicit Cost Amount	(508,015)	0	(508,015)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,682,914)	0	(1,682,914)
XV.	Administrative Expense	0	0	0
XVI.	Other Charges	0	0	0
XVII.	Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	(4,002,750)	154,727	(4,157,477)
XVIII.	Balances for the June 30, 2022 Reporting Date [III.+XVII.]	42,188,100	2,188,071	40,000,029

* Recognized Immediately

** Amortized over 5.77 years

EXHIBIT A

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

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience										
Fiscal Year	Differences			Remaining Balance	2022	2023	2024	2025	2026	2027
	Between Actual & Expected Experience	Recognition Period (Years)								
2017										
2018	0	5.00	0	0						
2019	(2,497,585)	5.93	(812,877)	(421,177)	(421,177)	(391,700)				
2020	0	5.93	0	0	0	0	0			
2021	(8,794,548)	5.77	(5,746,178)	(1,524,185)	(1,524,185)	(1,524,185)	(1,524,185)	(1,524,185)	(1,173,623)	
2022	0	5.77	0	0	0	0	0	0	0	0
2023										
2024										
2025										
2026										
Total Remaining Balance			(6,559,055)							
Net increase (decrease) in OPEB Expense				(1,945,362)	(1,945,362)	(1,915,885)	(1,524,185)	(1,173,623)		0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions										
Fiscal Year	Differences from Changes in			Remaining Balance	2022	2023	2024	2025	2026	2027
	Actuarial Assumptions	Recognition Period (years)								
2017										
2018	0	5.00	0	0						
2019	4,851,616	5.93	1,579,028	818,147	818,147	760,881				
2020	0	5.93	0	0	0	0	0			
2021	8,572,406	5.77	5,601,036	1,485,685	1,485,685	1,485,685	1,485,685	1,485,685	1,143,981	
2022	(5,718,789)	5.77	(4,727,665)	(991,124)	(991,124)	(991,124)	(991,124)	(991,124)	(991,124)	(763,169)
2023										
2024										
2025										
2026										
Total Remaining Balance			2,452,399							
Net increase (decrease) in OPEB Expense				1,312,708	1,312,708	1,255,442	494,561	152,857		(763,169)

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Defered (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences			2022	2023	2024	2025	2026	2027
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017			0	4,063					
2018	20,307	5.00	0	4,063					
2019	(22,123)	5.00	(4,423)	(4,425)	(4,423)				
2020	53,376	5.00	21,351	10,675	10,675	10,676			
2021	(338,551)	5.00	(203,131)	(67,710)	(67,710)	(67,710)	(67,711)		
2022	487,082	5.00	389,666	97,416	97,416	97,416	97,416	97,418	
2023									
2024									
2025									
2026									
Total Remaining Balance			203,463						
Net increase (decrease) in OPEB Expense				40,019	35,958	40,382	29,705	97,418	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Statement of (Inflows) & Outflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2022 to be Reported for the Fiscal Year Ending June 30, 2022			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions Made Subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	0	(6,559,055)	(6,559,055)
III. Changes of Assumptions	7,180,064	(4,727,665)	2,452,399
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	203,463	0	203,463
VI. Total [I. + II. + III. + IV.]	7,383,527	(11,286,720)	(3,903,193)

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows) & Outflows		
The balance of deferred (inflows) & outflows as of the Reporting Date of June 30, 2022 will be recognized in future years as shown below.		
	Year ending June 30:	
	2023	(596,696)
	2024	(620,061)
	2025	(999,919)
	2026	(923,348)
	2027	(763,169)
	Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.50% as of June 30, 2022 and 4.50% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until Fiscal Year 2062 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.09% as of June 30, 2022. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 – Year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

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

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2022 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$1,682,914. The Town also contributed \$500,000 to an OPEB Trust for a total contribution during the measurement period of \$2,182,914 to be reported on the financial statement for the fiscal year ending June 30, 2022.

6. Investment Policy

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

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	21.75%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	15.25%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	12.00%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	6.50%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	23.75%	Domestic Fixed Income	1.05%
International Fixed Income	4.75%	International Fixed Income	0.96%
Alternatives	11.50%	Alternatives	5.95%
Real Estate	4.00%	Real Estate	6.25%
Cash	0.50%	Cash	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>3.73%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.23%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>5.98%</u>

* Mean Geometric Returns based on 2022 Horizon Survey of Capital Market Assumptions

EXHIBIT A

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

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2022	3,147,095	(2,182,914)	964,181	26,238,939	8.32%
June 30, 2021	3,099,226	(2,236,152)	863,074	25,474,698	8.78%
June 30, 2020	3,091,947	(2,068,156)	1,023,791	23,178,228	8.92%
June 30, 2019	3,775,983	(2,070,060)	1,705,923	22,503,134	9.20%
June 30, 2018	3,495,446	(1,961,613)	1,533,833	21,847,702	8.98%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2022 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	34,497,006	40,000,029	46,826,704

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2022 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	46,172,762	5.50%	35,013,810

EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan	Periods	Period
	Investments /	Invested	Weight
	Net External		
	Cash Flows		
I. Beginning value - June 30, 2021	2,033,344	12	1.0000
Monthly net external cash flows:			
July	500,000	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	500,000		
III. Earnings and increase in fair value	(345,273)		
IV. Ending value - June 30, 2022 [I.+II.+III.]	2,188,071		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2022 [IV.+V.]	2,188,071		
Money Weighted Rate of Return	(13.85%)		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2022						Total
	Town Employees and Retirees	Teacher Employees and Retirees	School Non- Teacher Employees and Retirees	Police Employees and Retirees	Landfill Enterprise Employees and Retirees	Water/Sewer Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2022	5,441,453	26,676,268	5,015,727	3,701,474	414,199	938,979	42,188,100
II. Fiduciary Net Position as of June 30, 2022	282,219	1,383,555	260,139	191,976	21,482	48,700	2,188,071
III. Net OPEB Liability (Asset) as of June 30, 2022 [I. - II.]	5,159,234	25,292,713	4,755,588	3,509,498	392,717	890,279	40,000,029
IV. Service Cost	108,896	885,412	125,481	138,863	13,161	27,530	1,299,343
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	198,195	1,381,379	257,498	192,213	21,512	48,813	2,099,610
VI. Projected Earnings on OPEB Plan Investments	(17,782)	(90,046)	(16,911)	(12,498)	(1,399)	(3,173)	(141,809)
VII. Net Recognition of Deferred (Inflows)/Outflows	(76,440)	(374,733)	(70,458)	(51,996)	(5,818)	(13,190)	(592,635)
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	212,869	1,802,012	295,610	266,582	27,456	59,980	2,664,509
XI. Employer Share of Costs	(224,644)	(1,050,642)	(221,301)	(149,604)	(12,900)	(23,823)	(1,682,914)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(64,490)	(316,159)	(59,445)	(43,869)	(4,909)	(11,128)	(500,000)
XIII. Total Employer Contribution [XI. + XII.]	(289,134)	(1,366,801)	(280,746)	(193,473)	(17,809)	(34,951)	(2,182,914)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	(76,265)	435,211	14,864	73,109	9,647	25,029	481,595

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2022 Measurement Date)

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

Valuation Date	July 1, 2020
For the Measurement Period ending on the Measurement Date of:	June 30, 2022
For the Reporting Period & Fiscal Year ending on:	June 30, 2022

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(6,559,055)
II. Deferred (Inflow)/Outflow from Investment Experience	203,463
III. Deferred (Inflow)/Outflow from Changes in Assumptions	2,452,399

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	9,519,985
II. Deferred Outflow created during the period	487,082
III. Deferred Outflow recognized during the period	2,415,986
IV. Change in Deferred Outflow (II. - III.)	(1,928,904)
V. Deferred Outflow at end of the period (I. + IV.)	7,591,081
VI. Deferred Inflow at the beginning of the period	(8,784,106)
VII. Deferred Inflow created during the period	(5,718,789)
VIII. Deferred Inflow recognized during the period	(3,008,621)
IX. Change in Deferred Inflow (VII. - VIII.)	(2,710,168)
X. Deferred inflow at end of the period (VI. + IX.)	(11,494,274)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	44,157,506
II. Service Cost	1,299,343
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,099,610
IV. Projected Investment Income	(141,809)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(2,182,914)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	1,074,230
IX. Deferred Outflow created during the period	487,082
X. Deferred Inflow created during the period	(5,718,789)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	40,000,029

Net OPEB Expense	
I. Service Cost	1,299,343
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,099,610
III. Projected Investment Income	(141,809)
IV. Recognition of Deferred (Inflow)/Outflow	(592,635)
V. OPEB Plan Administrative Expense	0
VI. Expense Related to Change in Benefit Terms	0
VII. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. + VI.)	2,664,509
VIII. Benefit Payments	(1,682,914)
IX. Contributions to Trust	(500,000)
X. Total Employer Payments (VIII. + IX.)	(2,182,914)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	481,595

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
For the Reporting Period & Fiscal Year Ending on:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability	42,188,100	46,190,850	45,048,509	43,623,797	39,923,190
I. Service Cost	1,299,343	1,298,140	1,256,101	1,220,103	1,140,205
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,099,610	2,152,495	2,086,767	1,912,383	1,844,342
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(8,794,548)	0	(2,497,585)	0
V. Changes of Assumptions	(5,718,789)	8,572,406	0	4,851,616	0
VI. Benefit Payments Excluding Implicit Cost	(1,174,899)	(1,088,354)	(1,358,407)	(1,263,860)	(1,256,848)
VII. Implicit Cost Amount	(508,015)	(997,798)	(559,749)	(522,050)	(224,765)
VIII. Total Benefit Payments	(1,682,914)	(2,086,152)	(1,918,156)	(1,785,910)	(1,481,613)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	(4,002,750)	1,142,341	1,424,712	3,700,607	1,502,934
XI. Total OPEB Liability - Beginning of Period	46,190,850	45,048,509	43,623,797	39,923,190	38,303,280
XII. Prior Period Adjustment	0	0	0	0	116,976
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	46,190,850	45,048,509	43,623,797	39,923,190	38,420,256
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	42,188,100	46,190,850	45,048,509	43,623,797	39,923,190
Plan Fiduciary Net Position	2,188,071	2,033,344	1,450,008	1,268,040	892,405
XV. Earnings from Plan Investments	(345,273)	433,336	31,968	91,485	23,727
XVI. Employer Contribution to Trust	2,182,914	2,236,152	2,068,156	2,070,060	1,961,613
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,682,914)	(2,086,152)	(1,918,156)	(1,785,910)	(1,481,613)
XVIII. Administrative Expense	0	0	0	0	0
XIX. Other	0	0	0	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	154,727	583,336	181,968	375,635	503,727
XXI. Plan Fiduciary Net Position - Beginning of Period	2,033,344	1,450,008	1,268,040	892,405	388,678
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	2,033,344	1,450,008	1,268,040	892,405	388,678
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	2,188,071	2,033,344	1,450,008	1,268,040	892,405
XXV. Net OPEB Liability [XIV.-XXIV.]	40,000,029	44,157,506	43,598,501	42,355,757	39,030,785
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	5.19%	4.40%	3.22%	2.91%	2.24%
XXVII. Covered Employee Payroll	26,238,939	25,474,698	23,178,228	22,503,134	21,847,702
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	152.45%	173.34%	188.10%	188.22%	178.65%
Single Discount Rate to Calculate Plan Liabilities	5.50%	4.50%	4.75%	4.75%	4.75%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

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

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
I. Service Cost	1,299,343	1,298,140	1,256,101	1,220,103	1,140,205
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>1,847,752</u>	<u>1,801,086</u>	<u>1,835,846</u>	<u>2,555,880</u>	<u>2,355,241</u>
III. Actuarial Determined Contribution [I. + II.]	3,147,095	3,099,226	3,091,947	3,775,983	3,495,446
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(2,182,914)</u>	<u>(2,236,152)</u>	<u>(2,068,156)</u>	<u>(2,070,060)</u>	<u>(1,961,613)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>964,181</u>	<u>863,074</u>	<u>1,023,791</u>	<u>1,705,923</u>	<u>1,533,833</u>
Covered Employee Payroll	26,238,939	25,474,698	23,178,228	22,503,134	21,847,702
Contributions as a % of Covered Employee Payroll	8.32%	8.78%	8.92%	9.20%	8.98%
Discount Rate	5.50%	4.50%	4.75%	4.75%	4.75%
Money Weighted Rate of Return	<u>(13.85%)</u>	27.32%	2.27%	8.89%	3.79%

EXHIBIT B

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

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2022						Total
	Town Employees and Retirees	Teacher Employees and Retirees	School Non- Teacher Employees and Retirees	Police Employees and Retirees	Landfill Enterprise Employees and Retirees	Water/Sewer Enterprise Employees and Retirees	
I. Service Cost	108,896	885,412	125,481	138,863	13,161	27,530	1,299,343
II. 30 Year Amortization of NOL Increasing by 3.00% per year	238,324	1,168,366	219,679	162,117	18,141	41,125	1,847,752
III. Actuarial Determined Contribution [I. + II.]	347,220	2,053,778	345,160	300,980	31,302	68,655	3,147,095
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(289,134)</u>	<u>(1,366,801)</u>	<u>(280,746)</u>	<u>(193,473)</u>	<u>(17,809)</u>	<u>(34,951)</u>	<u>(2,182,914)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	58,086	686,977	64,414	107,507	13,493	33,704	964,181

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2020.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2022.

Actuarial Assumptions:

Investment Rate of Return:	5.98%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	5.50%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2022 and for future periods
Salary Increases:	3.00% annually as of June 30, 2022 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Plan Membership

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

Retirees & Beneficiaries:	359
Actives:	<u>436</u>
Total:	795

Events Subsequent to the Measurement Date

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

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

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.50% to 5.50%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$500,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2022 Measurement Date. For the year ending on the June 30, 2022 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$1,682,914. \$508,015 of the \$1,682,914 represents implicit cost.

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2022 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2022	26,238,939	0	26,238,939	0	1,682,914	0	1,682,914
June 30, 2023	24,543,462	2,482,645	27,026,107	0	1,731,946	0	1,731,946
June 30, 2024	23,116,584	4,720,306	27,836,890	0	1,870,744	0	1,870,744
June 30, 2025	21,862,006	6,809,991	28,671,997	0	1,945,886	0	1,945,886
June 30, 2026	20,662,548	8,869,609	29,532,157	0	2,010,179	0	2,010,179
June 30, 2027	19,554,382	10,863,740	30,418,122	0	2,131,916	0	2,131,916
June 30, 2028	18,528,113	12,802,553	31,330,666	0	2,232,984	0	2,232,984
June 30, 2029	17,422,632	14,847,954	32,270,586	0	2,361,349	0	2,361,349
June 30, 2030	16,430,189	16,808,515	33,238,704	0	2,453,197	0	2,453,197
June 30, 2031	15,497,661	18,738,204	34,235,865	0	2,568,281	0	2,568,281
June 30, 2032	14,501,277	20,761,664	35,262,941	0	2,733,739	9,935	2,743,674
June 30, 2033	13,745,105	22,575,724	36,320,829	0	2,869,984	25,976	2,895,960
June 30, 2034	12,983,971	24,426,483	37,410,454	0	2,948,376	48,918	2,997,294
June 30, 2035	12,265,526	26,267,242	38,532,768	0	3,071,930	81,657	3,153,587
June 30, 2036	11,500,007	28,188,744	39,688,751	0	3,075,168	123,388	3,198,556
June 30, 2037	10,877,951	30,001,463	40,879,414	0	3,162,028	150,527	3,312,555
June 30, 2038	10,340,397	31,765,399	42,105,796	0	3,259,063	183,005	3,442,068
June 30, 2039	9,806,822	33,562,148	43,368,970	0	3,237,902	221,409	3,459,311
June 30, 2040	9,290,864	35,379,175	44,670,039	0	3,300,672	251,101	3,551,773
June 30, 2041	8,842,414	37,167,726	46,010,140	0	3,384,950	283,391	3,668,341
June 30, 2042	8,331,819	39,058,625	47,390,444	0	3,426,757	335,601	3,762,358
June 30, 2043	7,931,512	40,880,645	48,812,157	0	3,377,352	403,840	3,781,192
June 30, 2044	7,526,428	42,750,094	50,276,522	0	3,351,459	487,290	3,838,749
June 30, 2045	7,097,797	44,687,021	51,784,818	0	3,328,237	593,840	3,922,077
June 30, 2046	6,708,378	46,629,985	53,338,363	0	3,292,281	720,612	4,012,893
June 30, 2047	6,376,087	48,562,427	54,938,514	0	3,260,009	817,959	4,077,968
June 30, 2048	6,049,545	50,537,124	56,586,669	0	3,238,069	928,580	4,166,649
June 30, 2049	5,668,826	52,615,443	58,284,269	0	3,198,522	1,052,671	4,251,193
June 30, 2050	5,342,774	54,690,023	60,032,797	0	3,214,350	1,158,513	4,372,863
June 30, 2051	5,040,772	56,793,009	61,833,781	0	3,207,177	1,270,142	4,477,319
June 30, 2052	4,774,411	58,914,383	63,688,794	0	3,148,756	1,410,210	4,558,966
June 30, 2053	4,451,007	61,148,451	65,599,458	0	3,186,076	1,565,289	4,751,365
June 30, 2054	4,135,813	63,431,629	67,567,442	0	3,165,960	1,732,608	4,898,568
June 30, 2055	3,791,720	65,802,745	69,594,465	0	3,090,216	1,921,053	5,011,269
June 30, 2056	3,488,794	68,193,505	71,682,299	0	3,113,574	2,126,732	5,240,306
June 30, 2057	3,133,359	70,699,409	73,832,768	0	3,070,157	2,318,044	5,388,201
June 30, 2058	2,773,897	73,273,854	76,047,751	0	2,948,469	2,521,130	5,469,599
June 30, 2059	2,453,734	75,875,450	78,329,184	0	2,872,781	2,736,884	5,609,665
June 30, 2060	2,055,900	78,623,160	80,679,060	0	2,756,547	2,947,963	5,704,510
June 30, 2061	1,695,676	81,403,756	83,099,432	0	2,586,534	3,163,521	5,750,055

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2062	1,391,710	84,200,705	85,592,415	0	2,498,808	3,410,523	5,909,331
June 30, 2063	1,097,114	87,063,073	88,160,187	0	2,391,288	3,672,576	6,063,864
June 30, 2064	825,904	89,979,089	90,804,993	0	2,293,736	3,951,772	6,245,508
June 30, 2065	600,902	92,928,241	93,529,143	0	2,236,754	4,255,342	6,492,096
June 30, 2066	394,545	95,940,472	96,335,017	0	2,148,646	4,579,490	6,728,136
June 30, 2067	232,106	98,992,962	99,225,068	0	2,094,761	4,903,719	6,998,480
June 30, 2068	152,621	102,049,199	102,201,820	0	2,043,792	5,241,930	7,285,722
June 30, 2069	103,021	105,164,854	105,267,875	0	1,982,110	5,597,742	7,579,852
June 30, 2070	37,140	108,388,771	108,425,911	0	1,924,162	5,947,050	7,871,212
June 30, 2071	30,368	111,648,320	111,678,688	0	1,872,267	6,305,917	8,178,184
June 30, 2072	0	115,029,049	115,029,049	0	1,814,590	6,687,204	8,501,794
June 30, 2073	0	118,479,920	118,479,920	0	1,755,197	7,077,314	8,832,511
June 30, 2074	0	122,034,318	122,034,318	0	1,698,081	7,479,849	9,177,930
June 30, 2075	0	125,695,348	125,695,348	0	1,639,261	7,896,522	9,535,783
June 30, 2076	0	129,466,208	129,466,208	0	1,579,860	8,326,844	9,906,704
June 30, 2077	0	133,350,194	133,350,194	0	1,512,739	8,779,871	10,292,610
June 30, 2078	0	137,350,700	137,350,700	0	1,453,284	9,243,107	10,696,391
June 30, 2079	0	141,471,221	141,471,221	0	1,387,880	9,722,072	11,109,952
June 30, 2080	0	145,715,358	145,715,358	0	1,318,169	10,215,935	11,534,104
June 30, 2081	0	150,086,819	150,086,819	0	1,254,483	10,721,990	11,976,473
June 30, 2082	0	154,589,424	154,589,424	0	1,177,667	11,246,860	12,424,527
June 30, 2083	0	159,227,107	159,227,107	0	1,102,769	11,786,824	12,889,593
June 30, 2084	0	164,003,920	164,003,920	0	1,028,969	12,344,543	13,373,512
June 30, 2085	0	168,924,038	168,924,038	0	948,896	12,919,790	13,868,686
June 30, 2086	0	173,991,759	173,991,759	0	873,927	13,515,458	14,389,385
June 30, 2087	0	179,211,512	179,211,512	0	796,577	14,137,874	14,934,451
June 30, 2088	0	184,587,857	184,587,857	0	720,995	14,776,050	15,497,045
June 30, 2089	0	190,125,493	190,125,493	0	648,885	15,436,404	16,085,289
June 30, 2090	0	195,829,258	195,829,258	0	578,673	16,120,815	16,699,488
June 30, 2091	0	201,704,136	201,704,136	0	511,705	16,826,312	17,338,017
June 30, 2092	0	207,755,260	207,755,260	0	448,263	17,554,331	18,002,594
June 30, 2093	0	213,987,918	213,987,918	0	388,688	18,308,242	18,696,930
June 30, 2094	0	220,407,556	220,407,556	0	333,366	19,088,675	19,422,041
June 30, 2095	0	227,019,783	227,019,783	0	282,536	19,895,651	20,178,187
June 30, 2096	0	233,830,376	233,830,376	0	236,439	20,732,835	20,969,274

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2022	2,033,344	1,682,914	500,000	2,182,914	0	1,682,914	1,682,914	(345,273)	2,188,071
June 30, 2023	2,188,071	1,731,946	454,070	2,186,016	0	1,731,946	1,731,946	132,207	2,774,348
June 30, 2024	2,774,348	1,870,744	415,215	2,285,959	0	1,870,744	1,870,744	178,141	3,367,704
June 30, 2025	3,367,704	1,945,886	381,243	2,327,129	0	1,945,886	1,945,886	212,622	3,961,569
June 30, 2026	3,961,569	2,010,179	349,831	2,360,010	0	2,010,179	2,010,179	247,210	4,558,610
June 30, 2027	4,558,610	2,131,916	321,427	2,453,343	0	2,131,916	2,131,916	282,076	5,162,113
June 30, 2028	5,162,113	2,232,984	295,687	2,528,671	0	2,232,984	2,232,984	317,407	5,775,207
June 30, 2029	5,775,207	2,361,349	269,946	2,631,295	0	2,361,349	2,361,349	353,312	6,398,465
June 30, 2030	6,398,465	2,453,197	247,154	2,700,351	0	2,453,197	2,453,197	389,911	7,035,530
June 30, 2031	7,035,530	2,568,281	226,337	2,794,618	0	2,568,281	2,568,281	427,394	7,689,261
June 30, 2032	7,689,261	2,733,739	205,616	2,939,355	0	2,743,674	2,743,674	465,876	8,350,818
June 30, 2033	8,350,818	2,869,984	189,218	3,059,202	0	2,895,960	2,895,960	504,954	9,019,014
June 30, 2034	9,019,014	2,948,376	173,534	3,121,910	0	2,997,294	2,997,294	544,450	9,688,080
June 30, 2035	9,688,080	3,071,930	159,157	3,231,087	0	3,153,587	3,153,587	584,037	10,349,617
June 30, 2036	10,349,617	3,075,168	144,877	3,220,045	0	3,198,556	3,198,556	623,176	10,994,282
June 30, 2037	10,994,282	3,162,028	133,049	3,295,077	0	3,312,555	3,312,555	661,378	11,638,182
June 30, 2038	11,638,182	3,259,063	122,791	3,381,854	0	3,442,068	3,442,068	699,581	12,277,549
June 30, 2039	12,277,549	3,237,902	113,063	3,350,965	0	3,459,311	3,459,311	737,529	12,906,732
June 30, 2040	12,906,732	3,300,672	103,994	3,404,666	0	3,551,773	3,551,773	774,887	13,534,512
June 30, 2041	13,534,512	3,384,950	96,092	3,481,042	0	3,668,341	3,668,341	812,195	14,159,408
June 30, 2042	14,159,408	3,426,757	87,906	3,514,663	0	3,762,358	3,762,358	849,323	14,761,036
June 30, 2043	14,761,036	3,377,352	81,245	3,458,597	0	3,781,192	3,781,192	885,104	15,323,545
June 30, 2044	15,323,545	3,351,459	74,850	3,426,309	0	3,838,749	3,838,749	918,554	15,829,659
June 30, 2045	15,829,659	3,328,237	68,532	3,396,769	0	3,922,077	3,922,077	948,633	16,252,984
June 30, 2046	16,252,984	3,292,281	62,885	3,355,166	0	4,012,893	4,012,893	973,781	16,569,038
June 30, 2047	16,569,038	3,260,009	58,029	3,318,038	0	4,077,968	4,077,968	992,538	16,801,646
June 30, 2048	16,801,646	3,238,069	53,454	3,291,523	0	4,166,649	4,166,649	1,006,313	16,932,833
June 30, 2049	16,932,833	3,198,522	48,631	3,247,153	0	4,251,193	4,251,193	1,014,016	16,942,809
June 30, 2050	16,942,809	3,214,350	44,499	3,258,849	0	4,372,863	4,372,863	1,014,491	16,843,286
June 30, 2051	16,843,286	3,207,177	40,761	3,247,938	0	4,477,319	4,477,319	1,008,430	16,622,335
June 30, 2052	16,622,335	3,148,756	37,482	3,186,238	0	4,558,966	4,558,966	995,120	16,244,727
June 30, 2053	16,244,727	3,186,076	33,926	3,220,002	0	4,751,365	4,751,365	972,434	15,685,798
June 30, 2054	15,685,798	3,165,960	30,605	3,196,565	0	4,898,568	4,898,568	938,913	14,922,708
June 30, 2055	14,922,708	3,090,216	27,242	3,117,458	0	5,011,269	5,011,269	893,181	13,922,078
June 30, 2056	13,922,078	3,113,574	24,335	3,137,909	0	5,240,306	5,240,306	833,257	12,652,938
June 30, 2057	12,652,938	3,070,157	21,219	3,091,376	0	5,388,201	5,388,201	757,271	11,113,384
June 30, 2058	11,113,384	2,948,469	18,238	2,966,707	0	5,469,599	5,469,599	665,118	9,275,610
June 30, 2059	9,275,610	2,872,781	15,663	2,888,444	0	5,609,665	5,609,665	555,143	7,109,532
June 30, 2060	7,109,532	2,756,547	12,741	2,769,288	0	5,704,510	5,704,510	425,525	4,599,835
June 30, 2061	4,599,835	2,586,534	10,203	2,596,737	0	5,750,055	5,750,055	275,371	1,721,888

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2062	1,721,888	2,498,808	8,130	2,506,938	0	5,909,331	5,909,331	103,208	0
June 30, 2063	0	2,391,288	6,222	2,397,510	0	6,063,864	6,063,864	183	0
June 30, 2064	0	2,293,736	4,548	2,298,284	0	6,245,508	6,245,508	134	0
June 30, 2065	0	2,236,754	3,212	2,239,966	0	6,492,096	6,492,096	95	0
June 30, 2066	0	2,148,646	2,048	2,150,694	0	6,728,136	6,728,136	60	0
June 30, 2067	0	2,094,761	1,170	2,095,931	0	6,998,480	6,998,480	34	0
June 30, 2068	0	2,043,792	747	2,044,539	0	7,285,722	7,285,722	22	0
June 30, 2069	0	1,982,110	489	1,982,599	0	7,579,852	7,579,852	14	0
June 30, 2070	0	1,924,162	171	1,924,333	0	7,871,212	7,871,212	5	0
June 30, 2071	0	1,872,267	136	1,872,403	0	8,178,184	8,178,184	4	0
June 30, 2072	0	1,814,590	0	1,814,590	0	8,501,794	8,501,794	0	0
June 30, 2073	0	1,755,197	0	1,755,197	0	8,832,511	8,832,511	0	0
June 30, 2074	0	1,698,081	0	1,698,081	0	9,177,930	9,177,930	0	0
June 30, 2075	0	1,639,261	0	1,639,261	0	9,535,783	9,535,783	0	0
June 30, 2076	0	1,579,860	0	1,579,860	0	9,906,704	9,906,704	0	0
June 30, 2077	0	1,512,739	0	1,512,739	0	10,292,610	10,292,610	0	0
June 30, 2078	0	1,453,284	0	1,453,284	0	10,696,391	10,696,391	0	0
June 30, 2079	0	1,387,880	0	1,387,880	0	11,109,952	11,109,952	0	0
June 30, 2080	0	1,318,169	0	1,318,169	0	11,534,104	11,534,104	0	0
June 30, 2081	0	1,254,483	0	1,254,483	0	11,976,473	11,976,473	0	0
June 30, 2082	0	1,177,667	0	1,177,667	0	12,424,527	12,424,527	0	0
June 30, 2083	0	1,102,769	0	1,102,769	0	12,889,593	12,889,593	0	0
June 30, 2084	0	1,028,969	0	1,028,969	0	13,373,512	13,373,512	0	0
June 30, 2085	0	948,896	0	948,896	0	13,868,686	13,868,686	0	0
June 30, 2086	0	873,927	0	873,927	0	14,389,385	14,389,385	0	0
June 30, 2087	0	796,577	0	796,577	0	14,934,451	14,934,451	0	0
June 30, 2088	0	720,995	0	720,995	0	15,497,045	15,497,045	0	0
June 30, 2089	0	648,885	0	648,885	0	16,085,289	16,085,289	0	0
June 30, 2090	0	578,673	0	578,673	0	16,699,488	16,699,488	0	0
June 30, 2091	0	511,705	0	511,705	0	17,338,017	17,338,017	0	0
June 30, 2092	0	448,263	0	448,263	0	18,002,594	18,002,594	0	0
June 30, 2093	0	388,688	0	388,688	0	18,696,930	18,696,930	0	0
June 30, 2094	0	333,366	0	333,366	0	19,422,041	19,422,041	0	0
June 30, 2095	0	282,536	0	282,536	0	20,178,187	20,178,187	0	0
June 30, 2096	0	236,439	0	236,439	0	20,969,274	20,969,274	0	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [5.98%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.09%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.50%]
June 30, 2022	2,033,344	1,682,914	1,682,914	0	1,682,914	0	1,682,914
June 30, 2023	2,188,071	1,731,946	1,731,946	0	1,634,220	0	1,641,632
June 30, 2024	2,774,348	1,870,744	1,870,744	0	1,665,584	0	1,680,727
June 30, 2025	3,367,704	1,945,886	1,945,886	0	1,634,729	0	1,657,073
June 30, 2026	3,961,569	2,010,179	2,010,179	0	1,593,452	0	1,622,559
June 30, 2027	4,558,610	2,131,916	2,131,916	0	1,594,595	0	1,631,088
June 30, 2028	5,162,113	2,232,984	2,232,984	0	1,575,949	0	1,619,326
June 30, 2029	5,775,207	2,361,349	2,361,349	0	1,572,508	0	1,623,119
June 30, 2030	6,398,465	2,453,197	2,453,197	0	1,541,491	0	1,598,321
June 30, 2031	7,035,530	2,568,281	2,568,281	0	1,522,745	0	1,586,045
June 30, 2032	7,689,261	2,733,739	2,733,739	0	1,529,389	0	1,600,190
June 30, 2033	8,350,818	2,869,984	2,869,984	0	1,515,013	0	1,592,339
June 30, 2034	9,019,014	2,948,376	2,948,376	0	1,468,574	0	1,550,530
June 30, 2035	9,688,080	3,071,930	3,071,930	0	1,443,778	0	1,531,264
June 30, 2036	10,349,617	3,075,168	3,075,168	0	1,363,748	0	1,452,945
June 30, 2037	10,994,282	3,162,028	3,162,028	0	1,323,144	0	1,416,079
June 30, 2038	11,638,182	3,259,063	3,259,063	0	1,286,797	0	1,383,426
June 30, 2039	12,277,549	3,237,902	3,237,902	0	1,206,305	0	1,302,772
June 30, 2040	12,906,732	3,300,672	3,300,672	0	1,160,304	0	1,258,776
June 30, 2041	13,534,512	3,384,950	3,384,950	0	1,122,788	0	1,223,601
June 30, 2042	14,159,408	3,426,757	3,426,757	0	1,072,519	0	1,174,119
June 30, 2043	14,761,036	3,377,352	3,377,352	0	997,411	0	1,096,849
June 30, 2044	15,323,545	3,351,459	3,351,459	0	933,916	0	1,031,682
June 30, 2045	15,829,659	3,328,237	3,328,237	0	875,113	0	971,108
June 30, 2046	16,252,984	3,292,281	3,292,281	0	816,814	0	910,525
June 30, 2047	16,569,038	3,260,009	3,260,009	0	763,169	0	854,584
June 30, 2048	16,801,646	3,238,069	3,238,069	0	715,261	0	804,570
June 30, 2049	16,932,833	3,198,522	3,198,522	0	666,659	0	753,301
June 30, 2050	16,942,809	3,214,350	3,214,350	0	632,155	0	717,553
June 30, 2051	16,843,286	3,207,177	3,207,177	0	595,154	0	678,617
June 30, 2052	16,622,335	3,148,756	3,148,756	0	551,343	0	631,513
June 30, 2053	16,244,727	3,186,076	3,186,076	0	526,399	0	605,677
June 30, 2054	15,685,798	3,165,960	3,165,960	0	493,560	0	570,469
June 30, 2055	14,922,708	3,090,216	3,090,216	0	454,569	0	527,784
June 30, 2056	13,922,078	3,113,574	3,113,574	0	432,162	0	504,044
June 30, 2057	12,652,938	3,070,157	3,070,157	0	402,090	0	471,098
June 30, 2058	11,113,384	2,948,469	2,948,469	0	364,364	0	428,833
June 30, 2059	9,275,610	2,872,781	2,872,781	0	334,979	0	396,037
June 30, 2060	7,109,532	2,756,547	2,756,547	0	303,289	0	360,197
June 30, 2061	4,599,835	2,586,534	2,586,534	0	268,525	0	320,357
							Sum of Column V.
							41,806,152
							Sum of Column VI.
							5,873,382
							Sum of Column VII.
							[V. + VI.]
							47,679,534

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [5.98%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.09%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.50%]
June 30, 2062	1,721,888	2,498,808	1,721,888	776,920	168,674	156,351	293,353
June 30, 2063	0	2,391,288	0	2,391,288	0	462,327	266,092
June 30, 2064	0	2,293,736	0	2,293,736	0	426,043	241,927
June 30, 2065	0	2,236,754	0	2,236,754	0	399,136	223,615
June 30, 2066	0	2,148,646	0	2,148,646	0	368,350	203,605
June 30, 2067	0	2,094,761	0	2,094,761	0	345,004	188,148
June 30, 2068	0	2,043,792	0	2,043,792	0	323,385	173,998
June 30, 2069	0	1,982,110	0	1,982,110	0	301,303	159,947
June 30, 2070	0	1,924,162	0	1,924,162	0	281,003	147,174
June 30, 2071	0	1,872,267	0	1,872,267	0	262,682	135,737
June 30, 2072	0	1,814,590	0	1,814,590	0	244,587	124,696
June 30, 2073	0	1,755,197	0	1,755,197	0	227,287	114,325
June 30, 2074	0	1,698,081	0	1,698,081	0	211,251	104,837
June 30, 2075	0	1,639,261	0	1,639,261	0	195,922	95,928
June 30, 2076	0	1,579,860	0	1,579,860	0	181,404	87,631
June 30, 2077	0	1,512,739	0	1,512,739	0	166,872	79,532
June 30, 2078	0	1,453,284	0	1,453,284	0	154,015	72,422
June 30, 2079	0	1,387,880	0	1,387,880	0	141,305	65,556
June 30, 2080	0	1,318,169	0	1,318,169	0	128,935	59,017
June 30, 2081	0	1,254,483	0	1,254,483	0	117,885	53,237
June 30, 2082	0	1,177,667	0	1,177,667	0	106,318	47,371
June 30, 2083	0	1,102,769	0	1,102,769	0	95,645	42,045
June 30, 2084	0	1,028,969	0	1,028,969	0	85,738	37,185
June 30, 2085	0	948,896	0	948,896	0	75,960	32,503
June 30, 2086	0	873,927	0	873,927	0	67,210	28,374
June 30, 2087	0	796,577	0	796,577	0	58,854	24,514
June 30, 2088	0	720,995	0	720,995	0	51,177	21,031
June 30, 2089	0	648,885	0	648,885	0	44,249	17,941
June 30, 2090	0	578,673	0	578,673	0	37,911	15,165
June 30, 2091	0	511,705	0	511,705	0	32,206	12,711
June 30, 2092	0	448,263	0	448,263	0	27,105	10,554
June 30, 2093	0	388,688	0	388,688	0	22,579	8,674
June 30, 2094	0	333,366	0	333,366	0	18,605	7,052
June 30, 2095	0	282,536	0	282,536	0	15,149	5,665
June 30, 2096	0	236,439	0	236,439	0	12,179	4,494

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2021 Active Plans: effective July 1, 2021 Dental Plans: effective July 1, 2021
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical Insurance, Dental Insurance and \$5,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements by the Town were not reflected in this valuation.
<u>Surviving Spouse Coverage</u>	All participants who become surviving spouses on or after January 1, 2015 pay 100% of premiums.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

Group	Individual	Two-Person / Family
Medical	<ul style="list-style-type: none"> • 26% for Network Blue • 45% for all other plans 	<ul style="list-style-type: none"> • 35% for Network Blue • 45% for all other plans
Dental	100%	100%
Life	50%	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

5.50% per annum (previously 4.50%)

Net Long Term Rate of Return

5.98% (based on investment policy)

Municipal Bond Rate

4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

Market Value of Assets as of the Measurement Date, June 30, 2022

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

Non-Public Safety Employees

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

Public Safety Employees

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

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

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

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2022</u>	<u>June 30, 2021</u>
I. Total OPEB Liability	42,188,100	46,190,850
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>29,492,255</u>	<u>32,396,818</u>
III. Liability from Implicit Subsidy [I. - II.]	12,695,845	13,794,032

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2022</u>	<u>June 30, 2021</u>
IV. Employer Payments (Including Implicit Subsidy)	1,682,914	2,086,152
V. Actual Employer Payments	<u>1,174,899</u>	<u>1,088,354</u>
VI. Implicit Subsidy [IV. - V.]	508,015	997,798

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	3,549	2,237	44 & Under	7,290	4,777	65 to 69	2,839	2,915
25 to 29	5,236	2,328	45 to 49	8,007	6,031	70 to 74	3,350	3,494
30 to 34	6,616	2,922	50 to 54	9,420	7,943	75 to 79	3,887	4,126
35 to 39	6,816	3,669	55 to 59	10,889	10,327	80 to 84	4,458	4,742
40 to 44	6,976	4,571	60 to 64	12,958	13,252	85 to 89	4,983	5,283
45 to 49	7,662	5,771	65 to 69	15,533	16,530	90 & Over	4,983	5,283
50 to 54	9,014	7,601	70 to 74	18,318	19,809			
55 to 59	10,420	9,882	75 to 79	21,273	23,396			
60 to 64	12,400	12,681	80 to 84	24,391	26,892			
65 to 69	14,864	15,818	85 to 89	27,842	30,781			
70 & Over	17,529	18,956	90 & Over	27,842	30,781			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

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

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

Additional Comments

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

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

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2020
A. Average Age at Hire	35.58
B. Average Service	<u>9.91</u>
C. Average Current Age	45.49

Retired Employees & Spouses

Valuation Date	July 1, 2020
A. Under Age 65	55
B. Age 65 & Over	<u>304</u>
C. Total	359

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	20	1								21
25-29	40	7	1							48
30-34	31	8								39
35-39	24	6	10	2						42
40-44	17	13	9	7	4					50
45-49	12	8	19	6	7	3	1			56
50-54	11	9	14	8	8	5	2			57
55-59	9	13	13	16	9	5	2	1		68
60-64	5	4	8	7	11	5	2	1		43
65-69	5		3		2		1			11
70+						1				1
Total	174	69	77	46	41	19	8	2		436

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Network Blue	149	65	102	316
Blue Care Elect	12		8	20
Medex 2	294			294
Total	455	65	110	630

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Network Blue	620.60	1,445.20	1,781.52
Blue Care Elect	715.24		1,953.40
Medex 2	327.00	654.00	
Dental Plan	46.34		140.46

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Network Blue	149	65	102	483	4,417,469.28	3,596,997.60
Blue Care Elect	12		8	28	290,520.96	240,320.64
Total	161	65	110	511	4,707,990.24	3,837,318.24
Blended Average Monthly Rate:						\$ 625.79

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex 2	294			294	1,153,656.00	1,153,656.00
Total	294	0	0	294	1,153,656.00	1,153,656.00
Blended Average Monthly Rate:						\$ 327.00

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is February 6, 2023 and its subject is the Town of South Hadley's GASB 75 OPEB liabilities.

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

² These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

- ✓ The contents of this report are intended for the use of the officers, employees, and elected officials of the Town and the Town's appointed auditor. The Town may distribute this report to those parties that have a legal right to require the Town to provide it, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Town notify Odyssey Advisors to whom it was distributed.
- ✓ The purpose of this engagement was to provide the Town with analysis of the GASB 75 OPEB liabilities.
- ✓ The responsible actuary identified above is qualified as specified in the *Qualification Standards* of the American Academy of Actuaries.
- ✓ Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
- ✓ Actuarial computations under GASB 75 are for purposes of fulfilling financial accounting requirements of the Town. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. These communications should not be relied upon for any other purpose.
- ✓ The Town of South Hadley has agreed to pay Odyssey Advisors a fee for preparing this report. Other than with regard to that contract, we are financially and organizationally independent from the Town and any entity or individual related to the Town. There is nothing in our relationship with the Town that would impair or seem to impair the objectivity of our work.
- ✓ The Town provided the employee/retiree data, premium rates and other information used to prepare our report. We have reviewed the data for reasonableness but have not audited it. To the extent that there are material inaccuracies in the data, our results may be accordingly affected.
- ✓ The date through which data or other information has been considered in developing the findings included in this report is June 30, 2022.
- ✓ The various documents comprising the actuarial report are contained within the document to which these disclosures are attached.

APPENDIX VI – ASOP 41 DISCLOSURES

Events Subsequent to the Measurement Date

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

Actuarial Findings

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

Methods, Procedures, Assumptions, and Data

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

Assumptions or Methods Prescribed by Law

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

Responsibility for Assumptions and Methods

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

Deviation from the Guidance of an ASOP

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

Rounding

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

GLOSSARY

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

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

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

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

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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