

# **Town of Salisbury 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 September 29, 2021



## TABLE OF CONTENTS

	<u>PAGE</u>
<u>EXECUTIVE SUMMARY</u>	I
<u>PRINCIPAL RESULTS OF THE VALUATION</u>	1
<u>EXHIBITS</u>	
A        FINANCIAL STATEMENT DISCLOSURES	6
B        REQUIRED SUPPLEMENTARY INFORMATION	18
<u>APPENDIX</u>	
I        LIABILITIES, ASSETS, & CASH FLOWS	24
II       PLAN PROVISIONS	29
III      ACTUARIAL METHODS & ASSUMPTIONS	32
IV      PLAN DEMOGRAPHICS	39
V       OVERVIEW OF GASB 74 & 75	42
VI      ASOP 41 DISCLOSURES	44
<u>GLOSSARY</u>	47

September 29, 2021

*Personal and Confidential*

Ms. Karen Snow  
Finance Director  
Town of Salisbury  
5 Beach Road  
Salisbury, MA 01952

Dear Ms. Snow:

We have performed an actuarial valuation of the Town of Salisbury 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 Salisbury, 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,



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

September 29, 2021

ACTUARIAL CERTIFICATION

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

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

## EXECUTIVE SUMMARY

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

#### Plan Experience

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

#### Assumption Changes

One or more key assumptions have changed since the prior valuation. The total impact of these assumption changes decreased disclosed liabilities by \$420 thousand, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.75% to 5.00% decreasing the disclosed liability by \$420 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 \$64,296 due to asset performance above the expected rate of return.

#### Changes in Benefits Terms

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

## EXECUTIVE SUMMARY

### Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.45 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 \$519,002 of OPEB assets as of June 30, 2021.
- ✓ Funding Policy - The Town is expected to contribute a minimum of \$100k per year.
- ✓ Investment Policy - The Town is expected to earn 6.47% per year on assets based on its investment policy.

## EXECUTIVE SUMMARY

### Recommended Trust Contributions

We recommend a Fiscal 2022 contribution to an OPEB Trust of \$180,000 beyond pay-as-you-go costs which would increase by 3.00% per year thereafter. We have provided a projection of the Plan's funded status on page 5.

### Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans - represent 65.44% 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 (5.00%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

### Medicare Buy-In

The Town currently has 1 retiree or covered spouse who is over the age of 65 and is enrolled in an Active medical plan rather than a Medicare Supplement (Senior) plan. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

## EXECUTIVE SUMMARY

### Key Plan Metrics

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

Representative Plan Statistics		
Valuation Date	July 1, 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	10,197,848	10,185,913
Per Eligible Active Plan Participant	66,319	69,096
Per Retiree/Spouse Plan Participant	69,061	65,400
Total Annual Service Cost (Annual Benefit Accrual)	272,883	265,435
Per Eligible Active Plan Participant	3,249	3,160
Expected Employer Share of Retiree Costs	334,564	293,204
Per Retiree/Spouse Plan Participant	4,993	4,376
Net OPEB Liability as a % of Covered Payroll	151.10%	158.50%

## 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	67	10,197,848	10,197,848	334,564	334,564
June 30, 2026	78	12,350,691	10,653,815	417,958	360,534
June 30, 2031	85	14,659,511	10,908,053	577,155	429,458
June 30, 2036	87	17,043,359	10,939,484	740,397	475,233
June 30, 2041	85	19,510,397	10,802,434	880,830	487,694
June 30, 2046	84	22,323,202	10,661,686	1,060,962	506,721
June 30, 2051	82	25,470,937	10,493,689	1,192,878	491,450

## 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)	370,270
June 30, 2021	Actual	334,564
June 30, 2020	Actual	293,204
June 30, 2019	Actual	319,888
June 30, 2018	Actual	306,113
June 30, 2017	Actual	209,604

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 \$9,678,846 assuming a discount rate of 5.00%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute a minimum of \$100k per year. The balance of this fund as of June 30, 2021 was \$519,002. See the Town's audit reports for additional information.

## PRINCIPAL RESULTS OF THE VALUATION

### **Town of Salisbury Assuming Funding - 5.00% 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	5,570,777	5,804,103
B. Retirees/Disabled	<u>4,627,071</u>	<u>4,381,810</u>
C. Total	10,197,848	10,185,913
II. Fiduciary Net Position [Plan Assets]	519,002	330,160
III. Net OPEB Liability (Asset) [I. - II.]	9,678,846	9,855,753
IV. Funded Ratio [II. / I.]	5.09%	3.24%
V. Number of Eligible Participants		
A. Actives	84	84
B. Retirees/Disabled & Dependents	<u>67</u>	<u>67</u>
C. Total	151	151
VI. Service Cost	272,883	265,435
VII. Financial Statement Expense	566,636	663,191
VIII. Employer Contribution to the OPEB Trust	(100,000)	(50,000)
IX. Deferred Inflow of Resources	(1,844,293)	(2,094,379)
X. Deferred Outflow of Resources	2,278,854	2,837,919
XI. Money Weighted Rate of Return	26.91%	3.04%
XII. 20-year Municipal Bond Rate (SAPIHG)	2.18%	2.66%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.47%	6.65%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	5.00%	4.75%

## PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Public Works Employees and Retirees	Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability						
A. Actives	1,007,048	1,493,362	2,192,256	616,810	261,301	5,570,777
B. Retirees/Disabled	<u>543,506</u>	<u>2,724,436</u>	<u>1,007,120</u>	<u>300,314</u>	<u>51,695</u>	<u>4,627,071</u>
C. Total	1,550,554	4,217,798	3,199,376	917,124	312,996	10,197,848
II. Fiduciary Net Position [Plan Assets]	(114,133)	221,455	167,983	48,153	195,544	519,002
III. Net OPEB Liability (Asset) [I. - II.]	1,664,687	3,996,343	3,031,393	868,971	117,452	9,678,846
IV. Number of Eligible Participants						
A. Actives	26	26	20	8	4	84
B. Retirees/Disabled	<u>14</u>	<u>34</u>	<u>11</u>	<u>2</u>	<u>1</u>	<u>62</u>
C. Total	40	60	31	15	5	151
<b>For the Reporting Date and Fiscal Year Ending June 30, 2021</b>						
V. Service Cost	62,946	106,778	73,859	19,289	10,011	272,883
VI. Financial Statement Expense	102,485	233,994	171,175	46,930	12,052	566,636
VII. Employer Share of Costs	(47,686)	(167,721)	(85,042)	(30,895)	(3,220)	(334,564)
VIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(15,441)	(40,985)	(31,478)	(8,937)	(3,159)	(100,000)
IX. Total Employer Contribution [VII. + VIII.]	(63,127)	(208,706)	(116,520)	(39,832)	(6,379)	(434,564)

## PRINCIPAL RESULTS OF THE VALUATION

**Town of Salisbury**  
**Assuming Funding - 5.00% discount rate**  
**For the Period Ending on the June 30, 2021 Measurement Date**

	<b>Actives</b>			<b>Retirees/Disabled</b>			<b>Grand Total</b>
	Under Age 65	Age 65+	Actives Total	Under Age 65	Age 65 +	Retirees Total	
<b>Present Value of Future Benefits</b>							
A. Participants	2,086,292	2,788,834	4,875,126	708,821	2,700,601	3,409,422	8,284,548
B. Spouses	<u>1,525,188</u>	<u>1,660,180</u>	<u>3,185,368</u>	<u>365,577</u>	<u>852,072</u>	<u>1,217,649</u>	<u>4,403,017</u>
C. Total	3,611,480	4,449,014	8,060,494	1,074,398	3,552,673	4,627,071	12,687,565
<b>Total OPEB Liability</b>							
A. Participants	1,417,979	2,023,503	3,441,482	708,821	2,700,601	3,409,422	6,850,904
B. Spouses	<u>1,031,617</u>	<u>1,097,678</u>	<u>2,129,295</u>	<u>365,577</u>	<u>852,072</u>	<u>1,217,649</u>	<u>3,346,944</u>
C. Total	2,449,596	3,121,181	5,570,777	1,074,398	3,552,673	4,627,071	10,197,848
<b>Service Cost</b>							
A. Participants	68,606	90,012	158,618	0	0	0	158,618
B. Spouses	<u>50,869</u>	<u>63,396</u>	<u>114,265</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>114,265</u>
C. Total	119,475	153,408	272,883	0	0	0	272,883

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

**Funding - 5.00% 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 6.47% 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	10,197,848	519,002	9,678,846	5.09%	272,883	334,564	100,000	434,564	334,564	0	100,000
2022	June 30, 2022	10,583,368	655,766	9,927,602	6.20%	260,292	370,270	100,000	470,270	370,270	0	100,000
2023	June 30, 2023	10,988,627	801,378	10,187,249	7.29%	270,300	388,304	100,000	488,304	388,304	0	100,000
2024	June 30, 2024	11,430,350	956,411	10,473,939	8.37%	279,153	381,729	100,000	481,729	381,729	0	100,000
2025	June 30, 2025	11,881,823	1,121,475	10,760,348	9.44%	288,699	402,556	100,000	502,556	402,556	0	100,000
2026	June 30, 2026	12,350,691	1,297,219	11,053,472	10.50%	298,702	417,958	100,000	517,958	417,958	0	100,000
2027	June 30, 2027	12,824,247	1,484,333	11,339,914	11.57%	309,599	446,718	100,000	546,718	446,718	0	100,000
2028	June 30, 2028	13,288,585	1,683,554	11,605,031	12.67%	319,773	488,221	100,000	588,221	488,221	0	100,000
2029	June 30, 2029	13,733,541	1,895,664	11,837,877	13.80%	331,526	540,544	100,000	640,544	540,544	0	100,000
2030	June 30, 2030	14,182,824	2,121,498	12,061,326	14.96%	343,837	569,923	100,000	669,923	569,923	0	100,000
2031	June 30, 2031	14,659,511	2,361,943	12,297,568	16.11%	355,773	577,155	100,000	677,155	577,155	0	100,000
2032	June 30, 2032	15,119,680	2,617,945	12,501,735	17.31%	368,453	628,265	100,000	728,265	628,265	0	100,000
2033	June 30, 2033	15,614,166	2,890,510	12,723,656	18.51%	381,133	630,174	100,000	730,174	630,174	0	100,000
2034	June 30, 2034	16,121,312	3,180,710	12,940,602	19.73%	396,087	647,277	100,000	747,277	647,277	0	100,000
2035	June 30, 2035	16,588,591	3,489,686	13,098,905	21.04%	409,352	688,724	100,000	788,724	688,724	0	100,000
2036	June 30, 2036	17,043,359	3,818,653	13,224,706	22.41%	424,563	740,397	100,000	840,397	740,397	0	100,000
2037	June 30, 2037	17,516,720	4,168,904	13,347,816	23.80%	440,018	739,669	100,000	839,669	739,669	0	100,000
2038	June 30, 2038	18,003,926	4,541,816	13,462,110	25.23%	455,276	789,450	100,000	889,450	789,450	0	100,000
2039	June 30, 2039	18,508,815	4,938,856	13,569,959	26.68%	471,934	848,414	100,000	948,414	848,414	0	100,000
2040	June 30, 2040	19,072,446	5,361,584	13,710,862	28.11%	491,546	836,124	100,000	936,124	836,124	0	100,000
2041	June 30, 2041	19,510,397	5,811,663	13,698,734	29.79%	509,322	880,830	100,000	980,830	880,830	0	100,000
2042	June 30, 2042	20,063,554	6,290,862	13,772,692	31.35%	525,441	927,688	100,000	1,027,688	927,688	0	100,000
2043	June 30, 2043	20,642,698	6,801,065	13,841,633	32.95%	547,769	961,177	100,000	1,061,177	961,177	0	100,000
2044	June 30, 2044	21,236,694	7,344,278	13,892,416	34.58%	569,945	987,219	100,000	1,087,219	987,219	0	100,000
2045	June 30, 2045	21,759,802	7,922,637	13,837,165	36.41%	593,561	1,039,492	100,000	1,139,492	1,039,492	0	100,000
2046	June 30, 2046	22,323,202	8,538,416	13,784,786	38.25%	617,812	1,060,962	100,000	1,160,962	1,060,962	0	100,000
2047	June 30, 2047	22,847,304	9,194,036	13,653,268	40.24%	643,159	1,076,009	100,000	1,176,009	1,076,009	0	100,000
2048	June 30, 2048	23,388,017	9,892,074	13,495,943	42.30%	670,205	1,106,907	100,000	1,206,907	1,106,907	0	100,000
2049	June 30, 2049	24,091,245	10,635,275	13,455,970	44.15%	698,657	1,142,628	100,000	1,242,628	1,142,628	0	100,000
2050	June 30, 2050	24,753,999	11,426,562	13,327,437	46.16%	731,359	1,178,508	100,000	1,278,508	1,178,508	0	100,000
2051	June 30, 2051	25,470,937	12,269,045	13,201,892	48.17%	761,432	1,192,878	100,000	1,292,878	1,192,878	0	100,000
2052	June 30, 2052	26,255,845	13,166,037	13,089,808	50.15%	795,831	1,191,947	100,000	1,291,947	1,191,947	0	100,000

PRINCIPAL RESULTS OF THE VALUATION  
ALTERNATIVE FUNDING SCENARIO (OPEN GROUP)

**Alternative Funding Scenario - 6.50% 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 expected 6.47% 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 [VII. - VIII. - IX.]
2021	June 30, 2021	8,315,176	519,002	7,796,174	6.24%	185,707	334,564	100,000	434,564	334,564	0	434,564
2022	June 30, 2022	8,662,201	738,313	7,923,888	8.52%	177,139	370,270	180,000	550,270	370,270	0	550,270
2023	June 30, 2023	9,020,425	977,386	8,043,039	10.84%	183,949	388,304	185,400	573,704	388,304	0	573,704
2024	June 30, 2024	9,327,893	1,237,666	8,090,227	13.27%	189,974	381,729	190,962	572,691	381,729	0	572,691
2025	June 30, 2025	9,696,326	1,520,697	8,175,629	15.68%	196,471	402,556	196,691	599,247	402,556	0	599,247
2026	June 30, 2026	10,078,955	1,828,129	8,250,826	18.14%	203,278	417,958	202,592	620,550	417,958	0	620,550
2027	June 30, 2027	10,465,409	2,161,724	8,303,685	20.66%	210,694	446,718	208,670	655,388	446,718	0	655,388
2028	June 30, 2028	10,844,340	2,523,362	8,320,978	23.27%	217,618	488,221	214,930	703,151	488,221	0	703,151
2029	June 30, 2029	11,207,455	2,915,051	8,292,404	26.01%	225,616	540,544	221,378	761,922	540,544	0	761,922
2030	June 30, 2030	11,574,101	3,338,935	8,235,166	28.85%	233,994	569,923	228,019	797,942	569,923	0	797,942
2031	June 30, 2031	11,963,110	3,797,303	8,165,807	31.74%	242,117	577,155	234,860	812,015	577,155	0	812,015
2032	June 30, 2032	12,338,640	4,292,598	8,046,042	34.79%	250,746	628,265	241,906	870,171	628,265	0	870,171
2033	June 30, 2033	12,742,174	4,827,426	7,914,748	37.89%	259,375	630,174	249,163	879,337	630,174	0	879,337
2034	June 30, 2034	13,156,040	5,404,571	7,751,469	41.08%	269,552	647,277	256,638	903,915	647,277	0	903,915
2035	June 30, 2035	13,537,372	6,027,001	7,510,371	44.52%	278,580	688,724	264,337	953,061	688,724	0	953,061
2036	June 30, 2036	13,908,494	6,697,885	7,210,609	48.16%	288,931	740,397	272,267	1,012,664	740,397	0	1,012,664
2037	June 30, 2037	14,294,789	7,420,603	6,874,186	51.91%	299,449	739,669	280,435	1,020,104	739,669	0	1,020,104
2038	June 30, 2038	14,692,382	8,198,762	6,493,620	55.80%	309,833	789,450	288,848	1,078,298	789,450	0	1,078,298
2039	June 30, 2039	15,104,406	9,036,209	6,068,197	59.82%	321,169	848,414	297,513	1,145,927	848,414	0	1,145,927
2040	June 30, 2040	15,564,368	9,937,048	5,627,320	63.84%	334,516	836,124	306,438	1,142,562	836,124	0	1,142,562
2041	June 30, 2041	15,921,766	10,905,657	5,016,109	68.50%	346,613	880,830	315,631	1,196,461	880,830	0	1,196,461
2042	June 30, 2042	16,373,180	11,946,705	4,426,475	72.97%	357,583	927,688	325,100	1,252,788	927,688	0	1,252,788
2043	June 30, 2043	16,845,801	13,065,173	3,780,628	77.56%	372,778	961,177	334,853	1,296,030	961,177	0	1,296,030
2044	June 30, 2044	17,330,541	14,266,371	3,064,170	82.32%	387,869	987,219	344,899	1,332,118	987,219	0	1,332,118
2045	June 30, 2045	17,757,433	15,555,963	2,201,470	87.60%	403,941	1,039,492	355,246	1,394,738	1,039,492	0	1,394,738
2046	June 30, 2046	18,217,206	16,939,988	1,277,218	92.99%	420,445	1,060,962	365,903	1,426,865	1,060,962	0	1,426,865
2047	June 30, 2047	18,644,908	18,424,886	220,022	98.82%	437,694	1,076,009	376,880	1,452,889	1,076,009	0	1,452,889
2048	June 30, 2048	19,086,167	19,844,004	(757,837)	103.97%	456,100	1,106,907	220,022	1,326,929	1,106,907	0	1,326,929
2049	June 30, 2049	19,660,049	21,127,911	(1,467,862)	107.47%	475,463	1,142,628	0	1,142,628	1,142,628	0	1,142,628
2050	June 30, 2050	20,200,900	22,494,887	(2,293,987)	111.36%	497,718	1,178,508	0	1,178,508	1,178,508	0	1,178,508
2051	June 30, 2051	20,785,970	23,950,306	(3,164,336)	115.22%	518,183	1,192,878	0	1,192,878	1,192,878	0	1,192,878
2052	June 30, 2052	21,426,508	25,499,891	(4,073,383)	119.01%	541,593	1,191,947	0	1,191,947	1,191,947	0	1,191,947
2053	June 30, 2053	22,170,641	27,149,734	(4,979,093)	122.46%	566,476	1,236,757	0	1,236,757	1,236,757	0	1,236,757
2054	June 30, 2054	22,971,791	28,906,322	(5,934,531)	125.83%	593,385	1,230,661	0	1,230,661	1,230,661	0	1,230,661
2055	June 30, 2055	23,742,893	30,776,561	(7,033,668)	129.62%	621,535	1,237,794	0	1,237,794	1,237,794	0	1,237,794
2056	June 30, 2056	24,589,732	32,767,804	(8,178,072)	133.26%	648,773	1,268,498	0	1,268,498	1,268,498	0	1,268,498
2057	June 30, 2057	25,526,081	34,887,881	(9,361,800)	136.68%	679,259	1,276,189	0	1,276,189	1,276,189	0	1,276,189

## EXHIBIT A

### FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

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

#### 1. OPEB Expense Development

<b>Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2021</b>	
<b>Description</b>	<b>Amount</b>
I. Service Cost	272,883
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	488,939
III. Deferred (Inflows)/Outflows from Plan Experience*	177,529
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	(341,665)
V. Projected Earnings on OPEB Plan Investments	(24,546)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(6,504)
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	566,636
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	566,636

\* Amortized over 6.45 years

\*\* Amortized over 5.00 years

\*\*\* Recognized Immediately

## EXHIBIT A

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

#### 2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>I. Balances for the June 30, 2020 Reporting Date</b>	10,185,913	330,160	9,855,753
<b>II. Prior Period Adjustment</b>	0	0	0
<b>III. Balances for the June 30, 2020 Reporting Date with Adjustment [I. + II.]</b>	10,185,913	330,160	9,855,753
<b>Changes for the year:</b>			
IV. Service Cost	272,883	0	272,883
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	488,939	0	488,939
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(415,323)	0	(415,323)
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	88,842	(88,842)
X. Employer Contributions to Trust	0	434,564	(434,564)
XI. Benefit Payments Withdrawn from Trust	0	(334,564)	334,564
XII. Benefit Payments Excluding Implicit Cost	(243,314)	0	(243,314)
XIII. Implicit Cost Amount	(91,250)	0	(91,250)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(334,564)	0	(334,564)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
<b>XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]</b>	11,935	188,842	(176,907)
<b>XVIII. Balances for the June 30, 2021 Reporting Date [III.+XVII.]</b>	10,197,848	519,002	9,678,846

\* Recognized Immediately

\*\* Amortized over 6.45 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	531,654	6.12	189,202	85,613	85,613	85,613	17,976		
2019	0	6.12	0	0	0	0	0	0	
2020	592,860	6.45	409,028	91,916	91,916	91,916	91,916	91,916	41,364
2021	0	6.45	0	0	0	0	0	0	0
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			598,230						
Net increase (decrease) in OPEB Expense				177,529	177,529	177,529	109,892	91,916	41,364

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	(4,051,744)	6.12	(1,441,924)	(652,455)	(652,455)	(652,455)	(137,014)		
2019	0	6.12	0	0	0	0	0	0	
2020	2,419,919	6.45	1,669,557	375,181	375,181	375,181	375,181	375,181	168,833
2021	(415,323)	6.45	(350,932)	(64,391)	(64,391)	(64,391)	(64,391)	(64,391)	(64,391)
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(123,299)						
Net increase (decrease) in OPEB Expense				(341,665)	(341,665)	(341,665)	173,776	310,790	104,442

## 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	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
2017	5,117	5.00	0	1,025					
2018	9,398	5.00	1,878	1,880	1,878				
2019	5,809	5.00	2,323	1,162	1,162	1,161			
2020	11,442	5.00	6,866	2,288	2,288	2,288	2,290		
2021	(64,296)	5.00	(51,437)	(12,859)	(12,859)	(12,859)	(12,859)	(12,860)	
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			(40,370)						
Net increase (decrease) in OPEB Expense				(6,504)	(7,531)	(9,410)	(10,569)	(12,860)	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	598,230	0	598,230
III. Changes of Assumptions	1,669,557	(1,792,856)	(123,299)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>11,067</u>	<u>(51,437)</u>	<u>(40,370)</u>
V. Total [I.+II.+III.+IV.]	2,278,854	(1,844,293)	434,561

## 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	(171,667)
2023	(173,546)
2024	273,099
2025	389,846
2026	145,806
Thereafter	(28,977)

#### 4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.00% as of June 30, 2021 and 4.75% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 - Year High Grade Index ("SAPIHG"), which was 2.18% as of June 30, 2021. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

## EXHIBIT A

### FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

#### 5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$334,564. The Town also contributed \$100,000 to an OPEB Trust for a total contribution during the measurement period of \$434,564 to be reported on the financial statement for the fiscal year ending June 30, 2021.

#### 6. Investment Policy

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

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	27.00%	Domestic Equity - Large Cap	4.90%
Domestic Equity - Small/Mid Cap	19.50%	Domestic Equity - Small/Mid Cap	5.40%
International Equity - Developed Market	12.25%	International Equity - Developed Market	5.32%
International Equity-Emerging Market	6.25%	International Equity-Emerging Market	6.26%
Domestic Fixed Income	23.25%	Domestic Fixed Income	1.40%
International Fixed Income	4.75%	International Fixed Income	1.30%
Alternatives	6.50%	Alternatives	6.32%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	0.50%	Cash & Cash Equivalents	0.00%
Total	100.00%		
		I. Real Rate of Return**	4.22%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.72%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	6.47%

\* 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	693,423	(434,564)	258,859	6,404,140	6.79%
June 30, 2020	860,162	(343,204)	516,958	6,217,612	5.52%
June 30, 2019	643,587	(369,888)	273,699	5,853,673	6.32%
June 30, 2018	712,043	(356,113)	355,930	5,655,723	6.30%
June 30, 2017	694,556	(259,604)	434,952	4,497,990	5.77%

## FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

### 8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	8,703,374	10,197,848	12,108,439
<b>II. Fiduciary Net Position</b>	<u>519,002</u>	<u>519,002</u>	<u>519,002</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	8,184,372	9,678,846	11,589,437
<b>IV. Service Cost</b>	211,600	272,883	357,427

### 9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2021 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>I. Total OPEB Liability</b>	11,864,944	10,197,848	8,860,839
<b>II. Fiduciary Net Position</b>	<u>519,002</u>	<u>519,002</u>	<u>519,002</u>
<b>III. Net OPEB Liability (Asset) [I.-II.]</b>	11,345,942	9,678,846	8,341,837
<b>IV. Service Cost</b>	359,703	272,883	209,205

## 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	330,160	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>100,000</u>	0	0.0000
II. Total net external cash flow	100,000		
III. Earnings and increase in fair value	88,842		
IV. Ending value - June 30, 2021 [I.+II.+III.]	519,002		
Money Weighted Rate of Return	26.91%		
Asset Value - June 30, 2021	519,002		

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

**11. OPEB Liability, OPEB Expense**

	Fiscal Year Ending June 30, 2021					
	Town Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Public Works Employees and Retirees	Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2021	1,550,554	4,217,798	3,199,376	917,124	312,996	10,197,848
II. Fiduciary Net Position as of June 30, 2021	<u>(114,133)</u>	<u>221,455</u>	<u>167,983</u>	<u>48,153</u>	<u>195,544</u>	<u>519,002</u>
III. Net OPEB Liability (Asset) as of June 30, 2021 [I. - II.]	1,664,687	3,996,343	3,031,393	868,971	117,452	9,678,846
IV. Service Cost	62,946	106,778	73,859	19,289	10,011	272,883
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	60,883	208,230	158,777	45,257	15,792	488,939
VI. Projected Earnings on OPEB Plan Investments	4,602	(10,438)	(7,926)	(2,270)	(8,514)	(24,546)
VII. Net Recognition of Deferred (Inflows)/Outflows	(25,946)	(70,576)	(53,535)	(15,346)	(5,237)	(170,640)
VIII. Expense Related to Change in Benefit Terms	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
IX. Financial Statement Expense [IV. + V. + VI. + VII. + VIII.]	102,485	233,994	171,175	46,930	12,052	566,636
X. Employer Share of Costs	(47,686)	(167,721)	(85,042)	(30,895)	(3,220)	(334,564)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	(15,441)	(40,985)	(31,478)	(8,937)	(3,159)	(100,000)
XII. Total Employer Contribution [X. + XI.]	<u>(63,127)</u>	<u>(208,706)</u>	<u>(116,520)</u>	<u>(39,832)</u>	<u>(6,379)</u>	<u>(434,564)</u>
XIII. Net OPEB Expense [IX. + XII.]	39,358	25,288	54,655	7,098	5,673	132,072

## EXHIBIT A

### FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2021 Measurement Date)

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

<b>Valuation Date</b>	July 1, 2019
<b>For the Measurement Period ending on the Measurement Date of:</b>	June 30, 2021
<b>For the Reporting Period &amp; Fiscal Year ending on:</b>	June 30, 2021
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	598,230
II. Deferred (Inflow)/Outflow from Investment Experience	(40,370)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(123,299)
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	2,837,919
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	559,065
IV. Change in Deferred Outflow (II. - III. )	(559,065)
V. Deferred Outflow at end of the period (I. + IV. )	2,278,854
VI. Deferred Inflow at the beginning of the period	(2,094,379)
VII. Deferred Inflow created during the period	(479,619)
VIII. Deferred Inflow recognized during the period	(729,705)
IX. Change in Deferred Inflow (VII. - VIII. )	250,086
X. Deferred Inflow at end of the period (VI. + IX. )	(1,844,293)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	9,855,753
II. Service Cost	272,883
III. Interest on Total OPEB Liability, Service Cost, and Payments	488,939
IV. Projected Investment Income	(24,546)
V. Total Employer Contributions	(434,564)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	302,712
VIII. Deferred Outflow created during the period	0
IX. Deferred Inflow created during the period	(479,619)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	9,678,846
<b>Net OPEB Expense</b>	
I. Service Cost	272,883
II. Interest on Total OPEB Liability, Service Cost, and Payments	488,939
III. Projected Investment Income	(24,546)
IV. Recognition of Deferred (Inflow)/Outflow	(170,640)
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V. )	566,636
VII. Benefit Payments	(334,564)
VIII. Contributions to Trust	(100,000)
IX. Total Employer Payments (VII. + VIII. )	(434,564)
X. Total Net OPEB Expense under GASB 75 (VI. + IX. )	132,072

**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	272,883	265,435	165,480	325,851	325,851
II. Amortization of NOL	<u>420,540</u>	<u>594,727</u>	<u>478,107</u>	<u>386,192</u>	<u>368,705</u>
III. Actuarial Determined Contribution [I. + II.]	693,423	860,162	643,587	712,043	694,556
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(434,564)</u>	<u>(343,204)</u>	<u>(369,888)</u>	<u>(356,113)</u>	<u>(259,604)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>258,859</u>	<u>516,958</u>	<u>273,699</u>	<u>355,930</u>	<u>434,952</u>
Covered Employee Payroll	6,404,140	6,217,612	5,853,673	5,655,723	4,497,990
Contributions as a % of Covered Employee Payroll	6.79%	5.52%	6.32%	6.30%	5.77%
Discount Rate	5.00%	4.75%	7.50%	7.50%	4.00%
Money Weighted Rate of Return	26.91%	3.04%	5.48%	(1.16%)	0.25%

## 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, 2018	July 1, 2018	July 1, 2016
GASB 75 Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	10,197,848	10,185,913	6,690,039	6,366,339	9,480,499
I. Service Cost	272,883	265,435	165,480	325,851	325,851
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	488,939	510,864	478,108	386,192	368,705
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	592,860	0	531,654	0
V. Changes of Assumptions	(415,323)	2,419,919	0	(4,051,744)	0
VI. Benefit Payments Excluding Implicit Cost	(243,314)	(225,280)	N/A	N/A	N/A
VII. Implicit Cost Amount	(91,250)	(67,924)	N/A	N/A	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(334,564)	(293,204)	(319,888)	(306,113)	(209,604)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	11,935	3,495,874	323,700	(3,114,160)	484,952
X. Total OPEB Liability - Beginning of Period	10,185,913	6,690,039	6,366,339	9,480,499	8,995,547
XI. Prior Period Adjustment	0	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	10,185,913	6,690,039	6,366,339	9,480,499	8,995,547
XIII. Total OPEB Liability - End of Period [IX.+XII.]	10,197,848	10,185,913	6,690,039	6,366,339	9,480,499
<b>Plan Fiduciary Net Position</b>	519,002	330,160	271,886	210,097	162,024
XIV. Earning from Plan Investments	88,842	8,274	11,789	(1,927)	341
XV. Employer Contribution to Trust	434,564	343,204	369,888	356,113	259,604
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(334,564)	(293,204)	(319,888)	(306,113)	(209,604)
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.]	188,842	58,274	61,789	48,073	50,341
XX. Plan Fiduciary Net Position - Beginning of Period	330,160	271,886	210,097	162,024	111,683
XXI. Prior Period Adjustment	0	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	330,160	271,886	210,097	162,024	111,683
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	519,002	330,160	271,886	210,097	162,024
XXIV. Net OPEB Liability [XIII.-XXIII.]	9,678,846	9,855,753	6,418,153	6,156,242	9,318,475
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	5.09%	3.24%	4.06%	3.30%	1.70%
XXVI. Covered Employee Payroll	6,404,140	6,217,612	5,853,673	5,655,723	4,497,990
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	151.13%	158.51%	109.64%	108.85%	207.17%
Single Discount Rate to calculate Plan Liabilities	5.00%	4.75%	7.50%	7.50%	4.00%

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:	6.47%, 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:	5.00%, 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
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year

EXHIBIT 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:	67
Active Employees:	84
Total:	151

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 4.75% to 5.00%

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$100,000 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 \$334,564. \$91,250 of the \$334,564 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:	N/A
Other Material Changes:	No other data changes were deemed to be material.

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

### CONTRIBUTION PROJECTION DISCLOSURES

**Table 1: Projection of Contributions using a July 1, 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	6,404,140	0	6,404,140	0	334,564	0	334,564
June 30, 2022	6,081,097	515,167	6,596,264	0	370,270	0	370,270
June 30, 2023	5,756,010	1,038,142	6,794,152	0	388,304	0	388,304
June 30, 2024	5,534,725	1,463,252	6,997,977	0	381,729	0	381,729
June 30, 2025	5,337,104	1,870,812	7,207,916	0	402,556	0	402,556
June 30, 2026	5,145,909	2,278,244	7,424,153	0	417,958	0	417,958
June 30, 2027	4,946,466	2,700,412	7,646,878	0	446,718	0	446,718
June 30, 2028	4,756,980	3,119,304	7,876,284	0	488,221	0	488,221
June 30, 2029	4,539,872	3,572,701	8,112,573	0	540,544	0	540,544
June 30, 2030	4,325,409	4,030,541	8,355,950	0	569,923	0	569,923
June 30, 2031	4,136,632	4,469,997	8,606,629	0	575,296	1,859	577,155
June 30, 2032	3,954,297	4,910,531	8,864,828	0	623,526	4,739	628,265
June 30, 2033	3,777,650	5,353,123	9,130,773	0	621,222	8,952	630,174
June 30, 2034	3,599,607	5,805,089	9,404,696	0	632,524	14,753	647,277
June 30, 2035	3,468,887	6,217,950	9,686,837	0	666,615	22,109	688,724
June 30, 2036	3,299,497	6,677,945	9,977,442	0	712,431	27,966	740,397
June 30, 2037	3,148,146	7,128,619	10,276,765	0	704,835	34,834	739,669
June 30, 2038	3,019,872	7,565,196	10,585,068	0	746,928	42,522	789,450
June 30, 2039	2,871,883	8,030,737	10,902,620	0	799,069	49,345	848,414
June 30, 2040	2,722,888	8,506,811	11,229,699	0	779,229	56,895	836,124
June 30, 2041	2,621,634	8,944,956	11,566,590	0	813,581	67,249	880,830
June 30, 2042	2,520,327	9,393,261	11,913,588	0	847,086	80,602	927,688
June 30, 2043	2,353,301	9,917,695	12,270,996	0	864,190	96,987	961,177
June 30, 2044	2,227,635	10,411,491	12,639,126	0	870,038	117,181	987,219
June 30, 2045	2,112,848	10,905,452	13,018,300	0	898,674	140,818	1,039,492
June 30, 2046	1,990,773	11,418,076	13,408,849	0	899,141	161,821	1,060,962
June 30, 2047	1,869,475	11,941,639	13,811,114	0	890,905	185,104	1,076,009
June 30, 2048	1,733,532	12,491,915	14,225,447	0	896,446	210,461	1,106,907
June 30, 2049	1,591,391	13,060,819	14,652,210	0	908,368	234,260	1,142,628
June 30, 2050	1,427,262	13,664,514	15,091,776	0	918,427	260,081	1,178,508
June 30, 2051	1,307,352	14,237,177	15,544,529	0	903,272	289,606	1,192,878
June 30, 2052	1,154,209	14,856,656	16,010,865	0	869,172	322,775	1,191,947
June 30, 2053	1,008,995	15,482,196	16,491,191	0	877,101	359,656	1,236,757
June 30, 2054	869,065	16,116,862	16,985,927	0	830,587	400,074	1,230,661
June 30, 2055	745,328	16,750,177	17,495,505	0	793,592	444,202	1,237,794
June 30, 2056	652,079	17,368,291	18,020,370	0	780,514	487,984	1,268,498
June 30, 2057	516,006	18,044,975	18,560,981	0	741,655	534,534	1,276,189
June 30, 2058	390,996	18,726,814	19,117,810	0	725,828	583,638	1,309,466
June 30, 2059	304,547	19,386,797	19,691,344	0	713,496	634,871	1,348,367
June 30, 2060	224,198	20,057,886	20,282,084	0	680,850	689,499	1,370,349

## 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	172,188	20,718,359	20,890,547	0	655,313	748,306	1,403,619
June 30, 2062	133,976	21,383,287	21,517,263	0	646,269	811,881	1,458,150
June 30, 2063	84,596	22,078,185	22,162,781	0	630,135	880,686	1,510,821
June 30, 2064	30,854	22,796,810	22,827,664	0	618,446	954,363	1,572,809
June 30, 2065	16,773	23,495,721	23,512,494	0	606,603	1,033,053	1,639,656
June 30, 2066	0	24,217,869	24,217,869	0	593,205	1,114,399	1,707,604
June 30, 2067	0	24,944,405	24,944,405	0	579,420	1,199,945	1,779,365
June 30, 2068	0	25,692,737	25,692,737	0	565,191	1,289,286	1,854,477
June 30, 2069	0	26,463,519	26,463,519	0	550,495	1,381,436	1,931,931
June 30, 2070	0	27,257,425	27,257,425	0	535,303	1,478,409	2,013,712
June 30, 2071	0	28,075,148	28,075,148	0	519,558	1,579,628	2,099,186
June 30, 2072	0	28,917,402	28,917,402	0	503,232	1,685,639	2,188,871
June 30, 2073	0	29,784,924	29,784,924	0	486,279	1,796,927	2,283,206
June 30, 2074	0	30,678,472	30,678,472	0	468,657	1,913,047	2,381,704
June 30, 2075	0	31,598,826	31,598,826	0	450,321	2,033,471	2,483,792
June 30, 2076	0	32,546,791	32,546,791	0	431,256	2,160,706	2,591,962
June 30, 2077	0	33,523,195	33,523,195	0	411,447	2,292,511	2,703,958
June 30, 2078	0	34,528,891	34,528,891	0	390,919	2,429,099	2,820,018
June 30, 2079	0	35,564,758	35,564,758	0	369,725	2,572,538	2,942,263
June 30, 2080	0	36,631,701	36,631,701	0	347,954	2,722,244	3,070,198
June 30, 2081	0	37,730,652	37,730,652	0	325,707	2,877,681	3,203,388
June 30, 2082	0	38,862,572	38,862,572	0	303,163	3,038,784	3,341,947
June 30, 2083	0	40,028,449	40,028,449	0	280,444	3,207,341	3,487,785
June 30, 2084	0	41,229,302	41,229,302	0	257,747	3,383,446	3,641,193
June 30, 2085	0	42,466,181	42,466,181	0	235,213	3,566,189	3,801,402
June 30, 2086	0	43,740,166	43,740,166	0	213,034	3,758,105	3,971,139
June 30, 2087	0	45,052,371	45,052,371	0	191,388	3,957,985	4,149,373
June 30, 2088	0	46,403,942	46,403,942	0	170,457	4,165,559	4,336,016
June 30, 2089	0	47,796,060	47,796,060	0	150,392	4,382,764	4,533,156
June 30, 2090	0	49,229,942	49,229,942	0	131,357	4,609,928	4,741,285
June 30, 2091	0	50,706,840	50,706,840	0	113,481	4,846,213	4,959,694
June 30, 2092	0	52,228,045	52,228,045	0	96,879	5,092,429	5,189,308
June 30, 2093	0	53,794,886	53,794,886	0	81,667	5,349,998	5,431,665
June 30, 2094	0	55,408,733	55,408,733	0	67,907	5,619,338	5,687,245
June 30, 2095	0	57,070,995	57,070,995	0	55,641	5,900,180	5,955,821

## 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	330,160	334,564	100,000	434,564	0	334,564	334,564	88,842	519,002
June 30, 2022	519,002	370,270	92,190	462,460	0	370,270	370,270	33,893	645,085
June 30, 2023	645,085	388,304	84,720	473,024	0	388,304	388,304	44,435	774,240
June 30, 2024	774,240	381,729	79,090	460,819	0	381,729	381,729	52,612	905,942
June 30, 2025	905,942	402,556	74,045	476,601	0	402,556	402,556	60,972	1,040,959
June 30, 2026	1,040,959	417,958	69,313	487,271	0	417,958	417,958	69,557	1,179,829
June 30, 2027	1,179,829	446,718	64,686	511,404	0	446,718	446,718	78,395	1,322,910
June 30, 2028	1,322,910	488,221	60,396	548,617	0	488,221	488,221	87,515	1,470,821
June 30, 2029	1,470,821	540,544	55,961	596,505	0	540,544	540,544	96,944	1,623,726
June 30, 2030	1,623,726	569,923	51,764	621,687	0	569,923	569,923	106,703	1,782,193
June 30, 2031	1,782,193	575,296	48,063	623,359	0	577,155	577,155	116,838	1,945,235
June 30, 2032	1,945,235	623,526	44,607	668,133	0	628,265	628,265	127,277	2,112,380
June 30, 2033	2,112,380	621,222	41,373	662,595	0	630,174	630,174	137,988	2,282,789
June 30, 2034	2,282,789	632,524	38,275	670,799	0	647,277	647,277	148,915	2,455,226
June 30, 2035	2,455,226	666,615	35,810	702,425	0	688,724	688,724	159,993	2,628,920
June 30, 2036	2,628,920	712,431	33,070	745,501	0	740,397	740,397	171,144	2,805,168
June 30, 2037	2,805,168	704,835	30,634	735,469	0	739,669	739,669	182,470	2,983,438
June 30, 2038	2,983,438	746,928	28,530	775,458	0	789,450	789,450	193,937	3,163,383
June 30, 2039	3,163,383	799,069	26,341	825,410	0	848,414	848,414	205,510	3,345,889
June 30, 2040	3,345,889	779,229	24,247	803,476	0	836,124	836,124	217,251	3,530,492
June 30, 2041	3,530,492	813,581	22,666	836,247	0	880,830	880,830	229,145	3,715,054
June 30, 2042	3,715,054	847,086	21,155	868,241	0	927,688	927,688	241,038	3,896,645
June 30, 2043	3,896,645	864,190	19,178	883,368	0	961,177	961,177	252,724	4,071,560
June 30, 2044	4,071,560	870,038	17,625	887,663	0	987,219	987,219	263,991	4,235,995
June 30, 2045	4,235,995	898,674	16,230	914,904	0	1,039,492	1,039,492	274,586	4,385,993
June 30, 2046	4,385,993	899,141	14,847	913,988	0	1,060,962	1,060,962	284,247	4,523,266
June 30, 2047	4,523,266	890,905	13,536	904,441	0	1,076,009	1,076,009	293,086	4,644,784
June 30, 2048	4,644,784	896,446	12,186	908,632	0	1,106,907	1,106,907	300,906	4,747,415
June 30, 2049	4,747,415	908,368	10,861	919,229	0	1,142,628	1,142,628	307,504	4,831,520
June 30, 2050	4,831,520	918,427	9,457	927,884	0	1,178,508	1,178,508	312,900	4,893,796
June 30, 2051	4,893,796	903,272	8,410	911,682	0	1,192,878	1,192,878	316,896	4,929,496
June 30, 2052	4,929,496	869,172	7,209	876,381	0	1,191,947	1,191,947	319,168	4,933,098
June 30, 2053	4,933,098	877,101	6,118	883,219	0	1,236,757	1,236,757	319,366	4,898,926
June 30, 2054	4,898,926	830,587	5,116	835,703	0	1,230,661	1,230,661	317,123	4,821,091
June 30, 2055	4,821,091	793,592	4,260	797,852	0	1,237,794	1,237,794	312,060	4,693,209
June 30, 2056	4,693,209	780,514	3,619	784,133	0	1,268,498	1,268,498	303,766	4,512,610
June 30, 2057	4,512,610	741,655	2,780	744,435	0	1,276,189	1,276,189	292,054	4,272,910
June 30, 2058	4,272,910	725,828	2,045	727,873	0	1,309,466	1,309,466	276,522	3,967,839
June 30, 2059	3,967,839	713,496	1,547	715,043	0	1,348,367	1,348,367	256,768	3,591,283
June 30, 2060	3,591,283	680,850	1,105	681,955	0	1,370,349	1,370,349	232,391	3,135,280

## 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 [III. + 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	3,135,280	655,313	824	656,137	0	1,403,619	1,403,619	202,879	2,590,677
June 30, 2062	2,590,677	646,269	623	646,892	0	1,458,150	1,458,150	167,637	1,947,056
June 30, 2063	1,947,056	630,135	382	630,517	0	1,510,821	1,510,821	125,987	1,192,739
June 30, 2064	1,192,739	618,446	135	618,581	0	1,572,809	1,572,809	77,175	315,686
June 30, 2065	315,686	606,603	71	606,674	0	1,639,656	1,639,656	20,427	0
June 30, 2066	0	593,205	0	593,205	0	1,707,604	1,707,604	0	0
June 30, 2067	0	579,420	0	579,420	0	1,779,365	1,779,365	0	0
June 30, 2068	0	565,191	0	565,191	0	1,854,477	1,854,477	0	0
June 30, 2069	0	550,495	0	550,495	0	1,931,931	1,931,931	0	0
June 30, 2070	0	535,303	0	535,303	0	2,013,712	2,013,712	0	0
June 30, 2071	0	519,558	0	519,558	0	2,099,186	2,099,186	0	0
June 30, 2072	0	503,232	0	503,232	0	2,188,871	2,188,871	0	0
June 30, 2073	0	486,279	0	486,279	0	2,283,206	2,283,206	0	0
June 30, 2074	0	468,657	0	468,657	0	2,381,704	2,381,704	0	0
June 30, 2075	0	450,321	0	450,321	0	2,483,792	2,483,792	0	0
June 30, 2076	0	431,256	0	431,256	0	2,591,962	2,591,962	0	0
June 30, 2077	0	411,447	0	411,447	0	2,703,958	2,703,958	0	0
June 30, 2078	0	390,919	0	390,919	0	2,820,018	2,820,018	0	0
June 30, 2079	0	369,725	0	369,725	0	2,942,263	2,942,263	0	0
June 30, 2080	0	347,954	0	347,954	0	3,070,198	3,070,198	0	0
June 30, 2081	0	325,707	0	325,707	0	3,203,388	3,203,388	0	0
June 30, 2082	0	303,163	0	303,163	0	3,341,947	3,341,947	0	0
June 30, 2083	0	280,444	0	280,444	0	3,487,785	3,487,785	0	0
June 30, 2084	0	257,747	0	257,747	0	3,641,193	3,641,193	0	0
June 30, 2085	0	235,213	0	235,213	0	3,801,402	3,801,402	0	0
June 30, 2086	0	213,034	0	213,034	0	3,971,139	3,971,139	0	0
June 30, 2087	0	191,388	0	191,388	0	4,149,373	4,149,373	0	0
June 30, 2088	0	170,457	0	170,457	0	4,336,016	4,336,016	0	0
June 30, 2089	0	150,392	0	150,392	0	4,533,156	4,533,156	0	0
June 30, 2090	0	131,357	0	131,357	0	4,741,285	4,741,285	0	0
June 30, 2091	0	113,481	0	113,481	0	4,959,694	4,959,694	0	0
June 30, 2092	0	96,879	0	96,879	0	5,189,308	5,189,308	0	0
June 30, 2093	0	81,667	0	81,667	0	5,431,665	5,431,665	0	0
June 30, 2094	0	67,907	0	67,907	0	5,687,245	5,687,245	0	0
June 30, 2095	0	55,641	0	55,641	0	5,955,821	5,955,821	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, 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 [6.47%]	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 [4.95%]	
June 30, 2021	330,160	334,564	330,160	4,404	330,160	4,404	334,564	Sum of Column V.
June 30, 2022	519,002	370,270	370,270	0	347,769	0	352,808	9,054,414
June 30, 2023	645,085	388,304	388,304	0	342,545	0	352,542	
June 30, 2024	774,240	381,729	381,729	0	316,281	0	330,228	Sum of Column VI.
June 30, 2025	905,942	402,556	402,556	0	313,269	0	331,821	3,178,751
June 30, 2026	1,040,959	417,958	417,958	0	305,490	0	328,269	
June 30, 2027	1,179,829	446,718	446,718	0	306,669	0	334,310	Sum of Column VII.
June 30, 2028	1,322,910	488,221	488,221	0	314,793	0	348,139	[V. + VI.]
June 30, 2029	1,470,821	540,544	540,544	0	327,351	0	367,271	12,233,165
June 30, 2030	1,623,726	569,923	569,923	0	324,169	0	368,970	
June 30, 2031	1,782,193	575,296	575,296	0	307,340	0	354,883	
June 30, 2032	1,945,235	623,526	623,526	0	312,863	0	366,495	
June 30, 2033	2,112,380	621,222	621,222	0	292,765	0	347,920	
June 30, 2034	2,282,789	632,524	632,524	0	279,977	0	337,543	
June 30, 2035	2,455,226	666,615	666,615	0	277,136	0	338,958	
June 30, 2036	2,628,920	712,431	712,431	0	278,185	0	345,170	
June 30, 2037	2,805,168	704,835	704,835	0	258,495	0	325,385	
June 30, 2038	2,983,438	746,928	746,928	0	257,286	0	328,555	
June 30, 2039	3,163,383	799,069	799,069	0	258,520	0	334,914	
June 30, 2040	3,345,889	779,229	779,229	0	236,781	0	311,196	
June 30, 2041	3,530,492	813,581	813,581	0	232,197	0	309,591	
June 30, 2042	3,715,054	847,086	847,086	0	227,068	0	307,139	
June 30, 2043	3,896,645	864,190	864,190	0	217,575	0	298,563	
June 30, 2044	4,071,560	870,038	870,038	0	205,737	0	286,407	
June 30, 2045	4,235,995	898,674	898,674	0	199,594	0	281,882	
June 30, 2046	4,385,993	899,141	899,141	0	187,563	0	268,728	
June 30, 2047	4,523,266	890,905	890,905	0	174,551	0	253,709	
June 30, 2048	4,644,784	896,446	896,446	0	164,964	0	243,247	
June 30, 2049	4,747,415	908,368	908,368	0	157,000	0	234,858	
June 30, 2050	4,831,520	918,427	918,427	0	149,092	0	226,259	
June 30, 2051	4,893,796	903,272	903,272	0	137,721	0	212,031	
June 30, 2052	4,929,496	869,172	869,172	0	124,469	0	194,405	
June 30, 2053	4,933,098	877,101	877,101	0	117,972	0	186,926	
June 30, 2054	4,898,926	830,587	830,587	0	104,927	0	168,665	
June 30, 2055	4,821,091	793,592	793,592	0	94,161	0	153,552	
June 30, 2056	4,693,209	780,514	780,514	0	86,981	0	143,899	
June 30, 2057	4,512,610	741,655	741,655	0	77,628	0	130,287	
June 30, 2058	4,272,910	725,828	725,828	0	71,355	0	121,493	
June 30, 2059	3,967,839	713,496	713,496	0	65,880	0	113,796	
June 30, 2060	3,591,283	680,850	680,850	0	59,046	0	103,468	

## 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 [6.47%]	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 [4.95%]
June 30, 2061	3,135,280	655,313	655,313	0	53,378	0	94,891
June 30, 2062	2,590,677	646,269	646,269	0	49,442	0	89,168
June 30, 2063	1,947,056	630,135	630,135	0	45,278	0	82,841
June 30, 2064	1,192,739	618,446	618,446	0	41,738	0	77,470
June 30, 2065	315,686	606,603	315,686	290,917	20,010	112,723	72,403
June 30, 2066	0	593,205	0	593,205	0	224,952	67,465
June 30, 2067	0	579,420	0	579,420	0	215,041	62,789
June 30, 2068	0	565,191	0	565,191	0	205,289	58,359
June 30, 2069	0	550,495	0	550,495	0	195,688	54,161
June 30, 2070	0	535,303	0	535,303	0	186,231	50,182
June 30, 2071	0	519,558	0	519,558	0	176,901	46,409
June 30, 2072	0	503,232	0	503,232	0	167,689	42,831
June 30, 2073	0	486,279	0	486,279	0	158,586	39,436
June 30, 2074	0	468,657	0	468,657	0	149,581	36,214
June 30, 2075	0	450,321	0	450,321	0	140,665	33,156
June 30, 2076	0	431,256	0	431,256	0	131,838	30,255
June 30, 2077	0	411,447	0	411,447	0	123,101	27,504
June 30, 2078	0	390,919	0	390,919	0	114,466	24,900
June 30, 2079	0	369,725	0	369,725	0	105,952	22,439
June 30, 2080	0	347,954	0	347,954	0	97,588	20,122
June 30, 2081	0	325,707	0	325,707	0	89,401	17,947
June 30, 2082	0	303,163	0	303,163	0	81,439	15,917
June 30, 2083	0	280,444	0	280,444	0	73,730	14,030
June 30, 2084	0	257,747	13,534	244,213	261	62,836	12,286
June 30, 2085	0	235,213	11,597	223,616	210	56,310	10,683
June 30, 2086	0	213,034	9,950	203,084	169	50,049	9,220
June 30, 2087	0	191,388	8,487	182,901	135	44,115	7,892
June 30, 2088	0	170,457	7,168	163,289	107	38,545	6,698
June 30, 2089	0	150,392	6,043	144,349	85	33,348	5,630
June 30, 2090	0	131,357	5,088	126,269	67	28,549	4,686
June 30, 2091	0	113,481	4,244	109,237	53	24,171	3,857
June 30, 2092	0	96,879	3,520	93,359	41	20,218	3,138
June 30, 2093	0	81,667	2,911	78,756	32	16,692	2,520
June 30, 2094	0	67,907	2,394	65,513	25	13,589	1,997
June 30, 2095	0	55,641	1,947	53,694	19	10,900	1,559

## APPENDIX II – PLAN PROVISIONS

### Plan 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:** effective July 1, 2020

### Creditable Service

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

### Benefits Offered

Comprehensive Medical, Dental & \$5,000 of Group Term Life Insurance. The Town also pays half the deductible for Active plans.

### 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 by the Town were not reflected in this valuation.

### Surviving Spouse Coverage

Spousal benefits do not change after the death of a plan participant.

## APPENDIX II – PLAN PROVISIONS

### Eligibility

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

### Participant Contributions

Group	Individual	Two-Person / Family
<b>Medical</b>	<ul style="list-style-type: none"> <li>• Retirees pay 50% of premiums</li> <li>• The Town also reimburses 50% of the deductible for Active plans</li> </ul>	<ul style="list-style-type: none"> <li>• Retirees pay 50% of premiums</li> <li>• The Town also reimburses 50% of the deductible for Active plans</li> </ul>
<b>Dental</b>	Retirees pay 100% of premiums	Retirees pay 100% of premiums
<b>Life</b>	Retirees pay 50% of premiums	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

5.00% per annum (previously 4.75%)

Net Long Term Rate of Return

6.47% (based on investment policy)

Municipal Bond Rate

2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

Market Value of Assets as of the Measurement Date, June 30, 2021

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Employee Termination

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

#### **Non-Public Safety Employees**

<b>Service</b>	<b>Male</b>	<b>Female</b>
0	15.00%	15.00%
5	7.60%	7.60%
10	5.40%	5.40%
15	3.30%	3.30%
20	2.00%	2.00%

#### **Public Safety Employees**

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

## APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

### Retirement Rates for Eligible Employees

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

### Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSTrend Rate**Medicare Part A & B Premiums & Penalties:** N/A**Medical & Dental Plans:** Initial Trend of 4.50% for 2021 grading down 0.00% per year for an ultimate trend rate of 4.50%.Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

### APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

#### Implicit Subsidy

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

<b>Impact of Implicit Subsidy</b>		
	<b>As of the Measurement Date</b>	
<b>Impact on Liability</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
I. Total OPEB Liability	10,197,848	10,185,913
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>8,064,030</u>	<u>8,027,830</u>
III. Liability from Implicit Subsidy [I. - II.]	2,133,818	2,158,083

	<b>For the Measurement Period Ending</b>	
<b>Impact on Payments</b>	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
IV. Employer Payments (Including Implicit Subsidy)	334,564	293,204
V. Actual Employer Payments	<u>243,314</u>	<u>225,280</u>
VI. Implicit Subsidy [IV. - V.]	91,250	67,924

### 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	4,498	2,835	44 & Under	9,238	6,054	65 to 69	4,859	4,859
25 to 29	6,635	2,950	45 to 49	10,147	7,643	70 to 74	4,859	4,859
30 to 34	8,385	3,703	50 to 54	11,937	10,066	75 to 79	4,859	4,859
35 to 39	8,637	4,650	55 to 59	13,800	13,087	80 to 84	4,859	4,859
40 to 44	8,840	5,793	60 to 64	16,421	16,794	85 to 89	4,859	4,859
45 to 49	9,710	7,314	65 to 69	19,685	20,948	90 & Over	4,859	4,859
50 to 54	11,423	9,633	70 to 74	23,213	25,103			
55 to 59	13,206	12,523	75 to 79	26,959	29,649			
60 to 64	15,714	16,071	80 to 84	30,910	34,079			
65 to 69	18,837	20,046	85 to 89	35,283	39,008			
70 & Over	22,213	24,022	90 & Over	35,283	39,008			

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

\*\*There are two grandfathered retirees not included in the general claims

### 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	32.78
B. Average Service	11.95
C. Average Current Age	44.73

### Retired Employees & Spouses

Valuation Date	July 1, 2019
A. Under Age 65	16
B. Age 65 & Over	51
C. Total	67

### 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	1									1
25-29	5	2								7
30-34	9	1	4							14
35-39	4		4	3						11
40-44		2	1	6						9
45-49	5		2	1	1	1				10
50-54	2	2		3	2	4	1			14
55-59	3	1	2		3					9
60-64	1	1	1	2	1	1		1		8
65-69					1					1
70+										
<b>Total</b>	30	9	14	15	8	6	1	1		84

## APPENDIX IV – PLAN DEMOGRAPHICS

### Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Tufts HMO 500/1000	22		40	62
Tufts HMO 1500/3000	10		6	16
Blue Cross/Blue Shield Medex Bronze		1		1
United Healthcare	1			1
Tufts Medicare Preferred	28	11		39
Total	61	12	46	119

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Tufts HMO 500/1000	891.85		2,318.82
Tufts HMO 1500/3000	818.98		2,129.37
Blue Cross/Blue Shield Medex Bronze	208.56	417.12	
United Healthcare	279.75	559.50	
Tufts Medicare Preferred	414.00	828.00	
Dental Plan	45.22		133.73

#### APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Tufts HMO 500/1000	22		40	102	1,348,482.00	1,091,624.40
Tufts HMO 1500/3000	10		6	22	251,592.24	216,210.72
Total	32	0	46	124	1,600,074.24	1,307,835.12
Blended Average Monthly Rate:						\$ 878.92

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Blue Cross/Blue Shield Medex Bronze		1		2	5,005.44	5,005.44
United Healthcare	1			1	3,357.00	3,357.00
Tufts Medicare Preferred	28	11		50	248,400.00	248,400.00
Total	29	12	0	53	256,762.44	256,762.44
Blended Average Monthly Rate:						\$ 403.75

## APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

## APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

## APPENDIX VI – ASOP 41 DISCLOSURES

The Actuarial Standards Board (the “ASB”), vested by the U.S.-based actuarial organizations<sup>1</sup>, promulgates actuarial standards of practice (“ASOPs”) for use by actuaries when providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct<sup>2</sup>, to observe the ASOPs of the ASB when practicing in the United States.

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

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

### Identification of the Responsible Actuary

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

### Identification of Actuarial Documents

The date of this document is September 29, 2021 and its subject is the Town of Salisbury’s GASB 75 OPEB liabilities.

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

<sup>2</sup> These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

## APPENDIX VI – ASOP 41 DISCLOSURES

### Disclosures in Actuarial Reports

- ✓ The contents of this report are intended for the use of the officers, employees, and elected officials of the Town and the Town's appointed auditor. The Town may distribute this report to those parties that have a legal right to require the Town to provide it, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Town notify Odyssey Advisors to whom it was distributed.
- ✓ The purpose of this engagement was to provide the Town with analysis of the GASB 75 OPEB liabilities.
- ✓ The responsible actuary identified above is qualified as specified in the *Qualification Standards* of the American Academy of Actuaries.
- ✓ Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
- ✓ Actuarial computations under GASB 75 are for purposes of fulfilling financial accounting requirements of the Town. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. These communications should not be relied upon for any other purpose.
- ✓ The Town of Salisbury 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.