

Town of Sherborn 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 16, 2021



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August 16, 2021

Personal and Confidential

Ms. Heidi Doyle
Town Treasurer
Town of Sherborn
19 Washington Street
Sherborn, MA 01770

Dear Ms. Doyle:

We have performed an actuarial valuation of the Town of Sherborn 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 Sherborn, 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, 2018 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 rectangular background.

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

August 16, 2021

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Sherborn 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.

A handwritten signature in black ink, appearing to read 'P. Elmore', with a long horizontal flourish extending to the right.

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 \$260 thousand, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 7.00% to 6.75% increasing the disclosed liability by \$260 thousand.

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

Investment Experience

- ✓ During the period there was an investment gain of \$359,910 due to asset performance above the expected rate of return.

Changes in Benefits Terms

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

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 5.59 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 \$2,346,961 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute \$200,000 annually beyond pay-as-you-go costs.
- ✓ Investment Policy - The Town is expected to earn 6.64% 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 70.51% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate - We currently assume medical costs increase at 4.50% per year for Active plans and 4.50% per year for Medicare supplement plans.
- ✓ Discount Rate (6.75%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

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 two 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.

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, 2019	July 1, 2019
Measurement Date & Period Ending	June 30, 2021	June 30, 2020
Reporting Date/Fiscal Year End	June 30, 2021	June 30, 2020
Total OPEB Liability	9,262,016	8,647,549
Per Eligible Active Plan Participant	34,403	34,305
Per Retiree/Spouse Plan Participant	56,136	49,367
Total Annual Service Cost (Annual Benefit Accrual)	240,367	227,585
Per Eligible Active Plan Participant	1,938	1,835
Expected Employer Share of Retiree Costs	486,975	529,960
Per Retiree/Spouse Plan Participant	5,472	5,955
Net OPEB Liability as a % of Covered Payroll	102.00%	106.00%

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	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	89	9,262,016	9,262,016	486,975	486,975
June 30, 2026	115	11,217,305	9,676,146	584,587	504,270
June 30, 2031	119	13,428,392	9,991,985	748,810	557,185
June 30, 2036	117	15,604,751	10,016,096	919,524	590,207
June 30, 2041	112	18,416,551	10,196,798	1,012,361	560,520
June 30, 2046	106	22,014,942	10,514,459	1,205,215	575,617
June 30, 2051	103	26,588,886	10,954,269	1,378,105	567,761

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)	496,566
June 30, 2021	Actual	486,975
June 30, 2020	Actual	529,960
June 30, 2019	Actual	440,042
June 30, 2018	Actual	405,105
June 30, 2017	Actual	383,395

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 \$6,915,055 assuming a discount rate of 6.75%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$200,000 annually beyond pay-as-you-go costs. The balance of this fund as of June 30, 2021 was \$2,346,961. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Sherborn Assuming Funding - 6.75% discount rate Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2019	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2021	June 30, 2020
I. Total OPEB Liability		
A. Actives	4,265,929	4,253,875
B. Retirees/Disabled	<u>4,996,087</u>	<u>4,393,674</u>
C. Total	9,262,016	8,647,549
II. Fiduciary Net Position [Plan Assets]	2,346,961	1,669,653
III. Net OPEB Liability (Asset) [I. - II.]	6,915,055	6,977,896
IV. Funded Ratio [II. / I.]	25.34%	19.31%
V. Number of Eligible Participants		
A. Actives	124	124
B. Retirees/Disabled & Dependents	<u>89</u>	<u>89</u>
C. Total	213	213
VI. Service Cost	240,367	227,585
VII. Financial Statement Expense	695,804	683,285
VIII. Employer Contribution to the OPEB Trust	(200,000)	(200,000)
IX. Deferred Inflow of Resources	(498,203)	(278,970)
X. Deferred Outflow of Resources	419,606	272,102
XI. Money Weighted Rate of Return	27.30%	2.71%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.64%	6.88%
XIV. Crossover Year	N/A	N/A
XV. Discount Rate	6.75%	7.00%

PRINCIPAL RESULTS OF THE VALUATION

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

	Administration Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Library Employees and Retirees	Highway Employees and Retirees	Total
I. Total OPEB Liability						
A. Actives	311,173	2,937,727	656,216	139,270	221,543	4,265,929
B. Retirees/Disabled	<u>444,044</u>	<u>2,896,014</u>	<u>1,160,856</u>	<u>78,360</u>	<u>416,813</u>	<u>4,996,087</u>
C. Total	755,217	5,833,741	1,817,072	217,630	638,356	9,262,016
II. Fiduciary Net Position [Plan Assets]	191,369	1,478,249	460,439	55,147	161,757	2,346,961
III. Net OPEB Liability (Asset) [I. - II.]	563,848	4,355,492	1,356,633	162,483	476,599	6,915,055
IV. Number of Eligible Participants						
A. Actives	19	77	17	4	7	124
B. Retirees/Disabled	<u>14</u>	<u>51</u>	<u>14</u>	<u>2</u>	<u>8</u>	<u>89</u>
C. Total	33	128	31	6	15	213
For the Reporting Date and Fiscal Year Ending June 30, 2021						
V. Service Cost	26,688	139,469	62,526	2,635	9,049	240,367
VI. Financial Statement Expense	19,593	457,497	161,849	14,391	42,474	695,804
VII. Employer Share of Costs	(52,129)	(257,595)	(117,291)	(6,714)	(53,246)	(486,975)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(15,025)	(127,558)	(39,413)	(4,756)	(13,248)	(200,000)
IX. Total Employer Contribution [VII. + VIII.]	(67,154)	(385,153)	(156,704)	(11,470)	(66,494)	(686,975)

PRINCIPAL RESULTS OF THE VALUATION

Town of Sherborn

Assuming Funding - 6.75% discount rate

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

	Actives			Retirees/Disabled			Grand Total
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
Present Value of Future Benefits							
A. Participants	1,942,775	1,968,261	3,911,036	555,207	3,532,768	4,087,975	7,999,011
B. Spouses	<u>961,402</u>	<u>1,369,048</u>	<u>2,330,450</u>	<u>241,487</u>	<u>666,625</u>	<u>908,112</u>	<u>3,238,562</u>
C. Total	2,904,177	3,337,309	6,241,486	796,694	4,199,393	4,996,087	11,237,573
Total OPEB Liability							
A. Participants	1,308,556	1,371,820	2,680,376	555,207	3,532,768	4,087,975	6,768,351
B. Spouses	<u>625,857</u>	<u>959,696</u>	<u>1,585,553</u>	<u>241,487</u>	<u>666,625</u>	<u>908,112</u>	<u>2,493,665</u>
C. Total	1,934,413	2,331,516	4,265,929	796,694	4,199,393	4,996,087	9,262,016
Service Cost							
A. Participants	72,420	79,092	151,512	0	0	0	151,512
B. Spouses	<u>35,370</u>	<u>53,485</u>	<u>88,855</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>88,855</u>
C. Total	107,790	132,577	240,367	0	0	0	240,367

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

Funding - 6.75% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.64% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as- you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2021	June 30, 2021	9,262,016	2,346,961	6,915,055	25.34%	240,367	486,975	200,000	686,975	486,975	0	200,000
2022	June 30, 2022	9,610,648	2,709,333	6,901,315	28.19%	264,007	496,566	200,000	696,566	496,566	0	200,000
2023	June 30, 2023	9,980,462	3,095,766	6,884,696	31.02%	272,969	530,585	200,000	730,585	530,585	0	200,000
2024	June 30, 2024	10,378,594	3,507,858	6,870,736	33.80%	286,150	538,602	200,000	738,602	538,602	0	200,000
2025	June 30, 2025	10,791,813	3,947,313	6,844,500	36.58%	296,846	559,710	200,000	759,710	559,710	0	200,000
2026	June 30, 2026	11,217,305	4,415,948	6,801,357	39.37%	307,711	584,587	200,000	784,587	584,587	0	200,000
2027	June 30, 2027	11,645,545	4,915,700	6,729,845	42.21%	319,094	623,953	200,000	823,953	623,953	0	200,000
2028	June 30, 2028	12,090,061	5,448,636	6,641,425	45.07%	327,489	637,720	200,000	837,720	637,720	0	200,000
2029	June 30, 2029	12,552,202	6,016,959	6,535,243	47.94%	337,329	662,111	200,000	862,111	662,111	0	200,000
2030	June 30, 2030	12,975,590	6,623,018	6,352,572	51.04%	347,970	746,289	200,000	946,289	746,289	0	200,000
2031	June 30, 2031	13,428,392	7,269,320	6,159,072	54.13%	362,404	748,810	200,000	948,810	748,810	0	200,000
2032	June 30, 2032	13,855,170	7,958,536	5,896,634	57.44%	373,210	788,380	200,000	988,380	788,380	0	200,000
2033	June 30, 2033	14,241,060	8,693,516	5,547,544	61.05%	385,395	848,824	200,000	1,048,824	848,824	0	200,000
2034	June 30, 2034	14,724,221	9,477,299	5,246,922	64.37%	397,561	851,233	200,000	1,051,233	851,233	0	200,000
2035	June 30, 2035	15,175,757	10,313,125	4,862,632	67.96%	412,976	885,442	200,000	1,085,442	885,442	0	200,000
2036	June 30, 2036	15,604,751	11,204,450	4,400,301	71.80%	424,336	919,524	200,000	1,119,524	919,524	0	200,000
2037	June 30, 2037	16,123,071	12,154,959	3,968,112	75.39%	440,755	928,663	200,000	1,128,663	928,663	0	200,000
2038	June 30, 2038	16,656,343	13,168,582	3,487,761	79.06%	457,190	953,498	200,000	1,153,498	953,498	0	200,000
2039	June 30, 2039	17,213,768	14,249,509	2,964,259	82.78%	473,195	974,401	200,000	1,174,401	974,401	0	200,000
2040	June 30, 2040	17,785,468	15,402,210	2,383,258	86.60%	490,879	987,279	200,000	1,187,279	987,279	0	200,000
2041	June 30, 2041	18,416,551	16,631,450	1,785,101	90.31%	507,988	1,012,361	200,000	1,212,361	1,012,361	0	200,000
2042	June 30, 2042	19,042,227	17,942,312	1,099,915	94.22%	527,231	1,060,466	200,000	1,260,466	1,060,466	0	200,000
2043	June 30, 2043	19,725,471	19,340,215	385,256	98.05%	547,725	1,086,059	200,000	1,286,059	1,086,059	0	200,000
2044	June 30, 2044	20,458,515	20,830,939	(372,424)	101.82%	569,775	1,093,659	200,000	1,293,659	1,093,659	0	200,000
2045	June 30, 2045	21,215,297	21,605,408	(390,111)	101.84%	593,168	1,182,618	(589,450)	593,168	1,182,618	0	(589,450)
2046	June 30, 2046	22,014,942	22,433,053	(418,111)	101.90%	617,461	1,205,215	(587,754)	617,461	1,205,215	0	(587,754)
2047	June 30, 2047	22,848,427	23,317,092	(468,665)	102.05%	642,540	1,228,901	(586,361)	642,540	1,228,901	0	(586,361)
2048	June 30, 2048	23,678,574	24,239,506	(560,932)	102.37%	669,510	1,275,554	(606,044)	669,510	1,275,554	0	(606,044)
2049	June 30, 2049	24,601,517	25,201,725	(600,208)	102.44%	696,402	1,323,211	(626,809)	696,402	1,323,211	0	(626,809)
2050	June 30, 2050	25,578,565	26,267,703	(689,138)	102.69%	726,841	1,315,043	(588,202)	726,841	1,315,043	0	(588,202)
2051	June 30, 2051	26,588,886	27,369,926	(781,040)	102.94%	756,459	1,378,105	(621,646)	756,459	1,378,105	0	(621,646)
2052	June 30, 2052	27,649,706	28,535,068	(885,362)	103.20%	789,793	1,421,382	(631,589)	789,793	1,421,382	0	(631,589)

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

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021	
Description	Amount
I. Service Cost	240,367
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	605,402
III. Deferred (Inflows)/Outflows from Plan Experience*	(65,658)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	90,791
V. Projected Earnings on OPEB Plan Investments	(117,398)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(57,700)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II. + III. + IV. + V. + VI.]	695,804
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	695,804

* Amortized over 5.59 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
I. Balances for the June 30, 2020 Reporting Date	8,647,608	1,669,653	6,977,955
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]	8,647,608	1,669,653	6,977,955
Changes for the year:			
IV. Service Cost	240,367	0	240,367
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	605,402	0	605,402
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	255,614	0	255,614
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	477,308	(477,308)
X. Employer Contributions to Trust	0	686,975	(686,975)
XI. Benefit Payments Withdrawn from Trust	0	(486,975)	486,975
XII. Benefit Payments Excluding Implicit Cost	(372,953)	0	(372,953)
XIII. Implicit Cost Amount	(114,022)	0	(114,022)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(486,975)	0	(486,975)
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.]	614,408	677,308	(62,900)
XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]	9,262,016	2,346,961	6,915,055

* Recognized Immediately

** Amortized over 5.59 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 Actual & Expected Experience	Recognition Period (Years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	(54,976)	5.00	(10,996)	(10,995)	(10,996)				
2019	0	5.00	0	0	0	0			
2020	(305,567)	5.59	(196,241)	(54,663)	(54,663)	(54,663)	(54,663)	(32,252)	
2021	0	5.59	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(207,237)						
Net increase (decrease) in OPEB Expense				(65,658)	(65,659)	(54,663)	(54,663)	(32,252)	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	0	5.00	0	0	0				
2019	0	5.00	0	0	0	0			
2020	251,911	5.59	161,783	45,064	45,064	45,064	45,064	26,591	
2021	255,614	5.59	209,887	45,727	45,727	45,727	45,727	45,727	26,979
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			371,670						
Net increase (decrease) in OPEB Expense				90,791	90,791	90,791	90,791	72,318	26,979

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 Actual & Expected Earnings	Recognition Period (years)	Remaining Balance	2021	2022	2023	2024	2025	2026
2017									
2018	(15,186)	5.00	(3,038)	(3,037)	(3,038)				
2019	20,107	5.00	8,044	4,021	4,021	4,023			
2020	66,488	5.00	39,892	13,298	13,298	13,298	13,296		
2021	(359,910)	5.00	(287,928)	(71,982)	(71,982)	(71,982)	(71,982)	(71,982)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(243,030)						
Net increase (decrease) in OPEB Expense				(57,700)	(57,701)	(54,661)	(58,686)	(71,982)	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Statement of Outflows & Inflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2021 to be Reported for the Fiscal Year Ending June 30, 2021			
	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	(207,237)	(207,237)
III. Changes of Assumptions	371,670	0	371,670
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>47,936</u>	<u>(290,966)</u>	<u>(243,030)</u>
V. Total [I.+II.+III.+IV.]	419,606	(498,203)	(78,597)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows)/Outflows

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

Year ending June 30:

2022	(32,569)
2023	(18,533)
2024	(22,558)
2025	(31,916)
2026	26,979
Thereafter	0

4. Discount Rate

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

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$486,975. The Town also contributed \$200,000 to an OPEB Trust for a total contribution during the measurement period of \$686,975 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	22.00%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	16.00%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	13.75%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	6.50%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	22.25%	Domestic Fixed Income	1.40%
International Fixed Income	4.25%	International Fixed Income	1.30%
Alternatives	10.50%	Alternatives	6.32%
Real Estate	4.50%	Real Estate	6.25%
Cash & Cash Equivalents	0.25%	Cash & Cash Equivalents	0.00%
Total	100.00%		
		I. Real Rate of Return**	4.39%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.89%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	6.64%

* 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	609,567	(686,975)	(77,408)	6,779,806	10.13%
June 30, 2020	753,125	(729,960)	23,165	6,582,336	11.09%
June 30, 2019	771,566	(640,042)	131,524	7,522,769	8.51%
June 30, 2018	723,733	(737,133)	(13,400)	7,303,659	10.09%
June 30, 2017	751,165	(583,395)	167,770	7,090,931	8.23%

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

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	8,250,774	9,262,016	10,468,027
II. Fiduciary Net Position	<u>2,346,961</u>	<u>2,346,961</u>	<u>2,346,961</u>
III. Net OPEB Liability (Asset) [I.-II.]	5,903,813	6,915,055	8,121,066
IV. Service Cost	193,012	240,367	303,119

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	10,341,870	9,262,016	8,353,496
II. Fiduciary Net Position	<u>2,346,961</u>	<u>2,346,961</u>	<u>2,346,961</u>
III. Net OPEB Liability (Asset) [I.-II.]	7,994,909	6,915,055	6,006,535
IV. Service Cost	299,741	240,367	194,325

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	1,669,653	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	100,000	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	100,000	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	<u>0</u>	<u>0.0000</u>
II. Total net external cash flow	200,000		
III. Earnings and increase in fair value	477,308		
IV. Ending value - June 30, 2021 [I.+II.+III.]	2,346,961		
Money Weighted Rate of Return	27.30%		
Asset Value - June 30, 2021	2,346,961		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2021					
	Administration Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Library Employees and Retirees	Highway Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2021	755,217	5,833,741	1,817,072	217,630	638,356	9,262,016
II. Fiduciary Net Position as of June 30, 2021	191,369	1,478,249	460,439	55,147	161,757	2,346,961
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	563,848	4,355,492	1,356,633	162,483	476,599	6,915,055
IV. Service Cost	26,688	139,469	62,526	2,635	9,049	240,367
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	5,103	412,522	128,748	15,281	43,748	605,402
VI. Projected Earnings on OPEB Plan Investments	(9,543)	(73,981)	(23,036)	(2,760)	(8,078)	(117,398)
VII. Net Recognition of Deferred (Inflows)/Outflows	(2,655)	(20,513)	(6,389)	(765)	(2,245)	(32,567)
VIII. Expense Related to Change in Benefit Terms	0	0	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VII. + VIII.]	19,593	457,497	161,849	14,391	42,474	695,804
X. Employer Share of Costs	(52,129)	(257,595)	(117,291)	(6,714)	(53,246)	(486,975)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(15,025)	(127,558)	(39,413)	(4,756)	(13,248)	(200,000)
XII. Total Employer Contribution [X. + XI.]	(67,154)	(385,153)	(156,704)	(11,470)	(66,494)	(686,975)
XIII. Net OPEB Expense [IX. + XII.]	(47,561)	72,344	5,145	2,921	(24,020)	8,829

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
Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(207,237)
II. Deferred (Inflow)/Outflow from Investment Experience	(243,030)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	371,670
Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	272,102
II. Deferred Outflow created during the period	255,614
III. Deferred Outflow recognized during the period	108,110
IV. Change in Deferred Outflow (II. - III.)	147,504
V. Deferred Outflow at end of the period (I. + IV.)	419,606
VI. Deferred Inflow at the beginning of the period	(278,970)
VII. Deferred Inflow created during the period	(359,910)
VIII. Deferred Inflow recognized during the period	(140,677)
IX. Change in Deferred Inflow (VII. - VIII.)	(219,233)
X. Deferred Inflow at end of the period (VI. + IX.)	(498,203)
Net OPEB Liability	
I. Net OPEB Liability at beginning of period	6,977,955
II. Service Cost	240,367
III. Interest on Total OPEB Liability, Service Cost, and Payments	605,402
IV. Projected Investment Income	(117,398)
V. Total Employer Contributions	(686,975)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI.)	41,396
VIII. Deferred Outflow created during the period	255,614
IX. Deferred Inflow created during the period	(359,910)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX.)	6,915,055
Net OPEB Expense	
I. Service Cost	240,367
II. Interest on Total OPEB Liability, Service Cost, and Payments	605,402
III. Projected Investment Income	(117,398)
IV. Recognition of Deferred (Inflow)/Outflow	(32,567)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V.)	695,804
VII. Benefit Payments	(486,975)
VIII. Contributions to Trust	(200,000)
IX. Total Employer Payments (VII. + VIII.)	(686,975)
X. Total Net OPEB Expense under GASB 75 (VI. + IX.)	8,829

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	240,367	227,585	255,935	234,938	239,889
II. Amortization of NOL	<u>369,200</u>	<u>525,540</u>	<u>515,631</u>	<u>488,795</u>	<u>511,276</u>
III. Actuarial Determined Contribution [I. + II.]	609,567	753,125	771,566	723,733	751,165
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(686,975)</u>	<u>(729,960)</u>	<u>(640,042)</u>	<u>(737,133)</u>	<u>(583,395)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>(77,408)</u>	23,165	131,524	<u>(13,400)</u>	167,770
Covered Employee Payroll	6,779,806	6,582,336	7,522,769	7,303,659	7,090,931
Contributions as a % of Covered Employee Payroll	10.13%	11.09%	8.51%	10.09%	8.23%
Discount Rate	6.75%	7.00%	6.75%	6.75%	6.75%
Money Weighted Rate of Return	27.30%	2.71%	5.74%	6.02%	9.44%

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
Total OPEB Liability	9,262,016	8,647,608	8,436,358	8,072,879	7,414,126
I. Service Cost	240,367	227,644	255,935	234,938	239,889
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	605,402	567,222	547,586	523,483	503,919
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(305,567)	0	305,437	(54,976)
V. Changes of Assumptions	255,614	251,911	0	0	0
VI. Benefit Payments Excluding Implicit Cost	(372,953)	(388,426)	(382,851)	(354,055)	N/A
VII. Implicit Cost Amount	(114,022)	(141,534)	(57,191)	(51,050)	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(486,975)	(529,960)	(440,042)	(405,105)	(383,395)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	614,408	211,250	363,479	658,753	305,437
X. Total OPEB Liability - Beginning of Period	8,647,608	8,436,358	8,072,879	7,414,126	7,108,689
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	8,647,608	8,436,358	8,072,879	7,414,126	7,108,689
XIII. Total OPEB Liability - End of Period [IX.+XII.]	9,262,016	8,647,608	8,436,358	8,072,879	7,414,126
Plan Fiduciary Net Position	2,346,961	1,669,653	1,430,872	1,163,179	773,244
XIV. Earning from Plan Investments	477,308	38,781	67,693	57,907	57,897
XV. Employer Contribution to Trust	686,975	729,960	640,042	737,133	583,395
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(486,975)	(529,960)	(440,042)	(405,105)	(383,395)
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.]	677,308	238,781	267,693	389,935	257,897
XX. Plan Fiduciary Net Position - Beginning of Period	1,669,653	1,430,872	1,163,179	773,244	515,347
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	1,669,653	1,430,872	1,163,179	773,244	515,347
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	2,346,961	1,669,653	1,430,872	1,163,179	773,244
XXIV. Net OPEB Liability [XIII.-XXIII.]	6,915,055	6,977,955	7,005,486	6,909,700	6,640,882
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	25.34%	19.31%	16.96%	14.41%	10.43%
XXVI. Covered Employee Payroll	6,779,806	6,582,336	7,522,769	7,303,659	7,090,931
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	101.99%	106.01%	93.12%	94.61%	93.65%
Single Discount Rate to calculate Plan Liabilities	6.75%	7.00%	6.75%	6.75%	6.75%

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:	6.64%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	6.75%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary Increases:	3.00% annually as of June 30, 2021 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2021 Measurement Date)

Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females 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, 2021 Measurement Date)

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits:	89
Active Employees:	<u>124</u>
Total:	213

Events Subsequent to the Measurement Date

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

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

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

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$200,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2021 Measurement Date. For the year ending on the June 30, 2021 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$486,975. \$114,022 of the \$486,975 represents implicit cost.

EXHIBIT B

REQUIRED 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	6,779,806	0	6,779,806	0	486,975	0	486,975
June 30, 2022	6,238,385	744,815	6,983,200	0	496,566	0	496,566
June 30, 2023	5,785,382	1,407,314	7,192,696	0	530,585	0	530,585
June 30, 2024	5,289,683	2,118,794	7,408,477	0	538,602	0	538,602
June 30, 2025	4,947,745	2,682,986	7,630,731	0	559,710	0	559,710
June 30, 2026	4,660,780	3,198,873	7,859,653	0	584,587	0	584,587
June 30, 2027	4,393,522	3,701,921	8,095,443	0	623,953	0	623,953
June 30, 2028	4,183,230	4,155,076	8,338,306	0	637,720	0	637,720
June 30, 2029	3,940,552	4,647,903	8,588,455	0	662,111	0	662,111
June 30, 2030	3,681,636	5,164,473	8,846,109	0	746,289	0	746,289
June 30, 2031	3,404,785	5,706,707	9,111,492	0	743,673	5,137	748,810
June 30, 2032	3,250,659	6,134,178	9,384,837	0	775,681	12,699	788,380
June 30, 2033	3,066,215	6,600,167	9,666,382	0	825,649	23,175	848,824
June 30, 2034	2,900,659	7,055,714	9,956,373	0	812,760	38,473	851,233
June 30, 2035	2,732,760	7,522,304	10,255,064	0	828,249	57,193	885,442
June 30, 2036	2,613,049	7,949,667	10,562,716	0	852,689	66,835	919,524
June 30, 2037	2,424,301	8,455,296	10,879,597	0	848,671	79,992	928,663
June 30, 2038	2,293,059	8,912,926	11,205,985	0	858,790	94,708	953,498
June 30, 2039	2,177,646	9,364,519	11,542,165	0	870,469	103,932	974,401
June 30, 2040	2,043,803	9,844,627	11,888,430	0	871,245	116,034	987,279
June 30, 2041	1,933,998	10,311,085	12,245,083	0	875,842	136,519	1,012,361
June 30, 2042	1,825,292	10,787,143	12,612,435	0	897,405	163,061	1,060,466
June 30, 2043	1,711,979	11,278,829	12,990,808	0	888,898	197,161	1,086,059
June 30, 2044	1,614,221	11,766,311	13,380,532	0	852,524	241,135	1,093,659
June 30, 2045	1,521,472	12,260,476	13,781,948	0	889,926	292,692	1,182,618
June 30, 2046	1,437,072	12,758,334	14,195,406	0	880,207	325,008	1,205,215
June 30, 2047	1,354,958	13,266,310	14,621,268	0	862,728	366,173	1,228,901
June 30, 2048	1,269,140	13,790,766	15,059,906	0	864,869	410,685	1,275,554
June 30, 2049	1,195,302	14,316,401	15,511,703	0	879,962	443,249	1,323,211
June 30, 2050	1,105,372	14,871,682	15,977,054	0	832,393	482,650	1,315,043
June 30, 2051	1,032,256	15,424,110	16,456,366	0	845,912	532,193	1,378,105
June 30, 2052	950,215	15,999,842	16,950,057	0	835,580	585,802	1,421,382
June 30, 2053	849,930	16,608,629	17,458,559	0	815,526	647,882	1,463,408
June 30, 2054	773,777	17,208,539	17,982,316	0	825,302	718,771	1,544,073
June 30, 2055	695,373	17,826,412	18,521,785	0	785,196	795,529	1,580,725
June 30, 2056	613,147	18,464,292	19,077,439	0	735,457	859,626	1,595,083
June 30, 2057	560,550	19,089,212	19,649,762	0	749,147	932,819	1,681,966
June 30, 2058	500,663	19,738,592	20,239,255	0	691,850	1,009,565	1,701,415
June 30, 2059	423,732	20,422,701	20,846,433	0	636,561	1,082,206	1,718,767
June 30, 2060	342,890	21,128,936	21,471,826	0	625,390	1,161,906	1,787,296

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	276,241	21,839,740	22,115,981	0	578,871	1,252,376	1,831,247
June 30, 2062	199,472	22,579,988	22,779,460	0	561,544	1,347,699	1,909,243
June 30, 2063	165,892	23,296,952	23,462,844	0	540,874	1,453,641	1,994,515
June 30, 2064	116,411	24,050,318	24,166,729	0	532,306	1,571,262	2,103,568
June 30, 2065	90,244	24,801,487	24,891,731	0	524,391	1,695,888	2,220,279
June 30, 2066	57,247	25,581,236	25,638,483	0	509,369	1,813,723	2,323,092
June 30, 2067	20,676	26,386,961	26,407,637	0	497,614	1,941,588	2,439,202
June 30, 2068	16,882	27,182,984	27,199,866	0	486,573	2,075,183	2,561,756
June 30, 2069	0	28,015,862	28,015,862	0	473,596	2,204,389	2,677,985
June 30, 2070	0	28,856,338	28,856,338	0	460,142	2,341,896	2,802,038
June 30, 2071	0	29,722,028	29,722,028	0	446,213	2,488,218	2,934,431
June 30, 2072	0	30,613,689	30,613,689	0	431,834	2,638,900	3,070,734
June 30, 2073	0	31,532,100	31,532,100	0	417,025	2,798,382	3,215,407
June 30, 2074	0	32,478,063	32,478,063	0	401,842	2,965,856	3,367,698
June 30, 2075	0	33,452,405	33,452,405	0	386,322	3,138,891	3,525,213
June 30, 2076	0	34,455,977	34,455,977	0	370,491	3,320,993	3,691,484
June 30, 2077	0	35,489,656	35,489,656	0	354,387	3,509,592	3,863,979
June 30, 2078	0	36,554,346	36,554,346	0	338,047	3,705,208	4,043,255
June 30, 2079	0	37,650,976	37,650,976	0	321,493	3,909,364	4,230,857
June 30, 2080	0	38,780,505	38,780,505	0	304,783	4,121,519	4,426,302
June 30, 2081	0	39,943,920	39,943,920	0	287,914	4,342,645	4,630,559
June 30, 2082	0	41,142,238	41,142,238	0	270,921	4,573,113	4,844,034
June 30, 2083	0	42,376,505	42,376,505	0	253,853	4,814,234	5,068,087
June 30, 2084	0	43,647,800	43,647,800	0	236,741	5,065,929	5,302,670
June 30, 2085	0	44,957,234	44,957,234	0	219,647	5,328,137	5,547,784
June 30, 2086	0	46,305,951	46,305,951	0	202,662	5,603,831	5,806,493
June 30, 2087	0	47,695,130	47,695,130	0	185,853	5,888,255	6,074,108
June 30, 2088	0	49,125,984	49,125,984	0	169,319	6,186,344	6,355,663
June 30, 2089	0	50,599,764	50,599,764	0	153,155	6,497,610	6,650,765
June 30, 2090	0	52,117,757	52,117,757	0	137,429	6,821,535	6,958,964
June 30, 2091	0	53,681,290	53,681,290	0	122,256	7,159,810	7,282,066
June 30, 2092	0	55,291,729	55,291,729	0	107,695	7,513,793	7,621,488
June 30, 2093	0	56,950,481	56,950,481	0	93,870	7,884,380	7,978,250
June 30, 2094	0	58,658,995	58,658,995	0	80,865	8,271,095	8,351,960
June 30, 2095	0	60,418,765	60,418,765	0	68,783	8,675,906	8,744,689

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	1,669,653	486,975	200,000	686,975	0	486,975	486,975	477,308	2,346,961
June 30, 2022	2,346,961	496,566	178,668	675,234	0	496,566	496,566	145,054	2,670,683
June 30, 2023	2,670,683	530,585	160,868	691,453	0	530,585	530,585	182,588	3,014,139
June 30, 2024	3,014,139	538,602	142,801	681,403	0	538,602	538,602	204,804	3,361,744
June 30, 2025	3,361,744	559,710	129,679	689,389	0	559,710	559,710	227,456	3,718,879
June 30, 2026	3,718,879	584,587	118,600	703,187	0	584,587	584,587	250,808	4,088,287
June 30, 2027	4,088,287	623,953	108,543	732,496	0	623,953	623,953	275,008	4,471,838
June 30, 2028	4,471,838	637,720	100,338	738,058	0	637,720	637,720	300,208	4,872,384
June 30, 2029	4,872,384	662,111	91,764	753,875	0	662,111	662,111	326,524	5,290,672
June 30, 2030	5,290,672	746,289	83,237	829,526	0	746,289	746,289	354,020	5,727,929
June 30, 2031	5,727,929	743,673	74,736	818,409	0	743,673	743,673	382,776	6,180,304
June 30, 2032	6,180,304	775,681	69,275	844,956	0	775,681	775,681	412,635	6,649,515
June 30, 2033	6,649,515	825,649	63,441	889,090	0	825,649	825,649	443,600	7,133,381
June 30, 2034	7,133,381	812,760	58,267	871,027	0	812,760	812,760	475,560	7,628,735
June 30, 2035	7,628,735	828,249	53,296	881,545	0	828,249	828,249	508,289	8,133,127
June 30, 2036	8,133,127	852,689	49,477	902,166	0	852,689	852,689	541,656	8,657,425
June 30, 2037	8,657,425	848,671	44,566	893,237	0	848,671	848,671	576,309	9,198,308
June 30, 2038	9,198,308	858,790	40,926	899,716	0	858,790	858,790	612,105	9,756,631
June 30, 2039	9,756,631	870,469	37,734	908,203	0	870,469	870,469	649,073	10,339,506
June 30, 2040	10,339,506	871,245	34,383	905,628	0	871,245	871,245	687,666	10,945,521
June 30, 2041	10,945,521	875,842	31,588	907,430	0	875,842	875,842	727,814	11,568,404
June 30, 2042	11,568,404	897,405	28,944	926,349	0	897,405	897,405	769,088	12,203,375
June 30, 2043	12,203,375	888,898	26,357	915,255	0	888,898	888,898	811,165	12,843,736
June 30, 2044	12,843,736	852,524	24,128	876,652	0	852,524	852,524	853,612	13,480,341
June 30, 2045	13,480,341	889,926	22,079	912,005	0	889,926	889,926	895,816	14,105,544
June 30, 2046	14,105,544	880,207	20,247	900,454	0	880,207	880,207	937,270	14,738,053
June 30, 2047	14,738,053	862,728	18,534	881,262	0	862,728	862,728	979,212	15,369,626
June 30, 2048	15,369,626	864,869	16,855	881,724	0	864,869	864,869	1,021,094	15,996,890
June 30, 2049	15,996,890	879,962	15,412	895,374	0	879,962	879,962	1,062,697	16,631,750
June 30, 2050	16,631,750	832,393	13,837	846,230	0	832,393	832,393	1,104,800	17,267,737
June 30, 2051	17,267,737	845,912	12,545	858,457	0	845,912	845,912	1,146,988	17,895,077
June 30, 2052	17,895,077	835,580	11,212	846,792	0	835,580	835,580	1,188,599	18,509,086
June 30, 2053	18,509,086	815,526	9,737	825,263	0	815,526	815,526	1,229,321	19,100,262
June 30, 2054	19,100,262	825,302	8,606	833,908	0	825,302	825,302	1,268,539	19,658,636
June 30, 2055	19,658,636	785,196	7,509	792,705	0	785,196	785,196	1,305,579	20,176,195
June 30, 2056	20,176,195	735,457	6,428	741,885	0	735,457	735,457	1,339,909	20,662,906
June 30, 2057	20,662,906	749,147	5,705	754,852	0	749,147	749,147	1,372,203	21,107,995
June 30, 2058	21,107,995	691,850	4,947	696,797	0	691,850	691,850	1,401,732	21,505,109
June 30, 2059	21,505,109	636,561	4,065	640,626	0	636,561	636,561	1,428,072	21,855,040
June 30, 2060	21,855,040	625,390	3,194	628,584	0	625,390	625,390	1,451,279	22,147,607

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	22,147,607	578,871	2,498	581,369	0	578,871	578,871	1,470,683	21,587,106
June 30, 2062	21,587,106	561,544	1,751	563,295	0	561,544	561,544	1,433,441	21,038,114
June 30, 2063	21,038,114	540,874	1,414	542,288	0	540,874	540,874	1,396,977	20,507,117
June 30, 2064	20,507,117	532,306	963	533,269	0	532,306	532,306	1,361,704	19,981,370
June 30, 2065	19,981,370	524,391	725	525,116	0	524,391	524,391	1,326,787	19,461,790
June 30, 2066	19,461,790	509,369	447	509,816	0	509,369	509,369	1,292,277	18,955,306
June 30, 2067	18,955,306	497,614	157	497,771	0	497,614	497,614	1,258,637	18,458,677
June 30, 2068	18,458,677	486,573	124	486,697	0	486,573	486,573	1,225,660	17,972,865
June 30, 2069	17,972,865	473,596	0	473,596	0	473,596	473,596	1,193,398	17,499,269
June 30, 2070	17,499,269	460,142	0	460,142	0	460,142	460,142	1,161,951	17,039,127
June 30, 2071	17,039,127	446,213	0	446,213	0	446,213	446,213	1,131,398	16,592,914
June 30, 2072	16,592,914	431,834	0	431,834	0	431,834	431,834	1,101,770	16,161,080
June 30, 2073	16,161,080	417,025	0	417,025	0	417,025	417,025	1,073,096	15,744,055
June 30, 2074	15,744,055	401,842	0	401,842	0	401,842	401,842	1,045,405	15,342,213
June 30, 2075	15,342,213	386,322	0	386,322	0	386,322	386,322	1,018,723	14,955,891
June 30, 2076	14,955,891	370,491	0	370,491	0	370,491	370,491	993,071	14,585,400
June 30, 2077	14,585,400	354,387	0	354,387	0	354,387	354,387	968,471	14,231,013
June 30, 2078	14,231,013	338,047	0	338,047	0	338,047	338,047	944,939	13,892,966
June 30, 2079	13,892,966	321,493	0	321,493	0	321,493	321,493	922,493	13,571,473
June 30, 2080	13,571,473	304,783	0	304,783	0	304,783	304,783	901,146	13,266,690
June 30, 2081	13,266,690	287,914	0	287,914	0	287,914	287,914	880,908	12,978,776
June 30, 2082	12,978,776	270,921	0	270,921	0	270,921	270,921	861,791	12,707,855
June 30, 2083	12,707,855	253,853	0	253,853	0	253,853	253,853	843,802	12,454,002
June 30, 2084	12,454,002	236,741	0	236,741	0	236,741	236,741	826,946	12,217,261
June 30, 2085	12,217,261	219,647	0	219,647	0	219,647	219,647	811,226	11,997,614
June 30, 2086	11,997,614	202,662	0	202,662	0	202,662	202,662	796,642	11,794,952
June 30, 2087	11,794,952	185,853	0	185,853	0	185,853	185,853	783,185	11,609,099
June 30, 2088	11,609,099	169,319	0	169,319	0	169,319	169,319	770,844	11,439,780
June 30, 2089	11,439,780	153,155	0	153,155	0	153,155	153,155	759,601	11,286,625
June 30, 2090	11,286,625	137,429	0	137,429	0	137,429	137,429	749,432	11,149,196
June 30, 2091	11,149,196	122,256	0	122,256	0	122,256	122,256	740,307	11,026,940
June 30, 2092	11,026,940	107,695	0	107,695	0	107,695	107,695	732,189	10,919,245
June 30, 2093	10,919,245	93,870	0	93,870	0	93,870	93,870	725,038	10,825,375
June 30, 2094	10,825,375	80,865	0	80,865	0	80,865	80,865	718,805	10,744,510
June 30, 2095	10,744,510	68,783	0	68,783	0	68,783	68,783	713,435	10,675,727

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 [6.64%]	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 [6.64%]	
June 30, 2021	1,669,653	486,975	486,975	0	486,975	0	486,975	Sum of Column V.
June 30, 2022	2,346,961	496,566	496,566	0	465,647	0	465,647	10,811,836
June 30, 2023	2,670,683	530,585	530,585	0	466,568	0	466,568	
June 30, 2024	3,014,139	538,602	538,602	0	444,127	0	444,127	Sum of Column VI.
June 30, 2025	3,361,744	559,710	559,710	0	432,795	0	432,795	0
June 30, 2026	3,718,879	584,587	584,587	0	423,885	0	423,885	
June 30, 2027	4,088,287	623,953	623,953	0	424,259	0	424,259	Sum of Column VII.
June 30, 2028	4,471,838	637,720	637,720	0	406,620	0	406,620	[V. + VI.]
June 30, 2029	4,872,384	662,111	662,111	0	395,886	0	395,886	10,811,836
June 30, 2030	5,290,672	746,289	746,289	0	418,433	0	418,433	
June 30, 2031	5,727,929	743,673	743,673	0	391,004	0	391,004	
June 30, 2032	6,180,304	775,681	775,681	0	382,439	0	382,439	
June 30, 2033	6,649,515	825,649	825,649	0	381,728	0	381,728	
June 30, 2034	7,133,381	812,760	812,760	0	352,371	0	352,371	
June 30, 2035	7,628,735	828,249	828,249	0	336,728	0	336,728	
June 30, 2036	8,133,127	852,689	852,689	0	325,079	0	325,079	
June 30, 2037	8,657,425	848,671	848,671	0	303,401	0	303,401	
June 30, 2038	9,198,308	858,790	858,790	0	287,902	0	287,902	
June 30, 2039	9,756,631	870,469	870,469	0	273,647	0	273,647	
June 30, 2040	10,339,506	871,245	871,245	0	256,837	0	256,837	
June 30, 2041	10,945,521	875,842	875,842	0	242,116	0	242,116	
June 30, 2042	11,568,404	897,405	897,405	0	232,630	0	232,630	
June 30, 2043	12,203,375	888,898	888,898	0	216,077	0	216,077	
June 30, 2044	12,843,736	852,524	852,524	0	194,332	0	194,332	
June 30, 2045	13,480,341	889,926	889,926	0	190,226	0	190,226	
June 30, 2046	14,105,544	880,207	880,207	0	176,434	0	176,434	
June 30, 2047	14,738,053	862,728	862,728	0	162,162	0	162,162	
June 30, 2048	15,369,626	864,869	864,869	0	152,443	0	152,443	
June 30, 2049	15,996,890	879,962	879,962	0	145,445	0	145,445	
June 30, 2050	16,631,750	832,393	832,393	0	129,016	0	129,016	
June 30, 2051	17,267,737	845,912	845,912	0	122,948	0	122,948	
June 30, 2052	17,895,077	835,580	835,580	0	113,884	0	113,884	
June 30, 2053	18,509,086	815,526	815,526	0	104,230	0	104,230	
June 30, 2054	19,100,262	825,302	825,302	0	98,912	0	98,912	
June 30, 2055	19,658,636	785,196	785,196	0	88,246	0	88,246	
June 30, 2056	20,176,195	735,457	735,457	0	77,509	0	77,509	
June 30, 2057	20,662,906	749,147	749,147	0	74,036	0	74,036	
June 30, 2058	21,107,995	691,850	691,850	0	64,116	0	64,116	
June 30, 2059	21,505,109	636,561	636,561	0	55,319	0	55,319	
June 30, 2060	21,855,040	625,390	625,390	0	50,964	0	50,964	

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 [6.64%]	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 [6.64%]
June 30, 2061	22,147,607	578,871	578,871	0	44,236	0	44,236
June 30, 2062	21,587,106	561,544	561,544	0	40,240	0	40,240
June 30, 2063	21,038,114	540,874	540,874	0	36,345	0	36,345
June 30, 2064	20,507,117	532,306	532,306	0	33,543	0	33,543
June 30, 2065	19,981,370	524,391	524,391	0	30,986	0	30,986
June 30, 2066	19,461,790	509,369	509,369	0	28,225	0	28,225
June 30, 2067	18,955,306	497,614	497,614	0	25,856	0	25,856
June 30, 2068	18,458,677	486,573	486,573	0	23,708	0	23,708
June 30, 2069	17,972,865	473,596	473,596	0	21,639	0	21,639
June 30, 2070	17,499,269	460,142	460,142	0	19,715	0	19,715
June 30, 2071	17,039,127	446,213	446,213	0	17,928	0	17,928
June 30, 2072	16,592,914	431,834	431,834	0	16,270	0	16,270
June 30, 2073	16,161,080	417,025	417,025	0	14,734	0	14,734
June 30, 2074	15,744,055	401,842	401,842	0	13,313	0	13,313
June 30, 2075	15,342,213	386,322	386,322	0	12,002	0	12,002
June 30, 2076	14,955,891	370,491	370,491	0	10,794	0	10,794
June 30, 2077	14,585,400	354,387	354,387	0	9,682	0	9,682
June 30, 2078	14,231,013	338,047	338,047	0	8,660	0	8,660
June 30, 2079	13,892,966	321,493	321,493	0	7,723	0	7,723
June 30, 2080	13,571,473	304,783	304,783	0	6,866	0	6,866
June 30, 2081	13,266,690	287,914	287,914	0	6,082	0	6,082
June 30, 2082	12,978,776	270,921	270,921	0	5,367	0	5,367
June 30, 2083	12,707,855	253,853	253,853	0	4,716	0	4,716
June 30, 2084	12,454,002	236,741	236,741	0	4,124	0	4,124
June 30, 2085	12,217,261	219,647	219,647	0	3,588	0	3,588
June 30, 2086	11,997,614	202,662	202,662	0	3,104	0	3,104
June 30, 2087	11,794,952	185,853	185,853	0	2,670	0	2,670
June 30, 2088	11,609,099	169,319	169,319	0	2,281	0	2,281
June 30, 2089	11,439,780	153,155	153,155	0	1,934	0	1,934
June 30, 2090	11,286,625	137,429	137,429	0	1,628	0	1,628
June 30, 2091	11,149,196	122,256	122,256	0	1,358	0	1,358
June 30, 2092	11,026,940	107,695	107,695	0	1,122	0	1,122
June 30, 2093	10,919,245	93,870	93,870	0	917	0	917
June 30, 2094	10,825,375	80,865	80,865	0	741	0	741
June 30, 2095	10,744,510	68,783	68,783	0	591	0	591

APPENDIX II – PLAN PROVISIONSPlan Year

July 1 through June 30.

Premium Effective Date

Medicare Supplement Plans: effective January 1, 2020

Non-Medicare Plans: effective July 1, 2020

Dental Plans: N/A

Creditable Service

Elapsed time from date of hire to termination of service date.

Benefits Offered

Comprehensive Medical Insurance as well as \$5,000 of Group Term Life Insurance.

Medicare Part A

To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.

Medicare Part B

Medicare Part B Premium reimbursements by the Town were not reflected in this valuation.

Medicare Part B Penalty reimbursements have been reflected.

Surviving Spouse Coverage

Surviving spouses pay 100% for the PPO plan, and the same rate as retirees for all other plans.

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"> • 30% of premiums for school employees hired after 9/1/96 • 21% of premiums for all other Active plans • 50% of premiums Medicare Supplement plans. 	<ul style="list-style-type: none"> • 30% of premiums for school employees hired after 9/1/96 • 21% of premiums for all other Active plans • 50% of premiums Medicare Supplement plans.
Dental	N/A	N/A
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

6.75% per annum (previously 7.00%)

Net Long Term Rate of Return

6.64% (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 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.

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Total OPEB Liability	9,262,016	8,647,549
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>7,651,981</u>	<u>7,130,010</u>
III. Liability from Implicit Subsidy [I. - II.]	1,610,035	1,517,539

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2021</u>	<u>June 30, 2020</u>
IV. Employer Payments (Including Implicit Subsidy)	486,975	529,960
V. Actual Employer Payments	<u>372,953</u>	<u>388,426</u>
VI. Implicit Subsidy [IV. - V.]	114,022	141,534

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	4,934	3,110	44 & Under	10,134	6,640	65 to 69	4,421	4,421
25 to 29	7,278	3,236	45 to 49	11,131	8,384	70 to 74	4,421	4,421
30 to 34	9,198	4,062	50 to 54	13,094	11,042	75 to 79	4,421	4,421
35 to 39	9,475	5,100	55 to 59	15,138	14,356	80 to 84	4,421	4,421
40 to 44	9,698	6,354	60 to 64	18,013	18,422	85 to 89	4,421	4,421
45 to 49	10,652	8,023	65 to 69	21,593	22,978	90 & Over	4,421	4,421
50 to 54	12,530	10,567	70 to 74	25,464	27,537			
55 to 59	14,486	13,738	75 to 79	29,572	32,523			
60 to 64	17,237	17,629	80 to 84	33,906	37,383			
65 to 69	20,663	21,989	85 to 89	38,704	42,790			
70 & Over	24,367	26,351	90 & Over	38,704	42,790			

*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	38.40
B. Average Service	9.14
C. Average Current Age	47.54

Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	18
B. Age 65 & Over	71
C. Total	89

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	6									6
25-29	11									11
30-34	8	1								9
35-39	7	2	4							13
40-44	7		5							12
45-49	6	6	2	4						18
50-54	5	4	2	2		1	1			15
55-59	1	3	2	4	1	1				12
60-64	5		4	1	3	1	1		1	16
65-69	1		2	1	3		1			8
70+	1		2				1			4
Total	58	16	23	12	7	3	4		1	124

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Value Plus	47		48	95
PPO			1	1
Medex	70			70
Total	117	0	49	166

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Value Plus	960.97		2,523.66
PPO	1,191.62		3,129.31
Medex	376.66	753.32	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Value Plus	47		48	143	1,995,615.24	1,649,024.52
PPO			1	2	37,551.72	28,598.88
Total	47	0	49	145	2,033,166.96	1,677,623.40
Blended Average Monthly Rate:						\$ 964.15

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex	70			70	316,394.40	316,394.40
Total	70	0	0	70	316,394.40	316,394.40
Blended Average Monthly Rate:						\$ 376.67

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 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 August 16, 2021 and its subject is the Town of Sherborn’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 Sherborn 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.