

**City of Westfield Other
Postemployment Benefits Plan**

GASB 74/75 Actuarial Valuation

With a Valuation Date of June 30, 2017

& a Measurement Date of June 30, 2017

For the Reporting Dates of

June 30, 2018

June 30, 2019

Delivered March 2018

TABLE OF CONTENTS

<u>LETTER</u>		<u>PAGE</u>
	<u>EXECUTIVE SUMMARY</u>	I.
	<u>SECTION</u>	
I	PRINCIPAL RESULTS OF THE VALUATION	1
II	SUMMARY OF PLAN PROVISIONS	12
III	ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS	13
	<u>EXHIBITS</u>	
A	FINANCIAL STATEMENT DISCLOSURES	24
B	REQUIRED SUPPLEMENTARY INFORMATION	54
C	RECONCILIATION OF PLAN PARTICIPANTS	61
D	PROJECTED CASH FLOWS (OPEN GROUP)	62
E	PROJECTED CASH FLOWS (OPEN GROUP) - FUNDING	63
F	GLOSSARY OF TERMS	67

March 1, 2018

Personal and Confidential

Ms. Jane Sakiewicz
Personnel Director
City of Westfield
59 Court Street, Room 101
Westfield, MA 01085

Dear Ms. Sakiewicz:

We have performed an actuarial valuation of the City of Westfield Other Postemployment Benefits Plan for the Reporting Date & fiscal year ending June 30, 2018 with a Measurement Date of June 30, 2017 and a Valuation Date of June 30, 2017. The figures presented in this report reflect the adoption, by the City of Westfield, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75") effective for the fiscal year 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 refer you to Section I of this report for a detailed summary and commentary on the results of the valuation and a comparison with the prior valuation. Section II is a summary of the plan provisions, and Section III describes the actuarial cost method and assumptions. Details for cost calculations, supporting data, and disclosures are provided in Exhibits A through C.

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

March 1, 2018ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the City of Westfield other postemployment benefit programs with a Valuation Date of June 30, 2017 with a Measurement Date of June 30, 2017 for the Reporting Date & fiscal year ending June 30, 2018 in accordance with generally accepted actuarial principles and practices. 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 City and on participant claims or premium data provided by the City and/or vendors employed by the City.

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 City are reasonably related to the experience and expectations of the postemployment benefits programs.



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

Executive Summary

GASB 74 and 75 Impact

The City adopted GASB 74 for the fiscal year ending June 30, 2017 and GASB 75 for the fiscal year ending June 30, 2018. The adoption of GASB 74/75 introduces a new actuarial cost method and discount rate as well as new disclosures and methodologies for reporting plan liabilities and OPEB expenses. Significant changes have been made to the recognition of OPEB expenses, which makes the comparison of Net OPEB Expense in the current valuation to the expenses reported under GASB 45 misleading. The liability reported on the City's balance sheet is likely to increase dramatically as GASB 74/75 require the recognition of liabilities immediately rather than over a 30 year period as GASB 45 allowed.

What caused plan liabilities to change from FY 16 to FY 18?

Plan experience was more favorable than expected - for the year ending on the Measurement Date of June 30, 2017, the Plan saw an experience gain of \$86,833,550 or 28.57%. This was mainly due to premiums for non-Medicare integrated plans increasing by 6.3% vs. the expected 18.3%, premiums for Medicare integrated plans remaining flat vs. the expected 17.8% (resulting in a gain of approximately \$48 million) as well as a reduction in the long term expected trend (resulting in a gain of approximately \$24 million). The actuarial experience gain is amortized into the net OPEB expense over time until fully recognized. Changes in assumptions increased disclosed liabilities by \$18.67 million.

Over the one year period, the Total OPEB Liability ("TOL") went from \$263,128,468 as of January 1, 2016 to \$232,105,512 as of June 30, 2017 for a decrease of \$31,022,956. The Net OPEB Expense was (\$8,153,744) for the fiscal year June 30, 2018. As this is the first year using GASB 75 methodology, there is no baseline for comparison. For a projection of future costs and liabilities refer to Exhibit D.

Executive Summary

(continued)

Assumption changes

Some key assumptions have changed since the prior valuation - their impact is detailed below.

- ✓ Based on recommendations by PERAC, the mortality table was updated from the RP-2000 Mortality Table projected generationally with scale BB and a base year 2000 to RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females decreasing the disclosed liability by \$8.25 million.
- ✓ Due to the GASB 75 standards the discount rate was changed from 4.00% to 3.25% increasing the disclosed liability by \$26.92 million.
- ✓ Assumption changes caused Normal Cost to increase by \$1.23 million.

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

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare Integrated) plans - represent 79% 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 5.0% per year
- ✓ Discount Rate (3.25%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing - Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance.

Executive Summary
(continued)

What is Implicit Subsidy? How does it impact us?

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.

Impact of Implicit Subsidy		
Impact on Liability	As Of The Measurement Date	
	<u>June 30, 2017</u>	<u>January 1, 2016</u>
I. Actuarial Accrued Liability	232,105,512	263,128,468
II. Actuarial Accrued Liability (Excluding Implicit Subsidy)	<u>223,525,495</u>	<u>N/A</u>
III. Liability from Implicit Subsidy [I. - II.]	8,580,017	N/A

Impact on Payments	For The Fiscal Year Ending	
	<u>June 30, 2018</u>	<u>June 30, 2016</u>
IV. Employer Payments (Including Implicit Subsidy)	6,283,660	6,761,472
V. Actual Employer Payments	<u>5,949,232</u>	<u>N/A</u>
VI. Implicit Subsidy [IV. - V.]	334,428	N/A

Executive Summary
(continued)

What are some 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

	<u>June 30, 2017</u>	<u>January 1, 2016</u>
Total OPEB Liability	232,105,512	263,128,468
Per Eligible Active Plan Participant	88,131	97,832
Per Retiree/Spouse Plan Participant	84,325	102,343
Total Annual Service Cost (annual benefit accrual)	7,129,116	9,564,887
Per Eligible Active Plan Participant	5,147	7,033
Expected Employer Share of Retiree Costs	6,283,660	6,761,472
Per Retiree/Spouse Plan Participant	4,815	5,320
Net OPEB Liability as a % of Payroll	260.60%	N/A
Average Annual Medical Plan Premium (Single Coverage)	6,667	N/A
Average Annual Medical Plan Premium (Family Coverage)	19,768	N/A
<u>Projected 2020 Excise Tax Thresholds</u>		
Annual Medical Plan Premium (Single Coverage)	12,511	
Annual Medical Plan Premium (Family Coverage)	32,676	

Executive Summary
(continued)

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.

Measurement Date	Number of Retirees, Spouses & Surviving Spouses	Present Value at 3.00% of Total OPEB Liability	Present Value at 3.00% of Employer Share of Premiums / Claims including "implicit cost"
June 30, 2017	1305	232,105,512	6,283,660
June 30, 2022	1466	241,702,419	7,133,173
June 30, 2027	1538	250,459,093	8,076,075
June 30, 2032	1563	256,390,046	8,671,414
June 30, 2037	1527	263,719,176	8,690,961
June 30, 2042	1468	275,681,152	8,981,726
June 30, 2047	1424	293,283,542	9,301,641

A full projection of plan costs and liabilities in today’s dollars is shown in Exhibit E of this report.

We have an “unfunded liability”. How do we fund it? Can we fund it?

If you’re looking to fund your OPEB liability, there are a variety of manner to do so. The amount of funding in combination with your Investment Policy will impact the discount rate and disclosed liabilities. Below are a few sample funding options, but it’s important to develop a funding policy that fits your organization as each situation is different (6.50% discount rated is based on a balanced portfolio of 60% equities and 40% fixed income).

	Partial Funding	Full Funding Level Dollar	Full Funding increasing at 3.00% per year
Net OPEB Liability	\$232,053,679	\$145,026,731	\$145,026,731
Required Trust Contribution	\$700,000	\$5,184,400	\$6,760,100
Discount Rate	3.25%	6.50%	6.50%

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

**City of Westfield
Assuming Partial Funding - 3.25% discount rate
Comparison of Plan Liabilities to Prior Valuation**

	As of the Measurement Date	
	<u>June 30, 2017</u>	<u>January 1, 2016</u>
I. Present Value of Future Benefits		
A. Actives	196,348,610	N/A
B. Retirees/Disabled	<u>110,043,969</u>	<u>N/A</u>
C. Total	306,392,579	N/A
II. Present Value of Future Normal Cost	74,287,067	N/A
III. Total OPEB Liability (Individual Entry Age Normal)		
A. Actives	122,061,543	133,050,952
B. Retirees/Disabled	<u>110,043,969</u>	<u>130,077,516</u>
C. Total	232,105,512	263,128,468
IV. Fiduciary Net Position [Plan Assets]	51,833	50,451
V. Net OPEB Liability (Asset) [III. - IV.]	232,053,679	263,078,017
VI. Funded Ratio [IV. / III.]	0.02%	0.02%
VII. Annual Covered Payroll	89,053,554	N/A
VIII. Net OPEB Liability (Asset) as % of Covered Payroll	260.6%	N/A
IX. Number of Eligible Participants		
A. Actives	1,385	1,360
B. Retirees/Disabled	<u>1,305</u>	<u>1,271</u>
C. Total	2,690	2,631
	<u>June 30, 2018</u>	<u>June 30, 2016</u>
X. Service Cost	7,129,116	9,564,887
XI. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	7,672,146	N/A
XII. Deferred (Inflows)/Outflows from Plan Design Changes	0	N/A
XIII. Deferred (Inflows)/Outflows from Expected & Actual Experience	(15,962,111)	N/A
XIV. Deferred (Inflows)/Outflows from Changes in Assumptions	0	N/A
XV. Projected Earning on OPEB plan investments	(9,301)	N/A
XVI. Deferred (Inflows)/Outflows from Earnings on Investments	66	N/A
XVII. Employer Share of Costs	(6,283,660)	(6,761,472)
XVIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(700,000)	0
XIX. Total Employer Contribution [XVII. + XVIII.]	(6,983,660)	(6,761,472)
XX. Other Changes	0	N/A
XXI. Net OPEB Expense [X.+XI.+XII.+XIII.+XIV.+XVI.+XIX.+XX.]	(8,153,744)	N/A
XXII. Discount Rate	3.25%	4.00%

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

City of Westfield
Comparison of Plan Funding vs. Partial Funding

As of the June 30, 2017 Measurement Date

	<u>Partial Funding - 3.25%</u> <u>discount rate</u>	<u>Funding - 6.50%</u> <u>discount rate</u>
I. Present Value of Future Benefits		
A. Actives	196,348,610	94,079,797
B. Retirees/Disabled	<u>110,043,969</u>	<u>73,844,693</u>
C. Total	306,392,579	167,924,490
II. Present Value of Future Normal Cost	74,287,067	22,845,926
III. Total OPEB Liability (Individual Entry Age Normal)		
A. Actives	122,061,543	71,233,871
B. Retirees/Disabled	<u>110,043,969</u>	<u>73,844,693</u>
C. Total	232,105,512	145,078,564
IV. Fiduciary Net Position [Plan Assets]	51,833	51,833
V. Net OPEB Liability (Asset) [III. - IV.]	232,053,679	145,026,731
VI. Funded Ratio [IV. / III.]	0.02%	0.04%
VII. Annual Covered Payroll	89,053,554	89,053,554
VIII. Net OPEB Liability (Asset) as % of Covered Payroll	260.6%	162.9%
IX. Number of Eligible Participants		
A. Actives	1,385	1,385
B. Retirees/Disabled	<u>1,305</u>	<u>1,305</u>
C. Total	2,690	2,690
For the Reporting Date and Fiscal Year Ending June 30, 2018		
X. Service Cost	7,129,116	2,961,894
XI. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	7,672,146	9,418,256
XII. Deferred (Inflows)/Outflows from Plan Design Changes	0	0
XIII. Deferred (Inflows)/Outflows from Expected & Actual Experience	(15,962,111)	(15,962,111)
XIV. Deferred (Inflows)/Outflows from Changes in Assumptions	0	(15,997,601)
XV. Projected Earning on OPEB plan investments	(9,301)	0
XVI. Deferred (Inflows)/Outflows from Earnings on Investments	66	66
XVII. Employer Share of Costs	(6,283,660)	(6,283,661)
XVIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(700,000)	(5,184,400)
XIX. Total Employer Contribution [XVII. + XVIII.]	(6,983,660)	(11,468,061)
XX. Other Changes	0	0
XXI. Net OPEB Expense [X.+XI.+XII.+XIII.+XIV.+XV.+XVI.+XIX.+XX.]	(8,153,744)	(31,047,557)

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

City of Westfield
Assuming Partial Funding - 3.25% discount rate
Plan Liabilities as of the June 30, 2017 Measurement Date

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	194,452,363	0	712,237	1,184,010	196,348,610
B. Retirees/Disabled	<u>107,964,815</u>	<u>0</u>	<u>1,839,516</u>	<u>239,638</u>	<u>110,043,969</u>
C. Total	302,417,178	0	2,551,753	1,423,648	306,392,579
II. Present Value of Future Normal Cost	73,370,161	0	190,689	726,217	74,287,067
III. Total OPEB Liability					
A. Actives	121,082,202	0	521,548	457,793	122,061,543
B. Retirees/Disabled	<u>107,964,815</u>	<u>0</u>	<u>1,839,516</u>	<u>239,638</u>	<u>110,043,969</u>
C. Total	229,047,017	0	2,361,064	697,431	232,105,512
IV. Fiduciary Net Position [Plan Assets]	51,150	0	527	156	51,833
V. Net OPEB Liability (Asset) [III. - IV.]	228,995,867	0	2,360,537	697,275	232,053,679
VI. Annual Covered Payroll	89,053,554	89,053,554	89,053,554	89,053,554	89,053,554
VII. Net OPEB Liability (Asset) as % of Covered Payroll	257.1%	0.0%	2.7%	0.8%	260.6%
VIII. Number of Eligible Participants					
IX. A. Actives	1,385	1,385	1,385	1,385	
B. Retirees/Disabled	<u>1,305</u>	<u>0</u>	<u>760</u>	<u>1,305</u>	
C. Total	2,690	1,385	2,145	2,690	
For the Reporting Date and Fiscal Year Ending June 30, 2018					
X. Service Cost	7,035,013	0	23,413	70,690	7,129,116
XI. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	7,571,169	0	76,018	24,959	7,672,146
XII. Deferred (Inflows)/Outflows from Plan Design Changes	0	0	0	0	0
XIII. Deferred (Inflows)/Outflows from Expected & Actual Experience	(15,751,773)	0	(162,373)	(47,965)	(15,962,111)
XIV. Deferred (Inflows)/Outflows from Changes in Assumptions	0	0	0	0	0
XV. Projected Earning on OPEB plan investments	(9,179)	0	(93)	(29)	(9,301)
XVI. Deferred (Inflows)/Outflows from Earnings on Investments	65	0	1	0	66
XVII. Employer Share of Costs	(6,193,011)	0	(90,649)	0	(6,283,660)
XVIII. Employer (Payments)/Withdrawals to/from OPEB Trust	(691,778)	0	(6,378)	(1,844)	(700,000)
XIX. Total Employer Contribution [XVII. + XVIII.]	(6,884,789)	0	(97,027)	(1,844)	(6,983,660)
XX. Other Changes	0	0	0	0	0
XXI. Net OPEB Expense [X.+XI.+XII.+XIII.+XIV.+XV.+XVI.+XIX.+XX.]	(8,039,494)	0	(160,061)	45,811	(8,153,744)

SECTION I
PRINCIPAL RESULTS OF THE VALUATION

(continued)

City of Westfield
Plan Liabilities as of the June 30, 2017 Measurement Date
Assuming Partial Funding

	City Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Airport Retirees	SWWT Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Present Value of Future Benefits									
A. Actives	25,294,142	130,805,097	17,544,735	17,616,484	6,446	1,127,078	775,905	3,178,723	196,348,610
B. Retirees/Disabled	<u>12,393,266</u>	<u>76,362,844</u>	<u>8,040,031</u>	<u>9,768,741</u>	<u>460,941</u>	<u>0</u>	<u>622,277</u>	<u>2,395,869</u>	<u>110,043,969</u>
C. Total	37,687,408	207,167,941	25,584,766	27,385,225	467,387	1,127,078	1,398,182	5,574,592	306,392,579
II. Present Value of Future Normal Cost	15,617,785	42,334,016	7,031,568	7,024,383	3,921	396,486	501,670	1,377,238	74,287,067
III. Total OPEB Liability									
A. Actives	9,676,357	88,471,081	10,513,167	10,592,101	2,525	730,592	274,235	1,801,485	122,061,543
B. Retirees/Disabled	<u>12,393,266</u>	<u>76,362,844</u>	<u>8,040,031</u>	<u>9,768,741</u>	<u>460,941</u>	<u>0</u>	<u>622,277</u>	<u>2,395,869</u>	<u>110,043,969</u>
C. Total	22,069,623	164,833,925	18,553,198	20,360,842	463,466	730,592	896,512	4,197,354	232,105,512
IV. Fiduciary Net Position [Plan Assets]	4,945	36,747	4,164	4,570	102	165	196	944	51,833
V. Net OPEB Liability (Asset) [III. - IV.]	22,064,678	164,797,178	18,549,034	20,356,272	463,364	730,427	896,316	4,196,410	232,053,679
VI. Annual Covered Payroll	17,636,750	52,145,037	8,679,544	7,289,791	N/A	812,543	457,513	2,032,376	89,053,554
VII. Net OPEB Liability (Asset) as % of Covered Payroll	125.1%	316.0%	213.7%	279.2%	N/A	89.9%	195.9%	206.5%	260.6%
VIII. Number of Eligible Participants									
A. Actives	165	993	91	90	0	10	7	29	1,385
B. Retirees/Disabled	<u>168</u>	<u>917</u>	<u>79</u>	<u>100</u>	<u>7</u>	<u>0</u>	<u>9</u>	<u>25</u>	<u>1,305</u>
C. Total	333	1,910	170	190	7	10	16	54	2,690
For the Reporting Date and Fiscal Year Ending June 30, 2018									
IX. Service Cost	781,177	4,869,940	615,076	581,027	390	48,840	76,079	156,587	7,129,116
X. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	89,412	5,945,896	673,429	733,246	16,035	27,623	33,955	152,550	7,672,146
XI. Deferred (Inflows)/Outflows from Plan Design Changes	0	0	0	0	0	0	0	0	0
XII. Deferred (Inflows)/Outflows from Expected & Actual Experience	(1,517,746)	(11,335,782)	(1,275,921)	(1,400,234)	(31,873)	(50,243)	(61,655)	(288,657)	(15,962,111)
XIII. Deferred (Inflows)/Outflows from Changes in Assumptions	0	0	0	0	0	0	0	0	0
XIV. Projected Earning on OPEB plan investments	(888)	(6,594)	(747)	(820)	(18)	(29)	(36)	(169)	(9,301)
XV. Deferred (Inflows)/Outflows from Earnings on Investments	7	47	5	6	0	0	0	1	66
XVI. Employer Share of Costs	(684,954)	(4,444,940)	(406,093)	(574,576)	(23,508)	(3,898)	(31,744)	(113,947)	(6,283,660)
XVII. Employer (Payments)/Withdrawals to/from OPEB Trust	(66,611)	(496,590)	(56,374)	(61,203)	(1,324)	(2,330)	(2,827)	(12,741)	(700,000)
XVIII. Total Employer Contribution [XVI. + XVII.]	(751,565)	(4,941,530)	(462,467)	(635,779)	(24,832)	(6,228)	(34,571)	(126,688)	(6,983,660)
XIX. Other Changes	0	0	0	0	0	0	0	0	0
XX. Net OPEB Expense [IX.+X.+XI.+XII.+XIII.+XIV.+XV.+XVIII.+XIX.]	(1,399,603)	(5,468,023)	(450,625)	(722,554)	(40,298)	19,963	13,772	(106,376)	(8,153,744)

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

City of Westfield

Detail of Plan Liabilities by Group and Dependency Status

Assuming Partial Funding - 3.25% discount rate

Plan Liabilities as of the June 30, 2017 Measurement Date

	<u>Present Value of Future Benefits</u>	<u>Total OPEB Liability (Individual Entry Age Normal)</u>	<u>Service Cost</u>
Actives			
Under Age 65			
A. Participants	25,510,196	23,771,550	1,275,092
B. Spouses	<u>17,012,809</u>	<u>15,788,049</u>	<u>859,472</u>
C. Total	42,523,005	39,559,599	2,134,564
Age 65 and Over			
A. Participants	116,989,575	48,553,495	2,930,979
B. Spouses	<u>36,836,030</u>	<u>33,948,449</u>	<u>2,063,573</u>
C. Total	153,825,605	82,501,944	4,994,552
Actives Total			
A. Participants	142,499,771	72,325,045	4,206,071
B. Spouses	<u>53,848,839</u>	<u>49,736,498</u>	<u>2,923,045</u>
C. Total	196,348,610	122,061,543	7,129,116
Retirees/Disabled			
Under Age 65			
A. Participants	5,618,346	5,618,346	0
B. Spouses	<u>3,891,945</u>	<u>3,891,945</u>	<u>0</u>
C. Total	9,510,291	9,510,291	0
Age 65 and Over			
A. Participants	74,091,754	74,091,754	0
B. Spouses	<u>26,441,924</u>	<u>26,441,924</u>	<u>0</u>
C. Total	100,533,678	100,533,678	0
Retirees/Disabled Total			
A. Participants	79,710,100	79,710,100	0
B. Spouses	<u>30,333,869</u>	<u>30,333,869</u>	<u>0</u>
C. Total	110,043,969	110,043,969	0
Total Population			
A. Participants	222,209,871	152,035,145	4,206,071
B. Spouses	<u>84,182,708</u>	<u>80,070,367</u>	<u>2,923,045</u>
C. Total	306,392,579	232,105,512	7,129,116

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

City of Westfield
Assuming Funding over 30 years at 6.50% discount rate
Plan Liabilities as of the June 30, 2017 Measurement Date

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	93,289,544	0	340,140	450,113	94,079,797
B. Retirees/Disabled	<u>72,464,846</u>	<u>0</u>	<u>1,250,706</u>	<u>129,141</u>	<u>73,844,693</u>
C. Total	165,754,390	0	1,590,846	579,254	167,924,490
II. Present Value of Future Normal Cost	22,538,128	0	77,781	230,017	22,845,926
III. Total OPEB Liability (Individual Entry Age Normal)					
A. Actives	70,751,416	0	262,359	220,096	71,233,871
B. Retirees/Disabled	<u>72,464,846</u>	<u>0</u>	<u>1,250,706</u>	<u>129,141</u>	<u>73,844,693</u>
C. Total	143,216,262	0	1,513,065	349,237	145,078,564
IV. Fiduciary Net Position [Plan Assets]	51,167	0	541	125	51,833
V. Net OPEB Liability (Asset) [III. - IV.]	143,165,095	0	1,512,524	349,112	145,026,731
VI. Annual Covered Payroll	89,053,554	89,053,554	89,053,554	89,053,554	89,053,554
VII. Net OPEB Liability (Asset) as % of Covered Payroll	160.8%	0.0%	1.7%	0.4%	162.9%
VIII. Number of Eligible Participants					
A. Actives	1,385	1,385	1,385	1,385	
B. Retirees/Disabled	<u>1,305</u>	<u>0</u>	<u>760</u>	<u>1,305</u>	
C. Total	2,690	1,385	2,145	2,690	
For the Reporting Date and Fiscal Year Ending June 30, 2018					
IX. Service Cost	2,927,986	0	9,072	24,836	2,961,894
X. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	9,297,946	0	96,004	24,306	9,418,256
XI. Deferred (Inflows)/Outflows from Plan Design Changes	0	0	0	0	0
XII. Deferred (Inflows)/Outflows from Expected & Actual Experience	(15,757,213)	0	(166,473)	(38,424)	(15,962,111)
XIII. Deferred (Inflows)/Outflows from Changes in Assumptions	(15,792,247)	0	(166,843)	(38,510)	(15,997,601)
XIV. Projected Earning on OPEB plan investments	0	0	0	0	0
XV. Deferred (Inflows)/Outflows from Earnings on Investments	65	0	1	0	66
XVI. Employer Share of Costs	(6,193,011)	0	(90,650)	0	(6,283,661)
XVII. Employer (Payments)/Withdrawals to/from OPEB Trust	(5,117,850)	0	(54,070)	(12,480)	(5,184,400)
XVIII. Total Employer Contribution [XVI. + XVII.]	(11,310,861)	0	(144,720)	(12,480)	(11,468,061)
XIX. Other Changes	0	0	0	0	0
XX. Net OPEB Expense [IX.+X.+XI.+XII.+XIII.+XIV.+XV.+XVIII.+XIX.]	(30,634,325)	0	(372,960)	(40,272)	(31,047,557)

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

City of Westfield
Plan Liabilities as of the June 30, 2017 Measurement Date
Assuming Funding over 30 years at 6.50% discount rate

	City Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Airport Retirees	SWWT Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Present Value of Future Benefits									
A. Actives	12,119,605	62,674,836	8,406,503	8,440,881	3,089	540,036	371,772	1,523,075	94,079,797
B. Retirees/Disabled	<u>8,316,466</u>	<u>51,243,070</u>	<u>5,395,240</u>	<u>6,555,286</u>	<u>309,313</u>	<u>0</u>	<u>417,577</u>	<u>1,607,741</u>	<u>73,844,693</u>
C. Total	20,436,071	113,917,906	13,801,743	14,996,167	312,402	540,036	789,349	3,130,816	167,924,490
II. Present Value of Future Normal Cost	4,803,026	13,019,222	2,162,458	2,160,249	1,206	121,934	154,281	423,550	22,845,926
III. Total OPEB Liability									
A. Actives	5,647,023	51,630,820	6,135,377	6,181,442	1,474	426,366	160,041	1,051,328	71,233,871
B. Retirees/Disabled	<u>8,316,466</u>	<u>51,243,070</u>	<u>5,395,240</u>	<u>6,555,286</u>	<u>309,313</u>	<u>0</u>	<u>417,577</u>	<u>1,607,741</u>	<u>73,844,693</u>
C. Total	13,963,489	102,873,890	11,530,617	12,736,728	310,787	426,366	577,618	2,659,069	145,078,564
IV. Fiduciary Net Position [Plan Assets]	4,945	36,747	4,164	4,570	102	165	196	944	51,833
V. Net OPEB Liability (Asset) [III. - IV.]	13,958,544	102,837,143	11,526,453	12,732,158	310,685	426,201	577,422	2,658,125	145,026,731
VI. Annual Covered Payroll	17,636,750	52,145,037	8,679,544	7,289,791	N/A	812,543	457,513	2,032,376	89,053,554
VII. Net OPEB Liability (Asset) as % of Covered Payroll	79.1%	197.2%	132.8%	174.7%	N/A	52.5%	126.2%	130.8%	162.9%
VIII. Number of Eligible Participants									
A. Actives	165	993	91	90	0	10	7	29	1,385
B. Retirees/Disabled	<u>168</u>	<u>917</u>	<u>79</u>	<u>100</u>	<u>7</u>	<u>0</u>	<u>9</u>	<u>25</u>	<u>1,305</u>
C. Total	333	1,910	170	190	7	10	16	54	2,690
For the Reporting Date and Fiscal Year Ending June 30, 2018									
IX. Service Cost	324,552	2,023,287	255,542	241,396	162	20,291	31,608	65,056	2,961,894
X. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	906,489	667,374	752,839	824,901	19,454	28,897	38,572	173,362	9,418,256
XI. Deferred (Inflows)/Outflows from Plan Design Changes	0	0	0	0	0	0	0	0	0
XII. Deferred (Inflows)/Outflows from Expected & Actual Experience	(1,517,746)	(11,335,782)	(1,275,921)	(1,400,234)	(31,873)	(50,243)	(61,655)	(288,657)	(15,962,111)
XIII. Deferred (Inflows)/Outflows from Changes in Assumptions	(1,539,734)	(11,343,753)	(1,271,464)	(1,404,460)	(34,270)	(47,015)	(63,693)	(293,212)	(15,997,601)
XIV. Projected Earning on OPEB plan investments	0	0	0	0	0	0	0	0	0
XV. Deferred (Inflows)/Outflows from Earnings on Investments	7	47	5	6	0	0	0	1	66
XVI. Employer Share of Costs	(684,955)	(4,444,940)	(406,093)	(574,576)	(23,508)	(3,898)	(31,744)	(113,947)	(6,283,661)
XVII. Employer (Payments)/Withdrawals to/from OPEB Trust	(498,987)	(3,676,211)	(412,048)	(455,149)	(11,106)	(15,236)	(20,641)	(95,022)	(5,184,400)
XVIII. Total Employer Contribution [XVI. + XVII.]	(1,183,942)	(8,121,151)	(818,141)	(1,029,725)	(34,614)	(19,134)	(52,385)	(208,969)	(11,468,061)
XIX. Other Changes	0	0	0	0	0	0	0	0	0
XX. Net OPEB Expense [IX.+X.+XI.+XII.+XIII.+XIV.+XV.+XVIII.+XIX.]	(3,010,374)	(22,103,610)	(2,357,140)	(2,768,116)	(81,141)	(28,936)	(2,783)	(134,481)	(30,486,581)

Overview of GASB 74 and 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 post-employment 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 post-employment benefits.

Overview of GASB 74 and 75

(continued)

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 post-employment benefits and when will they start?

Medical inflation and claims cost assumptions: When an employee starts receiving post-employment 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 City, 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 City'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.

Commentary on Plan Experience and Contribution Amounts

1. GASB 74/75 – How we got here:

GASB 74 and 75 were designed to recognize the Other Postemployment Benefits (“OPEB”) earned by employees throughout their working career vs. when they are paid in retirement – accrual accounting vs. “pay-as-you-go” accounting while increasing disclosures to better reflect the plan’s liabilities and future funding requirements. 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. Additionally, GASB 74 and 75 require increased disclosures comparable to those required under GASB 67 and 68 and interest rates used in the valuation are more closely tied to the plan’s underlying investment and funding policy.

2. GASB 74 and 75 Impact

The City has adopted GASB 74 for the fiscal year ending June 30, 2017 and GASB 75 for the fiscal year ending June 30, 2018. The adoption of GASB 74/75 introduces a new actuarial cost method and discount rate as well as new disclosures and methodologies for reporting plan liabilities and OPEB expenses. Significant changes have been made to the recognition of OPEB expenses, making the comparison of Net OPEB Expense in the current valuation to the expenses reported under GASB 45 misleading. The liability reported on the City’s balance sheet will increase dramatically as GASB 74/75 require the recognition of liabilities immediately rather than recognizing liabilities (Net OPEB Obligation) over a 30 year period as GASB 45 allowed. Please keep these changes in mind when considering any comparison to previously reported liabilities and expenses.

Commentary on Plan Experience and Contribution Amounts
(continued)

3. **Balance Sheet Items as of the Measurement Date**

	June 30, 2017	January 1, 2016
Total OPEB Liability	\$232,105,512	\$263,128,468
Fiduciary Net Position	\$51,833	\$50,451
Net OPEB Liability	\$232,053,679	\$263,078,017
Funded Ratio	0.02%	0.02%

4. **Income Statement Items as of the Fiscal Year Ending**

	June 30, 2018	June 30, 2016
Service Cost	\$7,129,116	\$9,564,887
Interest Expense	\$7,672,146	N/A
(Inflow)/Outflow from Plan Design Changes	\$0	N/A
(Inflow)/Outflow from Plan Experience	\$(15,962,111)	N/A
(Inflow)/Outflow from Changes in Assumptions	\$0	N/A
Projected Investment Earnings	\$(9,301)	N/A
(Inflow)/Outflow from Earnings on Investments	\$66	N/A
Employer Share of Costs	\$(6,283,660)	\$(6,761,472)
Employer Payments (Withdrawals) to/from Trust	\$(700,000)	\$0
Total Employer Payments	\$(6,983,660)	\$(6,761,472)
Other Changes	\$0	N/A
Net OPEB Expense	\$(8,153,744)	N/A
Interest Rate	3.25%	4.00%

SECTION II

SUMMARY OF PLAN PROVISIONS

<u>Effective Date</u>	GASB 45 is adopted January 1, 2009 GASB 74 is adopted for the fiscal year ending June 30, 2017 GASB 75 is adopted for the fiscal year ending June 30, 2018
<u>Plan Year</u>	July 1 through June 30.
<u>Eligibility</u>	An employee hired before April 2, 2012 shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Participant Contributions</u>	Retirees will pay 23% of premiums for HMO plans and 35% for all others (Retired teachers who retired on or before July 1, 1990 to pay 10%, others pay 15%) . Retirees pay 50% for Life Insurance.
<u>Benefits Offered</u>	Comprehensive Medical through Blue Cross Blue Shield of Massachusetts and Health New England and Life Insurance through Boston Mutual. Retired teachers receive benefits through The Group Insurance Commission ("GIC").
<u>Normal Retirement Date</u>	The normal retirement date is the first day of the month following a participant's 65th birthday.
<u>Early Retirement</u>	Early retirement is available for any participant who has attained benefit eligibility.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

The actuarial cost method used to calculate the costs and liabilities of the plan is the Individual Entry Age Normal Actuarial Cost Method. Under this method, the annual normal 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 normal cost for each active member is a level percent of payroll. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination.

Actuarial gains and losses are calculated each year and amortized into the OPEB expense. Gains and losses arising from plan design changes are recognized immediately. Gains and losses arising from differences between expected and actual investment returns are amortized over a five (5) year period. Gain and losses arising from differences between expected and actual plan experience and changes in actuarial assumptions are amortized over the remaining lifetime of all active and retired plan participants (5.44 years for the City for the 2018 fiscal year).

All employees who are plan participants on the valuation date are included in the actuarial valuation.

B. ASSET VALUATION METHOD

The actuarial value of assets is equal to the Market Value of the Plan's assets as of the measurement date.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS

We used the following assumptions in this year's actuarial valuation:

Pre-Retirement Mortality

It is assumed that pre-retirement mortality is represented by the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females

Post-Retirement Mortality

It is assumed that post-retirement mortality is represented by the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females

Disabled Mortality

It is assumed that disabled mortality is represented by the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females

Mortality Experience Study

The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Discount Rate

3.25% per annum (previously 4.00%)

Long Term Rate of Return

2.75% (based on investment policy)

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Municipal Bond Rate

3.13% as of June 30, 2017 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)

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						
<u>Age</u>	<u>0-4 Years of Service (Males)</u>	<u>0-4 Years of Service (Females)</u>	<u>5-9 Years of Service (Males)</u>	<u>5-9 Years of Service (Females)</u>	<u>10+ Years of Service (Males)</u>	<u>10+ Years of Service (Females)</u>
	20	27.00%	27.00%	12.00%	12.00%	6.00%
30	23.00%	23.00%	10.00%	10.00%	5.50%	5.50%
40	16.00%	16.00%	8.00%	8.00%	3.50%	3.50%
50	18.00%	18.00%	6.00%	6.00%	3.00%	3.00%
60	18.00%	18.00%	5.00%	5.00%	3.50%	3.50%

Public Safety Employees		
<u>Service</u>	<u>Public Safety Male</u>	<u>Public Safety Female</u>
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%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Retirement Rates for non-teachers

It was assumed that the following percentage of eligible employees would retire each year:

<u>Age</u>	<u>Non Public Safety Male</u>	<u>Non Public Safety Female</u>	<u>Public Safety</u>
45	0.00%	0.00%	1.00%
46	0.00%	0.00%	1.00%
47	0.00%	0.00%	1.00%
48	0.00%	0.00%	1.00%
49	0.00%	0.00%	1.00%
50	1.00%	1.50%	2.00%
51	1.00%	1.50%	2.00%
52	1.00%	2.50%	2.00%
53	1.00%	2.50%	5.00%
54	2.00%	2.50%	7.50%
55	2.00%	5.50%	15.00%
56	2.50%	6.50%	10.00%
57	2.50%	6.50%	10.00%
58	5.00%	6.50%	10.00%
59	6.50%	6.50%	15.00%
60	12.00%	5.00%	20.00%
61	20.00%	13.00%	20.00%
62	30.00%	15.00%	25.00%
63	25.00%	12.50%	25.00%
64	22.00%	18.00%	30.00%
65	40.00%	15.00%	100.00%
66	25.00%	20.00%	100.00%
67	25.00%	20.00%	100.00%
68	30.00%	25.00%	100.00%
69	30.00%	20.00%	100.00%
70	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Retirement Rates for teachers

It was assumed that the following percentage of eligible employees would retire each year:

<u>Age</u>	<u>Male Teachers</u>	<u>Female Teachers</u>
45	0.00%	0.00%
46	0.00%	0.00%
47	0.00%	0.00%
48	0.00%	0.00%
49	0.00%	0.00%
50	2.00%	1.50%
51	2.00%	1.50%
52	2.00%	1.50%
53	2.00%	1.50%
54	2.00%	2.00%
55	6.00%	5.00%
56	20.00%	15.00%
57	40.00%	35.00%
58	50.00%	35.00%
59	50.00%	35.00%
60	40.00%	35.00%
61	40.00%	35.00%
62	35.00%	35.00%
63	35.00%	35.00%
64	35.00%	35.00%
65	35.00%	35.00%
66	40.00%	35.00%
67	40.00%	30.00%
68	40.00%	30.00%
69	40.00%	30.00%
70	100.00%	100.00%
71	100.00%	100.00%
72	100.00%	100.00%

In the absence of census data specifying which employees are teachers it was assumed that two thirds of school employees are teachers. If available, actual census data was used.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

Disability rates

It was assumed that the following percentage of eligible employees would become permanently disabled each year:

<u>Age</u>	<u>Standard</u>	<u>Teachers</u>	<u>Public Safety</u>
20	0.01%	0.05%	0.20%
25	0.01%	0.06%	0.20%
30	0.01%	0.07%	0.21%
35	0.03%	0.10%	0.40%
40	0.07%	0.21%	0.71%
45	0.10%	0.30%	1.00%
50	0.13%	0.42%	1.10%
55	0.14%	0.50%	0.80%
60	0.12%	0.50%	0.80%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Healthcare Trend

It was assumed that healthcare costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
FY 2013	6.0%	5.5%
FY 2014	5.0%	5.0%
FY 2015	5.0%	5.0%
FY 2016	5.0%	5.0%
FY 2017	5.0%	5.0%
FY 2018	5.0%	5.0%
FY 2019	5.0%	5.0%
FY 2020+	5.0%	5.0%

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.

Percent Married

It was assumed that 80% of male participants and 70% of female participants who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. It was further assumed that a male spouse is three years older than a female spouse and same sex spouses are assumed to be the same age. For current retirees, the actual census information was used.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Compensation Increases

3.00% per year.

Open Group Forecast

It was assumed for projecting plan liabilities in future years that the active population would remain unchanged and that those who terminate employment or retire will be replaced with new employees with the demographics below:

Open Group Forecast Population Demographics

<u>Age</u>	<u>Male</u>	<u>Female</u>
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 values in this report reflect a closed group and do not reflect any new entrants after the valuation date.

For purposes of this valuation, retiree contributions were assumed to increase with the same trend rate as health care claims.

Medicare Part B Penalties are not reflected

Medicare Part B Reimbursement is not reflected

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

As part of the Other Post-Employment Benefits Program, there are situations where the cost is borne partly or entirely on the retirees. In most cases, the premium that is used to split the cost is lower than the true cost of providing the medical benefits, for two reasons:

- ✓ The cost sharing program is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:
- ✓ The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit subsidy". GASB 74 and 75 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. 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. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based on factors developed by actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed on the prior page.

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program – different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

I. CLAIMS COSTS DEVELOPMENT - Based on Active & Retiree Incurred Claims & Premiums (Non-GIC)

	Number of Participants			
	Single	Two-Person	Family	Total
HMO Blue	273		512	785
HMO HNE	100		176	276
PPO Blue	8		2	10
PPO HNE	6		1	7
HMO Wise Max HNE	3			3
HNE Medicare Secure	2	3		5
BCBS Managed Blue	48	34		82
BCBS Medex 2	134	129		263
Total	574	166	691	1,431

	Per Contract Costs (monthly) - FY 2018		
	Single	Two-Person	Family
HMO Blue	628.25	0.00	1,643.15
HMO HNE	628.25	0.00	1,643.15
PPO Blue	978.38	0.00	2,612.62
PPO HNE	978.38	0.00	2,612.62
HMO Wise Max HNE	485.79	0.00	1,245.23
HNE Medicare Secure	328.00	656.00	
BCBS Managed Blue	361.52	723.04	
BCBS Medex 2	383.54	767.08	

Gross Expected FY 2018 Incurred Premiums	18,992,688
Adjustment to reflect children's claims	(3,215,782)
Total Expected FY 2018 Incurred Premiums (adults only)	15,776,907

II. PRE-65 AND POST-65 PER CAPITA RETIREE ANNUAL CLAIM COSTS (Non-GIC)

	<u>Employer</u> <u>Primary</u>	<u>Medicare</u> <u>Primary</u>
Age 65	11,156	4,104
Average Age	7,963	4,533

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

III. BREAKDOWN OF CLAIM COSTS (Non-GIC)

ALL ACTIVE EMPLOYEES AND SPOUSES

Age Bracket	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
24 & Under	1.312	0.549	6,529	2,732	53,899
25 to 29	1.312	0.591	6,529	2,941	480,323
30 to 34	1.312	0.712	6,529	3,543	650,023
35 to 39	1.312	0.850	6,529	4,230	721,221
40 to 44	1.312	1.000	6,529	4,976	1,052,216
45 to 49	1.456	1.193	7,245	5,936	1,721,384
50 to 54	1.599	1.441	7,957	7,170	2,191,841
55 to 59	1.740	1.753	8,658	8,723	2,128,880
60 to 64	1.968	2.102	9,793	10,460	1,905,783
65 to 69	2.168	2.316	10,788	11,524	822,852
70 & Over	2.396	2.557	11,922	12,724	<u>148,678</u>
Total					11,877,100

ALL RETIREES AND SPOUSES - NOT MEDICARE ELIGIBLE

Age Bracket	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
44 & Under	1.312	1.000	6,529	4,976	39,491
45 to 49	1.456	1.193	7,245	5,936	33,607
50 to 54	1.599	1.441	7,957	7,170	77,996
55 to 59	1.740	1.753	8,658	8,723	295,217
60 to 64	1.968	2.102	9,793	10,460	1,000,856
65 to 69	2.168	2.316	10,788	11,524	66,936
70 to 74	2.396	2.557	11,922	12,724	62,818
75 to 79	2.593	2.769	12,903	13,779	0
80 to 84	2.724	2.910	13,555	14,480	14,480
85 to 89	2.864	3.059	14,251	15,222	0
90 & Over	3.010	3.215	14,978	15,998	<u>0</u>
Total					1,591,401

ALL RETIREES AND SPOUSES - MEDICARE ELIGIBLE

Age Bracket	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
65 to 69	2.168	2.316	3,968	4,239	634,620
70 to 74	2.396	2.557	4,385	4,680	657,285
75 to 79	2.593	2.769	4,746	5,068	380,772
80 to 84	2.724	2.910	4,986	5,326	294,645
85 to 89	2.864	3.059	5,242	5,599	163,188
90 & Over	3.010	3.215	5,509	5,884	<u>176,787</u>
Total					2,307,297

Grand Totals 15,775,798

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

IV. CLAIMS COSTS DEVELOPMENT - Based on Active & Retiree Incurred Claims & Premiums (GIC)

	Number of Participants			
	Single	Two-Person	Family	Total
Fallon Direct				0
Fallon Select	2		2	4
Health New England	19		25	44
Unicare Basic w/ CIC	18		22	40
Unicare Basic w/o CIC				0
Unicare OME w/ CIC	136	123		259
Unicare OME w/o CIC				0
Tufts Medicare Complement	2	3		5
Tufts Medicare Preferred	2	1		3
HNE MedPlus HMO	25	35		60
Harvard Senior	1	1		2
Fallon Senior				0
Total	205	163	49	417

	Per Contract Costs (monthly) - FY 2018		
	Single	Two-Person	Family
Fallon Direct	552.70	0.00	1,326.60
Fallon Select	734.50	0.00	1,762.70
Health New England	546.20	0.00	1,354.20
Unicare Basic w/ CIC	1,015.77		2,447.20
Unicare Basic w/o CIC	963.00		2,316.90
Unicare OME w/ CIC	339.81	679.62	
Unicare OME w/o CIC	329.50	659.00	
Tufts Medicare Complement	380.90	761.80	
Tufts Medicare Preferred	300.00	600.00	
HNE MedPlus HMO	393.50	787.00	
Harvard Senior	421.60	843.20	
Fallon Senior	335.00	670.00	

Gross Expected FY 2018 Incurred Premiums	3,482,819
Adjustment to reflect children's claims	(149,526)
Total Expected FY 2018 Incurred Premiums (adults only)	3,333,294

V. PRE-65 AND POST-65 PER CAPITA RETIREE ANNUAL CLAIM COSTS (GIC)

	Employer <u>Primary</u>	Medicare <u>Primary</u>
Age 65	10,446	3,726
Average Age	9,663	4,116

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

VI. BREAKDOWN OF CLAIM COSTS (GIC)

ALL ACTIVE EMPLOYEES AND SPOUSES

Age Bracket	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
24 & Under	1.312	0.549	6,113	2,558	0
25 to 29	1.312	0.591	6,113	2,753	0
30 to 34	1.312	0.712	6,113	3,317	0
35 to 39	1.312	0.850	6,113	3,960	0
40 to 44	1.312	1.000	6,113	4,659	0
45 to 49	1.456	1.193	6,784	5,558	0
50 to 54	1.599	1.441	7,450	6,714	0
55 to 59	1.740	1.753	8,107	8,167	0
60 to 64	1.968	2.102	9,169	9,793	0
65 to 69	2.168	2.316	10,101	10,790	0
70 & Over	2.396	2.557	11,163	11,913	0
Total					0

ALL RETIREES AND SPOUSES - NOT MEDICARE ELIGIBLE

Age Bracket	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
44 & Under	1.312	1.000	6,113	4,659	0
45 to 49	1.456	1.193	6,784	5,558	6,784
50 to 54	1.599	1.441	7,450	6,714	14,900
55 to 59	1.740	1.753	8,107	8,167	113,858
60 to 64	1.968	2.102	9,169	9,793	732,030
65 to 69	2.168	2.316	10,101	10,790	155,649
70 to 74	2.396	2.557	11,163	11,913	160,032
75 to 79	2.593	2.769	12,081	12,901	37,063
80 to 84	2.724	2.910	12,691	13,558	39,807
85 to 89	2.864	3.059	13,343	14,252	27,595
90 & Over	3.010	3.215	14,024	14,979	0
Total					1,287,718

ALL RETIREES AND SPOUSES - MEDICARE ELIGIBLE

Age Bracket	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
65 to 69	2.168	2.316	3,603	3,849	720,300
70 to 74	2.396	2.557	3,982	4,250	600,936
75 to 79	2.593	2.769	4,310	4,602	391,020
80 to 84	2.724	2.910	4,528	4,837	127,596
85 to 89	2.864	3.059	4,760	5,084	127,596
90 & Over	3.010	3.215	5,003	5,344	<u>78,204</u>
Total					2,045,652

Grand Totals 3,333,370

EXHIBIT A

Financial Statement Disclosure (As of the June 30, 2017 Measurement Date)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions require the following disclosures in the financial statements related to the retiree medical, dental and life insurance benefits;

1. A DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PROGRAM:

- a. Plan Type: Comprehensive Medical through Blue Cross Blue Shield of Massachusetts and Health New England, retired teachers receive benefits through The Group Insurance Commission ("GIC").
- b. Administrator: City of Westfield
- c. Eligibility: An employee hired before April 2, 2012 shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.
- d. Cost Sharing: Retirees will pay 23% of premiums for HMO plans and 35% for all others (Retired teachers who retired on or before July 1, 1990 to pay 10%, others pay 15%).

2. A DESCRIPTION OF THE RETIREE DENTAL INSURANCE PROGRAM:

- a. Plan Type: Comprehensive Dental Insurance
- b. Administrator: City of Westfield
- c. Eligibility: Same as above
- d. Cost sharing: Retirees shall pay 100% of premiums.

3. A DESCRIPTION OF THE RETIREE LIFE INSURANCE PROGRAM:

- a. Plan Type: Group Term Life Insurance - \$5,000
- b. Administrator: City of Westfield
- c. Eligibility: Same as above
- d. Cost sharing: Retirees will pay 50% of premiums (Retired teachers who retired on or before July 1, 1990 to pay 10%, others pay 15%).

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

4. RETIREE MEDICAL AND LIFE INSURANCE CONTRIBUTIONS:

Group	Individual	Family
Medical	23%-35% (Retired teachers who retired on or before July 1, 1990 to pay 10%, others pay 15%).	23%-35% (Retired teachers who retired on or before July 1, 1990 to pay 10%, others pay 15%).
Dental	100%	100%
Life	50% of premiums (Retired teachers who retired on or before July 1, 1990 to pay 10%, others pay 15%).	N/A

5. FUNDING POLICY

The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the 2018 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$6,283,660. The City is also projected to make a contribution to an OPEB Trust of \$700,000 for the 2018 fiscal year for a total contribution of \$6,983,660.

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

6. INVESTMENT POLICY

The chart below shows how the long-term rate of return on assets is developed based on the City'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	0.00%	Domestic Equity - Large Cap	4.00%
Domestic Equity - Small/Mid Cap	0.00%	Domestic Equity - Small/Mid Cap	6.00%
International Equity - Developed Market	0.00%	International Equity - Developed Market	4.50%
International Equity-Emerging Market	0.00%	International Equity-Emerging Market	7.00%
Domestic Fixed Income	0.00%	Domestic Fixed Income	2.00%
International Fixed Income	0.00%	International Fixed Income	3.00%
Alternatives	0.00%	Alternatives	6.50%
Real Estate	0.00%	Real Estate	6.25%
Cash	<u>100.00%</u>	Cash	<u>0.00%</u>
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>0.00%</u>
		II. Inflation Assumption	2.75%
		III. Total Nominal Return [I. + II.]	2.75%
		IV. Investment Expense	0.00%
		V. Net Investment Return [III.-IV.]	2.75%

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

7. ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

The City's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The following table shows the components of the City's annual ADC for the fiscal year and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)	
<u>For the Fiscal Year Ending June 30, 2018</u>	
I. Service Cost	7,129,116
II. 30 year amortization of NOL at 3.25%	<u>11,840,180</u>
III. Actuarial Determined Contribution [I. + II.]	18,969,296
IV. Contributions in relation to the actuarially determined contribution	<u>(6,983,660)</u>
V. Contribution deficiency / (excess) [III. + IV.]	<u>11,985,636</u>
Covered employee payroll	89,053,554
Contributions as a % of covered employee payroll	7.84%

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

8. FUNDED STATUS AND FUNDING PROGRESS

As of the June 30, 2017 Measurement Date, the plan was 0.02% funded. The Total OPEB Liability (TOL) for benefits was \$232,105,512, and the Fiduciary Net Position was \$51,833, resulting in a Net OPEB Liability (NOL) of \$232,053,679. The covered payroll (annual payroll of active employees covered by the plan) was \$ 89,053,554 and the ratio of the NOL to the covered payroll was 260.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the actuarially determined contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Total OPEB Liabilities for benefits.

Measurement Date	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
06/30/2019 (est.)	\$783,795	\$250,284,149	\$249,500,354	0.3%	\$94,476,915	264.1%
06/30/2018 (est.)	\$762,818	\$240,624,798	\$239,861,980	0.3%	\$91,725,161	261.5%
06/30/2017	\$51,833	\$232,105,512	\$232,053,679	0.0%	\$89,053,554	260.6%
6/30/2016	\$51,142	\$276,705,714	\$276,654,572	0.0%	N/A	N/A
06/30/2015	\$50,451	\$263,128,468	\$263,078,017	0.0%	N/A	N/A
06/30/2014	\$52,104	\$243,070,825	\$243,018,721	0.0%	N/A	N/A

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

9. **FIDUCIARY NET POSITION**

Statement of Fiduciary Net Position		
June 30, 2017 and June 30, 2018		
	<u>June 30, 2018 (Projected)</u>	<u>June 30, 2017</u>
Assets		
I. Cash and cash equivalents	0	0
<u>Receivables & Prepaid expenses:</u>		
II. Contributions	0	0
III. Investment Income	0	0
IV. Receivables from brokers for unsettled trades	0	0
V. Prepaid expenses	<u>0</u>	<u>0</u>
VI. Total Receivables [II.+III.+IV.+V.]	<u>0</u>	<u>0</u>
<u>OPEB Trust Investments:</u>		
VII. Fixed Income	0	0
VIII. Stocks	0	0
IX. Cash and cash equivalents	762,818	51,833
X. Real estate	0	0
XI. Alternative investments	<u>0</u>	<u>0</u>
XII. Total Investments [VII.+VIII.+IX.+X.+XI.]	<u>762,818</u>	<u>51,833</u>
Invested securities lending cash collateral	0	0
Capital assets, net of accumulated depreciation	0	0
Total Assets	762,818	51,833
Liabilities		
XIII. Accrued expenses and benefits payable	0	0
XIV. Securities lending cash collateral	0	0
XV. Payable to brokers for unsettled trades	<u>0</u>	<u>0</u>
XVI. Total liabilities [XIII.+XIV.+XV.]	<u>0</u>	<u>0</u>
XVII. Net Position restricted for OPEB [XII.-XVI.]	762,818	51,833

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

9. **FIDUCIARY NET POSITION (CONTINUED)**

Statement of Changes in Fiduciary Net Position for the Year ended June 30, 2018 (Projected)	
	<u>June 30, 2017</u>
Additions	
<u>Contributions</u>	
Employer Contributions to OPEB Trust	700,000
Total Contributions	700,000
<u>Investment Income / (loss)</u>	
Interest	10,985
Dividends	0
Equity fund income, net	0
Net increase in fair value of investments	0
Securities lending income	0
Less investment expenses:	
Direct investment expense	0
Securities lending management fees	0
Securities lending borrower rebates	0
Net investment income	10,985
Other income	0
Total Additions	<u>710,985</u>
Deductions	
Service benefits	0
Disability benefits	0
Death benefits	0
Refunds	0
Administrative expenses	0
Total deductions	<u>0</u>
Net increase (decrease)	710,985
Net Position restricted for OPEB	
Beginning of year	<u>51,833</u>
End of year	762,818

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

10. OPEB LIABILITY, OPEB EXPENSE AND ADC

Fiscal Year Ending June 30, 2018									
	City Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Airport Retirees	SWWT Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Total OPEB Liability	22,069,623	164,833,925	18,553,198	20,360,842	463,466	730,592	896,512	4,197,354	232,105,512
II. Fiduciary Net Position as of June 30, 2017	4,945	36,747	4,164	4,570	102	165	196	944	51,833
III. Net OPEB Liability (Asset) [I.-II.]	22,064,678	164,797,178	18,549,034	20,356,272	463,364	730,427	896,316	4,196,410	232,053,679
IV. Service Cost	1,327,348	8,274,828	1,045,115	987,260	663	82,987	129,271	266,067	12,113,539
V. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	118,331	7,869,098	891,250	970,415	21,222	36,558	44,938	201,892	10,153,704
VI. Change in Deferred (Inflows)/Outflows from Plan Design Changes	-	-	-	-	-	-	-	-	-
VII. Change in Deferred (Inflows)/Outflows from Plan Experience	(8,256,538)	(61,666,653)	(6,941,010)	(7,617,273)	(173,389)	(273,322)	(335,403)	(1,570,294)	(86,833,882)
VIII. Change in Deferred (Inflows)/Outflows from Changes in Assumptions	-	-	-	-	-	-	-	-	-
IX. Projected Earnings on OPEB plan investments	62,000	453	51	56	1	2	2	12	639
X. Change in Deferred (Inflows)/Outflows from Earnings on Investments	37	235	21	30	1	-	2	6	332
XI. Employer Share of Costs	(797,816)	(5,177,352)	(473,007)	(669,251)	(27,382)	(4,540)	(36,975)	(132,723)	(7,319,046)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	0	-	-	-	-	-	-	-	-
XIII. Total Employer Contribution [X.+XII.]	(797,816)	(5,177,352)	(473,007)	(669,251)	(27,382)	(4,540)	(36,975)	(132,723)	(7,319,046)
XIV. Net OPEB Expense [IV.+V.+VI.+VII.+VIII.+IX.+X.+XIII.]	(7,608,576)	(50,699,391)	(5,477,580)	(6,328,763)	(178,884)	(158,315)	(198,165)	(1,235,040)	(71,884,714)
XV. Actuarial Determined Contribution (ADC)	1,906,994	13,278,461	1,561,512	1,619,674	24,032	86,109	121,812	370,702	18,969,296
XVI. Total Expected Contribution	797,816	5,177,352	473,007	669,251	27,382	4,540	36,975	132,723	7,319,046
XVII. Percentage of ADC Contributed [XVI./XV.]	42%	39%	30%	41%	114%	5%	30%	36%	39%

Fiscal Year Ending June 30, 2019									
	City Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Airport Retirees	SWWT Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Total OPEB Liability	22,897,453	170,702,648	19,378,604	21,038,642	455,044	800,803	971,944	4,379,660	240,624,798
II. Fiduciary Net Position as of June 30, 2018	714,639	37,758	4,279	4,696	105	170	201	970	762,818
III. Net OPEB Liability (Asset) [I.-II.]	22,182,814	170,664,890	19,374,325	21,033,946	454,939	800,633	971,743	4,378,690	239,861,980
IV. Service Cost	781,177	4,869,940	615,076	581,027	390	48,840	76,079	156,587	7,129,116
V. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	89,412	5,945,896	673,429	733,246	16,035	27,623	33,955	152,550	7,672,146
VI. Change in Deferred (Inflows)/Outflows from Plan Design Changes	-	-	-	-	-	-	-	-	-
VII. Change in Deferred (Inflows)/Outflows from Plan Experience	(1,517,746)	(11,335,782)	(1,275,921)	(1,400,234)	(31,873)	(50,243)	(61,655)	(288,657)	(15,962,111)
VIII. Change in Deferred (Inflows)/Outflows from Changes in Assumptions	-	-	-	-	-	-	-	-	-
IX. Projected Earnings on OPEB plan investments	(888)	(6,594)	(747)	(820)	(18)	(29)	(36)	(169)	(9,301)
X. Change in Deferred (Inflows)/Outflows from Earnings on Investments	7	47	5	6	-	-	-	1	66
XI. Employer Share of Costs	(684,954)	(4,444,940)	(406,093)	(574,576)	(23,508)	(3,898)	(31,744)	(113,947)	(6,283,660)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(66,611)	(496,590)	(56,374)	(61,203)	(1,324)	(2,330)	(2,827)	(12,741)	(700,000)
XIII. Total Employer Contribution [X.+XII.]	(751,565)	(4,941,530)	(462,467)	(635,779)	(24,832)	(6,228)	(34,571)	(126,688)	(6,983,660)
XIV. Net OPEB Expense [IV.+V.+VI.+VII.+VIII.+IX.+X.+XIII.]	(1,399,603)	(5,468,023)	(450,625)	(722,554)	(40,298)	19,963	13,772	(106,376)	(8,153,744)
XV. Actuarial Determined Contribution (ADC)	1,913,021	13,577,852	1,603,621	1,654,252	23,603	89,691	125,661	380,003	19,367,704
XVI. Total Expected Contribution	751,565	4,941,530	462,467	635,779	24,832	6,228	34,571	126,688	6,983,660
XVII. Percentage of ADC Contributed [XVI./XV.]	39%	36%	29%	38%	105%	7%	28%	33%	36%

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

11. OPEB LIABILITY, OPEB EXPENSE AND DEFERRED INFLOW/OUTFLOW

	Net OPEB Liability	
	For the Fiscal Year Ending	
	June 30, 2018	June 30, 2019
Net OPEB Liability at beginning of period	303,938,393	232,053,679
Net OPEB Expense - Excluding Payments	22,267,882	(1,170,084)
Total Contributions	(7,319,046)	(6,983,660)
Change in Deferred Outflow	332	(66)
Change in Deferred Inflow	(86,833,882)	15,962,111
Net OPEB Liability at end of period	232,053,679	239,861,980

	Net OPEB Expense	
	For the period ending on the Measurement Date	
	June 30, 2017	June 30, 2018
Service Cost	12,113,539	7,129,116
Interest on Net OPEB Liability, Service Cost, and Payments	10,153,704	7,672,146
Deferral Amount	(76,679,539)	(15,962,045)
Expected Investment Income	639	(9,301)
Contributions to Trust	0	(700,000)
Benefit Payments	(7,319,046)	(6,283,660)

	Deferred Inflow/Outflow	
	For the period ending on the Measurement Date	
	June 30, 2017	June 30, 2018
Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(86,833,882)	(70,871,771)
Deferred (Inflow)/Outflow from Investment Experience	332	266
Deferred (Inflow)/Outflow from Changes in Benefit Terms	0	0
Deferred (Inflow)/Outflow from Changes in Assumptions	0	0

Measurement Date June 30, 2017 June 30, 2018

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

12. EFFECT OF 1% CHANGE IN HEALTHCARE TREND

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Net OPEB Liability would increase to \$296,167,907 or by 27.6% and the corresponding Service Cost would increase to \$10,475,156 or by 46.9%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Net OPEB Liability would decrease to \$182,869,825 or by 21.2% and the corresponding Service Cost would decrease to \$4,777,990 or by 33.0%.

Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2017 Measurement Date

	<u>1% Decrease (4.00%)</u>	<u>Current Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net OPEB Liability	182,869,825	232,053,679	296,167,907
Service Cost	4,777,990	7,129,116	10,475,156

13. EFFECT OF 1% CHANGE IN DISCOUNT RATES

If the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to \$198,069,524 or by 14.6% and the corresponding Service Cost would decrease to \$5,361,168 or by 24.8%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to \$275,440,232 or by 18.7% and the corresponding Service Cost would increase to \$9,602,180 or by 34.7%.

Impact of a 1% Change in the Discount Rate as of the June 30, 2017 Measurement Date

	<u>1% Decrease (2.25%)</u>	<u>Current Discount Rate (3.25%)</u>	<u>1% Increase (4.25%)</u>
Net OPEB Liability	275,440,232	232,053,679	198,069,524
Service Cost	9,602,180	7,129,116	5,361,168

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

14. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method: Individual Entry Age Normal
Discount Rate: 3.25% per annum (previously 4.00%)
Healthcare Trend Rates

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
FY 2013	6.0%	5.5%
FY 2014	5.0%	5.0%
FY 2015	5.0%	5.0%
FY 2016	5.0%	5.0%
FY 2017	5.0%	5.0%
FY 2018	5.0%	5.0%
FY 2019	5.0%	5.0%
FY 2020+	5.0%	5.0%

General Inflation Assumption: 2.75% per annum
Annual Compensation Increases: 3.00% per annum
Actuarial Value of Assets: Market Value

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

15. RECOGNITION OF OPEB TRUST ASSETS

The State of Massachusetts has passed legislation allowing municipal entities to establish a Trust for Other Postemployment Benefits (“OPEB”) under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 75. This legislation was amended effective November 9, 2016 to clarify who may adopt such a Trust and provide guidance on the ongoing operation of such a Trust. To the best of our knowledge, the City of Westfield has established an irrevocable trust for the purposes of prefunding liabilities under GASB 74/75.

16. OPEB EXPENSE DEVELOPMENT

Components of the City's OPEB Expenses for the Fiscal Year Ending June 30, 2018	
Description	Amount
I. Service Cost	7,129,116
II. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	7,672,146
III. Deferred (Inflows)/Outflows from Plan Design Changes*	0
IV. Deferred (Inflows)/Outflows from Plan Experience**	(15,962,111)
V. Deferred (Inflows)/Outflows from Changes of Assumptions**	0
VI. Projected earnings on OPEB plan investments	(9,301)
VII. Deferred (Inflows)/Outflows from Earnings on Plan Investments***	66
VIII. Total Employer Contributions	(6,983,660)
IX. OPEB Plan administrative expense	0
X. Other changes in fiduciary net position	0
XI. Net OPEB expense [I.+II.+III.+IV.+V.+VI.+VII.+VIII.+IX.+ X.]	(8,153,744)

* Recognized Immediately

** Amortized over 5.44 years

*** Amortized over 5 years

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

17. CHANGES IN NET OPEB LIABILITY

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances at June 30, 2016 GASB 45	276,705,714	51,142	276,654,572
II. Change in Assumptions for GASB 75	<u>27,283,821</u>	<u>0</u>	<u>27,283,821</u>
III. Balances at June 30, 2016 GASB 75 [I. + II.]	303,989,535	51,142	303,938,393
Changes for the year:			
IV. Service Cost	12,113,539	0	12,113,539
V. Interest on Net OPEB Liability, Service Cost, and Benefit Payments	10,155,366	1,662	10,153,704
VI. Changes in Benefit terms *	0	0	0
VII. Change in assumptions **	0	0	0
VIII. Differences between actual and expected experience **	(86,833,882)	(332)	(86,833,550)
IX. Net Investment Income	0	(639)	639
X. Employer Contributions to Trust	0	7,319,046	(7,319,046)
XI. Benefit Payments Withdrawn from Trust	0	(7,319,046)	7,319,046
XII. Benefit payments excluding Implicit Cost	N/A	0	N/A
XIII. Implicit Cost amount	N/A	0	N/A
XIV. Total Benefit payments including Implicit Cost [XII. + XIII.]	(7,319,046)	0	(7,319,046)
XV. Administrative expense	0	0	0
XVI. Other Charges	0	0	0
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	(71,884,023)	691	(71,884,714)
XVII. Balances at June 30, 2017 [III.+XVII.]	232,105,512	51,833	232,053,679

* Recognized Immediately

** Amortized over 5.44 years

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

18. MONEY WEIGHTED RATE OF RETURN

Determination of Beginning & Ending Balances of OPEB Plan Investments for Purposes of Calculating the Annual Money-Weighted Rate of Return		
	Ending OPEB Plan Investments *	Beginning OPEB Plan Investments **
Assets		
Cash and cash equivalents	0	0
Receivables:		
Investment income	0	0
Receivables from brokers for unsettled trades	0	0
Investments		
Fixed income	0	0
Stocks	0	0
Cash and cash equivalents	762,818	51,833
Real estate	0	0
Alternative investments	0	0
Invested securities lending cash collateral	0	0
Liabilities		
Securities lending cash collateral	0	0
Payable to brokers for unsettled trades	0	0
Total OPEB plan investments	762,818	51,833
* From balances at June 30, 2018 (Projected)		
** From balances at June 30, 2017		

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

18. MONEY WEIGHTED RATE OF RETURN (CONTINUED)

	Plan Investments / Net External	Periods Invested	Period Weight
I. Beginning value - July 1, 2016	51,142	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>0</u>	0	0.0000
II. Total net external cash flow	0		
III. Earnings and increase in fair value	691		
IV. Ending value - June 30, 2017 [I.+II.+III.]	51,833		
Money Weighted Rate of Return	1.35%		
Asset Value - June 30, 2017	51,833		

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

19. PLAN CASH FLOWS

Aggregate External (Noninvestment Cash Flows)	
<u>June 30, 2018</u>	
Additions	
<u>Contributions</u>	
Member contributions	0
Employer contributions	700,000
Other income	0
Deductions	
Service benefits	0
Disability benefits	0
Death benefits	0
Refunds	0
Administrative expenses	0
Beginning balances of noninvestment-related assets and liabilities *	
Contribution receivable	0
Prepaid expenses	0
Accrued expenses & benefits payable	0
Ending balances of noninvestment-related assets and liabilities **	
Contribution receivable	0
Prepaid expenses	0
Accrued expenses & benefits payable	0
Change in capital assets - depreciation	0
Aggregate external cash flows	700,000
* From balances at June 30, 2018 (Projected)	
** From balances at June 30, 2017	

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

19. PLAN CASH FLOWS (CONTINUED)

Reconciliation of Beginning & Ending Balances of OPEB Plan Investments, Aggregate External Cash Flows, and Net Investment Income	
	<u>June 30, 2018 (Projected)</u>
I. Total OPEB plan investments, beginning of year	51,833
II. Aggregate external cash flows	700,000
III. Net investment income	<u>10,985</u>
IV. Total OPEB plan investments, end of year [I.+II.+III.]	<u><u>762,818</u></u>

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

20. PLAN PROJECTION DISCLOSURES

Projection of Contributions using a June 30, 2017 Valuation Date

Fiscal Year	I. Payroll for current employees	II. Payroll for future employees	III. Total employee 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.]
2018	89,053,554	0	89,053,554	0	6,283,660	0	6,283,660
2019	83,051,623	8,673,538	91,725,161	0	6,658,592	0	6,658,592
2020	78,292,767	16,184,149	94,476,916	0	6,989,690	0	6,989,690
2021	73,939,215	23,372,008	97,311,223	0	7,391,835	0	7,391,835
2022	70,154,206	30,076,354	100,230,560	0	7,837,906	0	7,837,906
2023	66,642,119	36,595,358	103,237,477	0	8,269,302	0	8,269,302
2024	63,244,097	43,090,504	106,334,601	0	8,696,695	0	8,696,695
2025	59,965,364	49,559,275	109,524,639	0	9,220,302	0	9,220,302
2026	56,847,537	55,962,841	112,810,378	0	9,744,266	0	9,744,266
2027	53,664,359	62,530,330	116,194,689	0	10,272,975	0	10,272,975
2028	50,679,613	69,000,917	119,680,530	0	10,853,569	0	10,853,569
2029	47,506,837	75,764,109	123,270,946	0	11,354,611	55,948	11,410,559
2030	44,590,793	82,378,281	126,969,074	0	11,748,229	146,171	11,894,400
2031	41,686,720	89,091,426	130,778,146	0	12,162,431	275,758	12,438,189
2032	38,989,389	95,712,101	134,701,490	0	12,571,545	448,099	13,019,644
2033	36,346,865	102,395,670	138,742,535	0	12,850,987	658,793	13,509,780
2034	33,714,373	109,190,438	142,904,811	0	13,120,380	840,927	13,961,307
2035	31,115,078	116,076,877	147,191,955	0	13,392,614	1,051,171	14,443,785
2036	28,865,037	122,742,677	151,607,714	0	13,595,879	1,289,322	14,885,201
2037	26,710,849	129,445,096	156,155,945	0	13,752,231	1,507,804	15,260,035
2038	24,601,135	136,239,488	160,840,623	0	13,946,365	1,750,477	15,696,842
2039	22,533,323	143,132,519	165,665,842	0	14,180,786	2,066,773	16,247,559
2040	20,487,068	150,148,749	170,635,817	0	14,313,947	2,476,609	16,790,556
2041	18,621,850	157,133,042	175,754,892	0	14,426,123	2,978,516	17,404,639
2042	16,999,837	164,027,702	181,027,539	0	14,469,750	3,581,656	18,051,406
2043	15,491,404	170,966,961	186,458,365	0	14,526,866	4,278,874	18,805,740
2044	14,176,302	177,875,814	192,052,116	0	14,626,462	4,932,287	19,558,749
2045	12,801,584	185,012,095	197,813,679	0	14,582,082	5,657,126	20,239,208
2046	11,496,159	192,251,930	203,748,089	0	14,580,728	6,451,934	21,032,662
2047	10,213,859	199,646,673	209,860,532	0	14,558,637	7,218,096	21,776,733
2048	9,097,307	207,059,041	216,156,348	0	14,531,467	8,046,056	22,577,523
2049	8,071,525	214,569,513	222,641,038	0	14,482,760	8,967,799	23,450,559
2050	7,019,812	222,300,457	229,320,269	0	14,367,453	9,975,190	24,342,643
2051	6,052,245	230,147,632	236,199,877	0	14,233,749	11,071,366	25,305,115
2052	5,184,907	238,100,966	243,285,873	0	14,081,503	12,267,567	26,349,070
2053	4,384,416	246,200,033	250,584,449	0	13,854,460	13,564,039	27,418,499
2054	3,661,307	254,440,675	258,101,982	0	13,547,853	14,893,367	28,441,220
2055	2,991,623	262,853,418	265,845,041	0	13,242,600	16,312,179	29,554,779
2056	2,462,720	271,357,672	273,820,392	0	12,913,100	17,823,717	30,736,817
2057	1,983,367	280,051,637	282,035,004	0	12,555,615	19,401,741	31,957,356

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

Projection of Contributions using a June 30, 2017 Valuation Date (Continued)

Fiscal Year	I. Payroll for current employees	II. Payroll for future employees	III. Total employee 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.]
2058	1,536,297	288,959,757	290,496,054	0	12,227,448	21,070,793	33,298,241
2059	1,176,946	298,033,990	299,210,936	0	11,910,756	22,850,285	34,761,041
2060	891,398	307,295,866	308,187,264	0	11,572,538	24,741,602	36,314,140
2061	623,848	316,809,034	317,432,882	0	11,241,559	26,755,109	37,996,668
2062	433,945	326,521,923	326,955,868	0	10,917,985	28,900,087	39,818,072
2063	282,288	336,482,256	336,764,544	0	10,573,198	31,174,093	41,747,291
2064	184,271	346,683,209	346,867,480	0	10,212,185	33,545,255	43,757,440
2065	100,850	357,172,654	357,273,504	0	9,845,121	36,042,966	45,888,087
2066	51,954	367,939,755	367,991,709	0	9,468,044	38,670,175	48,138,219
2067	34,286	378,997,174	379,031,460	0	9,077,963	41,409,335	50,487,298
2068	9,683	390,392,721	390,402,404	0	8,684,734	44,283,113	52,967,847
2069	992	402,113,484	402,114,476	0	8,288,385	47,297,886	55,586,271
2070	0	414,177,910	414,177,910	0	7,905,480	50,457,582	58,363,062
2071	0	426,603,247	426,603,247	0	7,553,705	53,769,949	61,323,654
2072	0	439,401,344	439,401,344	0	7,203,361	57,246,277	64,449,638
2073	0	452,583,384	452,583,384	0	6,851,028	60,892,761	67,743,789
2074	0	466,160,886	466,160,886	0	6,500,621	64,714,724	71,215,345
2075	0	480,145,713	480,145,713	0	6,168,200	68,712,823	74,881,023
2076	0	494,550,084	494,550,084	0	5,835,373	72,893,732	78,729,105
2077	0	509,386,587	509,386,587	0	5,498,477	77,269,927	82,768,404
2078	0	524,668,185	524,668,185	0	5,158,790	81,845,206	87,003,996
2079	0	540,408,231	540,408,231	0	4,817,529	86,630,618	91,448,147
2080	0	556,620,478	556,620,478	0	4,475,155	91,643,326	96,118,481
2081	0	573,319,092	573,319,092	0	4,133,305	96,893,602	101,026,907
2082	0	590,518,665	590,518,665	0	3,792,187	102,399,165	106,191,352
2083	0	608,234,225	608,234,225	0	3,454,525	108,171,187	111,625,712
2084	0	626,481,252	626,481,252	0	3,122,279	114,226,387	117,348,666
2085	0	645,275,690	645,275,690	0	2,798,386	120,574,502	123,372,888
2086	0	664,633,961	664,633,961	0	2,485,232	127,234,692	129,719,924
2087	0	684,572,980	684,572,980	0	2,186,166	134,222,825	136,408,991
2088	0	705,110,169	705,110,169	0	1,904,314	141,555,358	143,459,672
2089	0	726,263,474	726,263,474	0	1,641,714	149,253,708	150,895,422
2090	0	748,051,378	748,051,378	0	1,400,723	157,337,932	158,738,655
2091	0	770,492,919	770,492,919	0	1,182,429	165,830,845	167,013,274
2092	0	793,607,707	793,607,707	0	987,513	174,754,273	175,741,786
2093	0	817,415,938	817,415,938	0	815,699	184,133,807	184,949,506
2094	0	841,938,416	841,938,416	0	666,149	193,990,446	194,656,595
2095	0	867,196,568	867,196,568	0	537,381	204,349,264	204,886,645
2096	0	893,212,465	893,212,465	0	427,865	215,237,835	215,665,700

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

20. PLAN PROJECTION DISCLOSURES (CONTINUED)

Projection of OPEB Plan's Fiduciary Net Position using a June 30, 2017 Valuation Date								
Fiscal Year	I. Projected Beginning Fiduciary Net Position	II. Portion of Employer Contributions for Current Plan Members	III. Total Projected Benefit Payments	IV. Projected Administrative Expense	V. Total Contributions to Trust	VI. Contributions to Trust for Current Plan Members	VII. Projected Investment Earnings	VIII. Projected Ending Fiduciary Net Position for Current Plan Members
2018	51,833	6,283,660	6,283,660	0	700,000	700,000	10,985	762,818
2019	762,818	6,658,592	6,658,592	0	0	0	20,977	783,795
2020	783,795	6,989,690	6,989,690	0	0	0	21,554	805,349
2021	805,349	7,391,835	7,391,835	0	0	0	22,147	827,496
2022	827,496	7,837,906	7,837,906	0	0	0	22,756	850,252
2023	850,252	8,269,302	8,269,302	0	0	0	23,382	873,634
2024	873,634	8,696,695	8,696,695	0	0	0	24,025	897,659
2025	897,659	9,220,302	9,220,302	0	0	0	24,686	922,345
2026	922,345	9,744,266	9,744,266	0	0	0	25,364	947,709
2027	947,709	10,272,975	10,272,975	0	0	0	26,062	973,771
2028	973,771	10,853,569	10,853,569	0	0	0	26,779	1,000,550
2029	1,000,550	11,354,611	11,410,559	0	0	0	27,515	972,117
2030	972,117	11,748,229	11,894,400	0	0	0	26,733	852,679
2031	852,679	12,162,431	12,438,189	0	0	0	23,449	600,370
2032	600,370	12,571,545	13,019,644	0	0	0	16,510	168,781
2033	168,781	12,850,987	13,509,780	0	0	0	4,641	4,641
2034	4,641	13,120,380	13,961,307	0	0	0	128	128
2035	128	13,392,614	14,443,785	0	0	0	4	4
2036	4	13,595,879	14,885,201	0	0	0	0	0
2037	0	13,752,231	15,260,035	0	0	0	0	0
2038	0	13,946,365	15,696,842	0	0	0	0	0
2039	0	14,180,786	16,247,559	0	0	0	0	0
2040	0	14,313,947	16,790,556	0	0	0	0	0
2041	0	14,426,123	17,404,639	0	0	0	0	0
2042	0	14,469,750	18,051,406	0	0	0	0	0
2043	0	14,526,866	18,805,740	0	0	0	0	0
2044	0	14,626,462	19,558,749	0	0	0	0	0
2045	0	14,582,082	20,239,208	0	0	0	0	0
2046	0	14,580,728	21,032,662	0	0	0	0	0
2047	0	14,558,637	21,776,733	0	0	0	0	0
2048	0	14,531,467	22,577,523	0	0	0	0	0
2049	0	14,482,760	23,450,559	0	0	0	0	0
2050	0	14,367,453	24,342,643	0	0	0	0	0
2051	0	14,233,749	25,305,115	0	0	0	0	0
2052	0	14,081,503	26,349,070	0	0	0	0	0
2053	0	13,854,460	27,418,499	0	0	0	0	0
2054	0	13,547,853	28,441,220	0	0	0	0	0
2055	0	13,242,600	29,554,779	0	0	0	0	0
2056	0	12,913,100	30,736,817	0	0	0	0	0
2057	0	12,555,615	31,957,356	0	0	0	0	0

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

Projection of OPEB Plan's Fiduciary Net Position using a June 30, 2017 Valuation Date (Continued)

Fiscal Year	I. Projected		II. Portion of		III. Total	IV. Projected	VI. Contributions		VII. Projected	VIII. Projected
	Beginning	Fiduciary Net	Employer	Contributions for			Projected	Administrative		
	Position		Current Plan	Members	Benefit	Expense	Current Plan	Members	Earnings	Net Position for
					Payments		Trust			Current Plan
										Members
2058	0		12,227,448		33,298,241	0	0	0	0	0
2059	0		11,910,756		34,761,041	0	0	0	0	0
2060	0		11,572,538		36,314,140	0	0	0	0	0
2061	0		11,241,559		37,996,668	0	0	0	0	0
2062	0		10,917,985		39,818,072	0	0	0	0	0
2063	0		10,573,198		41,747,291	0	0	0	0	0
2064	0		10,212,185		43,757,440	0	0	0	0	0
2065	0		9,845,121		45,888,087	0	0	0	0	0
2066	0		9,468,044		48,138,219	0	0	0	0	0
2067	0		9,077,963		50,487,298	0	0	0	0	0
2068	0		8,684,734		52,967,847	0	0	0	0	0
2069	0		8,288,385		55,586,271	0	0	0	0	0
2070	0		7,905,480		58,363,062	0	0	0	0	0
2071	0		7,553,705		61,323,654	0	0	0	0	0
2072	0		7,203,361		64,449,638	0	0	0	0	0
2073	0		6,851,028		67,743,789	0	0	0	0	0
2074	0		6,500,621		71,215,345	0	0	0	0	0
2075	0		6,168,200		74,881,023	0	0	0	0	0
2076	0		5,835,373		78,729,105	0	0	0	0	0
2077	0		5,498,477		82,768,404	0	0	0	0	0
2078	0		5,158,790		87,003,996	0	0	0	0	0
2079	0		4,817,529		91,448,147	0	0	0	0	0
2080	0		4,475,155		96,118,481	0	0	0	0	0
2081	0		4,133,305		101,026,907	0	0	0	0	0
2082	0		3,792,187		106,191,352	0	0	0	0	0
2083	0		3,454,525		111,625,712	0	0	0	0	0
2084	0		3,122,279		117,348,666	0	0	0	0	0
2085	0		2,798,386		123,372,888	0	0	0	0	0
2086	0		2,485,232		129,719,924	0	0	0	0	0
2087	0		2,186,166		136,408,991	0	0	0	0	0
2088	0		1,904,314		143,459,672	0	0	0	0	0
2089	0		1,641,714		150,895,422	0	0	0	0	0
2090	0		1,400,723		158,738,655	0	0	0	0	0
2091	0		1,182,429		167,013,274	0	0	0	0	0
2092	0		987,513		175,741,786	0	0	0	0	0
2093	0		815,699		184,949,506	0	0	0	0	0
2094	0		666,149		194,656,595	0	0	0	0	0
2095	0		537,381		204,886,645	0	0	0	0	0
2096	0		427,865		215,665,700	0	0	0	0	0

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

20. PLAN PROJECTION DISCLOSURES (CONTINUED)

Actuarial Present Values of Projected Benefit Payments using a June 30, 2017 Valuation Date

Fiscal Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments	Present Value of Unfunded Benefit Payments	Present Value of Benefit Payments using Single Discount Rate
2018	51,833	6,283,660	51,833	6,231,827	51,833	6,231,827	6,283,660
2019	762,818	6,658,592	762,818	5,895,774	742,402	5,716,951	6,456,870
2020	783,795	6,989,690	783,795	6,205,895	742,401	5,835,146	6,572,600
2021	805,349	7,391,835	805,349	6,586,486	742,401	6,005,162	6,740,176
2022	827,496	7,837,906	827,496	7,010,410	742,401	6,197,806	6,930,406
2023	850,252	8,269,302	850,252	7,419,050	742,401	6,360,137	7,090,341
2024	873,634	8,696,695	873,634	7,823,061	742,401	6,503,072	7,230,897
2025	897,659	9,220,302	897,659	8,322,643	742,401	6,708,520	7,434,004
2026	922,345	9,744,266	922,345	8,821,921	742,401	6,895,286	7,618,446
2027	947,709	10,272,975	947,709	9,325,266	742,401	7,067,633	7,788,488
2028	973,771	10,853,569	973,771	9,879,798	742,401	7,260,800	7,979,380
2029	1,000,550	11,354,611	1,000,550	10,354,061	742,401	7,378,545	8,094,845
2030	972,117	11,748,229	972,117	10,776,112	701,999	7,446,390	8,121,726
2031	852,679	12,162,431	852,679	11,309,752	599,269	7,578,101	8,153,348
2032	600,370	12,571,545	600,370	11,971,175	410,651	7,777,996	8,172,292
2033	168,781	12,850,987	168,781	12,682,206	112,356	7,990,048	8,100,865
2034	4,641	13,120,380	4,641	13,115,739	3,007	8,012,555	8,020,122
2035	128	13,392,614	128	13,392,486	81	7,933,468	7,938,520
2036	4	13,595,879	4	13,595,875	2	7,809,670	7,814,859
2037	0	13,752,231	0	13,752,231	0	7,659,886	7,665,257
2038	0	13,946,365	0	13,946,365	0	7,532,408	7,537,967
2039	0	14,180,786	0	14,180,786	0	7,426,715	7,432,470
2040	0	14,313,947	0	14,313,947	0	7,269,081	7,274,982
2041	0	14,426,123	0	14,426,123	0	7,103,843	7,109,872
2042	0	14,469,750	0	14,469,750	0	6,909,210	6,915,329
2043	0	14,526,866	0	14,526,866	0	6,726,094	6,732,299
2044	0	14,626,462	0	14,626,462	0	6,566,802	6,573,103
2045	0	14,582,082	0	14,582,082	0	6,348,305	6,354,631
2046	0	14,580,728	0	14,580,728	0	6,155,185	6,161,546
2047	0	14,558,637	0	14,558,637	0	5,959,451	5,965,830
2048	0	14,531,467	0	14,531,467	0	5,767,912	5,774,299
2049	0	14,482,760	0	14,482,760	0	5,574,221	5,580,599
2050	0	14,367,453	0	14,367,453	0	5,362,117	5,368,450
2051	0	14,233,749	0	14,233,749	0	5,151,093	5,157,368
2052	0	14,081,503	0	14,081,503	0	4,941,431	4,947,633
2053	0	13,854,460	0	13,854,460	0	4,714,298	4,720,388
2054	0	13,547,853	0	13,547,853	0	4,470,144	4,476,084
2055	0	13,242,600	0	13,242,600	0	4,236,897	4,242,684
2056	0	12,913,100	0	12,913,100	0	4,006,165	4,011,784
2057	0	12,555,615	0	12,555,615	0	3,777,113	3,782,550

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

20. **PLAN PROJECTION DISCLOSURES (CONTINUED)**

Actuarial Present Values of Projected Benefit Payments using a June 30, 2017 Valuation Date (Continued)

Fiscal Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments	Present Value of Unfunded Benefit Payments	Present Value of Benefit Payments using Single Discount Rate
2058	0	12,227,448	0	12,227,448	0	3,566,822	3,572,089
2059	0	11,910,756	0	11,910,756	0	3,369,059	3,374,158
2060	0	11,572,538	0	11,572,538	0	3,174,106	3,179,028
2061	0	11,241,559	0	11,241,559	0	2,989,806	2,994,552
2062	0	10,917,985	0	10,917,985	0	2,815,676	2,820,249
2063	0	10,573,198	0	10,573,198	0	2,644,053	2,648,446
2064	0	10,212,185	0	10,212,185	0	2,476,316	2,480,522
2065	0	9,845,121	0	9,845,121	0	2,314,899	2,318,916
2066	0	9,468,044	0	9,468,044	0	2,158,713	2,162,539
2067	0	9,077,963	0	9,077,963	0	2,006,997	2,010,628
2068	0	8,684,734	0	8,684,734	0	1,861,824	1,865,261
2069	0	8,288,385	0	8,288,385	0	1,722,961	1,726,206
2070	0	7,905,480	0	7,905,480	0	1,593,520	1,596,580
2071	0	7,553,705	0	7,553,705	0	1,476,430	1,479,320
2072	0	7,203,361	0	7,203,361	0	1,365,249	1,367,971
2073	0	6,851,028	0	6,851,028	0	1,259,088	1,261,645
2074	0	6,500,621	0	6,500,621	0	1,158,454	1,160,849
2075	0	6,168,200	0	6,168,200	0	1,065,874	1,068,118
2076	0	5,835,373	0	5,835,373	0	977,777	979,871
2077	0	5,498,477	0	5,498,477	0	893,382	895,328
2078	0	5,158,790	0	5,158,790	0	812,767	814,568
2079	0	4,817,529	0	4,817,529	0	735,981	737,639
2080	0	4,475,155	0	4,475,155	0	662,939	664,457
2081	0	4,133,305	0	4,133,305	0	593,727	595,108
2082	0	3,792,187	0	3,792,187	0	528,205	529,454
2083	0	3,454,525	0	3,454,525	0	466,579	467,699
2084	0	3,122,279	0	3,122,279	0	408,914	409,911
2085	0	2,798,386	0	2,798,386	0	355,379	356,258
2086	0	2,485,232	0	2,485,232	0	306,037	306,806
2087	0	2,186,166	0	2,186,166	0	261,044	261,710
2088	0	1,904,314	0	1,904,314	0	220,492	221,062
2089	0	1,641,714	0	1,641,714	0	184,321	184,805
2090	0	1,400,723	0	1,400,723	0	152,495	152,900
2091	0	1,182,429	0	1,182,429	0	124,825	125,161
2092	0	987,513	0	987,513	0	101,086	101,363
2093	0	815,699	0	815,699	0	80,966	81,190
2094	0	666,149	0	666,149	0	64,116	64,296
2095	0	537,381	0	537,381	0	50,154	50,296
2096	0	427,865	0	427,865	0	38,721	38,833

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

21. CHANGES TO 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)	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2009								
2010								
2011								
2012								
2013								
2014								
2015								
2016								
2017								
2018	(86,833,882)	5.44	(15,962,111)	(15,962,111)	(15,962,111)	(15,962,111)	(15,962,111)	(7,023,327)
Net increase (decrease) in OPEB expense			(15,962,111)	(15,962,111)	(15,962,111)	(15,962,111)	(15,962,111)	(7,023,327)

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

21. CHANGES TO NET OPEB EXPENSE (CONTINUED)

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of Changes in Assumptions								
Fiscal Year	Differences from changes in		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	Actuarial Assumptions	Recognition Period (years)						
2009								
2010								
2011								
2012								
2013								
2014								
2015								
2016								
2017								
2018	0	5.44	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in OPEB expense			0	0	0	0	0	0

EXHIBIT A

Financial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)

21. CHANGES TO 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 experience	Recognition Period (years)	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2009								
2010								
2011								
2012								
2013								
2014								
2015								
2016								
2017								
2018	332	5.00	<u>66</u>	<u>66</u>	<u>66</u>	<u>66</u>	<u>68</u>	<u>0</u>
Net increase (decrease) in OPEB expense			66	66	66	66	68	0

EXHIBIT AFinancial Statement Disclosure
(As of the June 30, 2017 Measurement Date)
(continued)**22. Impact of Patient Protection and Affordable Care Act ("PPACA") Excise Tax**

Under the Patient Protection and Affordable Care Act ("PPACA"), an excise tax will be imposed for tax years beginning after December 31, 2021 (formerly December 31, 2017, but amended by Consolidated Appropriations Act) for high cost employer sponsored health coverage. The law specifies a 40% excise tax, to be paid by the provider of such coverage, of the excess value beyond a basic dollar amount plus an additional "kicker" for qualified retirees or those engaged in a high risk profession. The projected 2022 threshold amounts are \$12,511 for single coverage and \$32,676 for family coverage and a "kicker" amount of \$1,650 for single coverage and \$3,450 for family coverage.

For the fiscal year ending June 30, 2018, the TOL for the excise tax is \$697,431 and the increase in OPEB Expense is \$45,811. Given your premiums through the 2018 fiscal year and the excise tax threshold, your average single premiums are \$5,844 below the excise tax threshold and your average family premiums are \$12,908 below the excise tax threshold. As more regulatory guidance becomes available, the calculation of the excise tax liability will evolve.

EXHIBIT B

Required Supplementary Information
(As of the June 30, 2017 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2017.
<u>Actuarial Assumptions:</u>	
Investment Rate of Return:	2.75%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	3.13% as of June 30, 2017 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	3.25%, net of OPEB plan investment expense, including inflation.
Inflation:	2.75% as of June 30, 2017 and for future periods
Salary Increases:	3.00% annually as of June 30, 2017 and for future periods
Cost of Living Adjustment:	Not Applicable
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females

EXHIBIT B

Required Supplementary Information
(As of the June 30, 2017 Measurement Date)
(continued)

Notes to Required Supplementary Information (Continued):

Plan Membership

Plan Membership: At June 30, 2017, OPEB plan membership consisted of the following

Inactive employees or beneficiaries currently receiving benefits:	1,305
Active Employees:	<u>1,385</u>
Total:	2,690

Changes in Assumptions: Effective June 30, 2017

- Discount rate is 3.25% previously 4.00%
- The assumed pre-retirement mortality table is the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females- previously RP-2000 Mortality Table projected generationally with scale BB and a base year 2000 for males and female
- The assumed post-retirement mortality table is the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females- previously RP-2000 Mortality Table projected generationally with scale BB and a base year 2000 for males and female

EXHIBIT B

Required Supplementary Information
(As of the June 30, 2017 Measurement Date)
(continued)

Notes to Required Supplementary Information (Continued):

Deferred Outflows of Resources and Deferred Inflows of Resources Arising between Expected & Actual Experience					
Fiscal Year	Experience Losses	Experience Gains	Amounts recognized in OPEB Expense through June 30, 2018	Balances at June 30, 2018	
				Deferred Outflows of Resources	Deferred Inflows of Resources
2009				0	0
2010				0	0
2011				0	0
2012				0	0
2013				0	0
2014				0	0
2015				0	0
2016				0	0
2017				0	0
2018	0	(86,833,882)	(15,962,111)	0	(70,871,771)
Total				0	(70,871,771)

EXHIBIT B

Required Supplementary Information
(As of the June 30, 2017 Measurement Date)
(continued)

Notes to Required Supplementary Information (Continued):

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Changes of Assumptions					
Fiscal Year	Increase in the Total OPEB Liability	Decrease in the Total OPEB Liability	Amounts recognized in OPEB Expense through June 30, 2018	Balances at June 30, 2018	
				Deferred Outflows of Resources	Deferred Inflows of Resources
2009				0	0
2010				0	0
2011				0	0
2012				0	0
2013				0	0
2014				0	0
2015				0	0
2016				0	0
2017				0	0
2018	0	0	0	0	0
Total				0	0

EXHIBIT B

Required Supplementary Information
(As of the June 30, 2017 Measurement Date)
(continued)

Notes to Required Supplementary Information (Continued):

Deferred Outflows of Resources and Deferred Inflows of Resources between Projected & Actual Earnings on OPEB Plan Investments					
Fiscal Year	Increase in the Total OPEB Liability	Decrease in the Total OPEB Liability	Amounts recognized in OPEB Expense through June 30, 2018	Balances at June 30, 2018	
				Deferred Outflows of Resources	Deferred Inflows of Resources
2009				0	0
2010				0	0
2011				0	0
2012				0	0
2013				0	0
2014				0	0
2015				0	0
2016				0	0
2017				0	0
2018	332	0	66	266	0
Total				266	0

EXHIBIT B Required Supplementary Information
(As of the June 30, 2017 Measurement Date)
(continued)

Notes to Required Supplementary Information (Continued):

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2018		
	Deferred Outflows of Resources	Deferred Inflows of Resources
I. Differences between actual & expected experience	0	(70,871,771)
II. Changes of assumptions	0	0
III. Net difference between projected & actual earnings on OPEB plan investments	<u>266</u>	<u>0</u>
IV. Total [I.+II.+III.]	266	(70,871,771)
Year ended June 30:		
	2019	(15,962,045)
	2020	(15,962,045)
	2021	(15,962,045)
	2022	(15,962,043)
	2023	(7,023,327)
	Thereafter	0

EXHIBIT BRequired Supplementary Information
(As of the June 30, 2017 Measurement Date)
(continued)Notes to Required Supplementary Information (Continued):Contributions:

The contribution requirements of plan members and the City are established and may be amended through City ordinances. The City expects to contribute \$700,000 beyond the pay-as-you-go cost for the 2018 fiscal year. Total City premiums plus implicit costs for the retiree medical program are \$6,283,660 for the 2018 fiscal year.

EXHIBIT C

Reconciliation of Plan Participation
(As of the June 30, 2017 Valuation Date)

ACTIVE EMPLOYEES

	<u>June 30, 2017</u>	<u>January 1, 2016</u>
A. Average Age at Hire	34.26	35.36
B. Average Service	<u>12.09</u>	<u>12.90</u>
C. Average Current Age	46.35	48.26

RETIRED EMPLOYEES & DEPENDENTS

	<u>June 30, 2017</u>	<u>January 1, 2016</u>
I. Retirees		
A. Under Age 65	160	1
B. Age 65 & Over	<u>711</u>	<u>9</u>
C. Total Retirees	871	10
II. Dependents of Retirees		
A. Under Age 65	90	0
B. Age 65 & Over	<u>344</u>	<u>7</u>
C. Total Retirees	434	7
III. Retirees & Dependents		
A. Under Age 65	250	1
B. Age 65 & Over	<u>1,055</u>	<u>16</u>
C. Total Retirees	1,305	17

EXHIBIT D

Projected Cash Flows (Open Group) – Partial Funding Approach

Total Medical, Dental & Life Insurance - Partial Funding - 3.25% discount rate

For the Fiscal Year	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with expected 2.75% return		IV. Funded Ratio [II. / I]	V. Service Cost	VI. Employer Share of Premiums / Claims	VII. Excess Employer Payments (beyond claims)	VIII. Total Employer Payments [VI. + VII.]
		III. Net OPEB Liability (Asset) [I. - II.]						
2018	232,105,512	51,833	232,053,679	0.02%	7,129,116	6,283,660	700,000	6,983,660
2019	240,624,798	762,818	239,861,980	0.32%	7,614,750	6,658,592	0	6,658,592
2020	250,284,149	783,795	249,500,354	0.31%	8,075,224	6,989,690	0	6,989,690
2021	259,935,516	805,349	259,130,167	0.31%	8,550,151	7,391,835	0	7,391,835
2022	269,914,413	827,496	269,086,917	0.31%	9,054,335	7,837,906	0	7,837,906
2023	280,199,348	850,252	279,349,096	0.30%	9,560,478	8,269,302	0	8,269,302
2024	290,819,165	873,634	289,945,531	0.30%	10,086,677	8,696,695	0	8,696,695
2025	301,813,062	897,659	300,915,403	0.30%	10,630,834	9,220,302	0	9,220,302
2026	313,086,004	922,345	312,163,659	0.29%	11,205,258	9,744,266	0	9,744,266
2027	324,685,147	947,709	323,737,438	0.29%	11,785,324	10,272,975	0	10,272,975
2028	336,596,078	973,771	335,622,307	0.29%	12,400,706	10,853,569	0	10,853,569
2029	348,627,362	1,000,550	347,626,812	0.29%	12,951,356	11,410,559	0	11,410,559
2030	360,766,144	1,028,065	359,738,079	0.28%	13,597,890	11,894,400	0	11,894,400
2031	373,201,859	1,056,337	372,145,522	0.28%	14,268,097	12,438,189	0	12,438,189
2032	386,169,258	1,085,386	385,083,872	0.28%	14,994,711	13,019,644	0	13,019,644
2033	399,447,338	1,115,234	398,332,104	0.28%	15,737,304	13,509,780	0	13,509,780
2034	413,331,834	1,145,903	412,185,931	0.28%	16,520,770	13,961,307	0	13,961,307
2035	427,496,163	1,177,415	426,318,748	0.28%	17,336,619	14,443,785	0	14,443,785
2036	442,849,564	1,209,794	441,639,770	0.27%	18,217,505	14,885,201	0	14,885,201
2037	459,179,877	1,243,063	457,936,814	0.27%	19,122,930	15,260,035	0	15,260,035
2038	476,306,167	1,277,247	475,028,920	0.27%	20,080,592	15,696,842	0	15,696,842
2039	494,267,089	1,312,371	492,954,718	0.27%	21,063,115	16,247,559	0	16,247,559
2040	513,137,079	1,348,461	511,788,618	0.26%	22,119,905	16,790,556	0	16,790,556
2041	533,123,000	1,385,544	531,737,456	0.26%	23,250,823	17,404,639	0	17,404,639
2042	554,487,589	1,423,646	553,063,943	0.26%	24,459,539	18,051,406	0	18,051,406
2043	577,215,112	1,462,796	575,752,316	0.25%	25,728,954	18,805,740	0	18,805,740
2044	601,435,175	1,503,023	599,932,152	0.25%	27,064,982	19,558,749	0	19,558,749
2045	626,637,498	1,544,356	625,093,142	0.25%	28,456,036	20,239,208	0	20,239,208
2046	653,448,643	1,586,826	651,861,817	0.24%	29,940,707	21,032,662	0	21,032,662
2047	681,728,927	1,630,464	680,098,463	0.24%	31,511,305	21,776,733	0	21,776,733
2048	711,876,136	1,675,302	710,200,834	0.24%	33,178,306	22,577,523	0	22,577,523
2049	743,720,990	1,721,373	741,999,617	0.23%	34,901,995	23,450,559	0	23,450,559

EXHIBIT E

Projected Cash Flows (Open Group) – Funded Approach

Total Medical, Dental & Life Insurance - 6.50% discount rate increasing at 0.00% per year

For the Fiscal Year	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with expected 6.50% return		III. Net OPEB Liability (Asset) ("NOL") [I. - II.]	IV Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Premiums / Claims	VII. Annual Funding / (Payments)	VIII. Total Employer Payments [VI. + VII.]
2018	145,078,564	51,833	145,026,731	0.04%	2,961,894	6,283,660	5,184,400	11,468,060	
2019	151,022,213	5,405,443	145,616,770	3.58%	3,184,256	6,658,592	5,184,400	11,842,992	
2020	157,176,244	11,107,037	146,069,207	7.07%	3,393,226	6,989,690	5,184,400	12,174,090	
2021	163,591,464	17,179,235	146,412,229	10.50%	3,607,186	7,391,835	5,184,400	12,576,235	
2022	170,211,185	23,646,126	146,565,059	13.89%	3,832,539	7,837,906	5,184,400	13,022,306	
2023	177,009,894	30,533,365	146,476,529	17.25%	4,057,246	8,269,302	5,184,400	13,453,702	
2024	184,011,313	37,868,274	146,143,039	20.58%	4,290,269	8,696,695	5,184,400	13,881,095	
2025	191,242,470	45,679,952	145,562,518	23.89%	4,530,696	9,220,302	5,184,400	14,404,702	
2026	198,619,314	53,999,389	144,619,925	27.19%	4,784,194	9,744,266	5,184,400	14,928,666	
2027	206,170,906	62,859,590	143,311,316	30.49%	5,040,059	10,272,975	5,184,400	15,457,375	
2028	213,888,444	72,295,704	141,592,740	33.80%	5,311,049	10,853,569	5,184,400	16,037,969	
2029	221,638,361	82,345,165	139,293,196	37.15%	5,548,470	11,410,559	5,184,400	16,594,959	
2030	229,410,002	93,047,841	136,362,161	40.56%	5,828,604	11,894,400	5,184,400	17,078,800	
2031	237,346,019	104,446,191	132,899,828	44.01%	6,119,199	12,438,189	5,184,400	17,622,589	
2032	245,572,745	116,585,434	128,987,311	47.47%	6,434,657	13,019,644	5,184,400	18,204,044	
2033	253,928,361	129,513,728	124,414,633	51.00%	6,756,561	13,509,780	5,184,400	18,694,180	
2034	262,646,974	143,282,361	119,364,613	54.55%	7,095,869	13,961,307	5,184,400	19,145,707	
2035	271,531,758	157,945,955	113,585,803	58.17%	7,448,228	14,443,785	5,184,400	19,628,185	
2036	281,123,699	173,562,683	107,561,016	61.74%	7,828,229	14,885,201	5,184,400	20,069,601	
2037	291,305,879	190,194,498	101,111,381	65.29%	8,218,233	15,260,035	5,184,400	20,444,435	
2038	302,016,928	207,907,381	94,109,547	68.84%	8,630,279	15,696,842	5,184,400	20,881,242	
2039	313,280,463	226,771,601	86,508,862	72.39%	9,051,536	16,247,559	5,184,400	21,431,959	
2040	325,089,494	246,861,996	78,227,498	75.94%	9,504,451	16,790,556	5,184,400	21,974,956	
2041	337,597,026	268,258,266	69,338,760	79.46%	9,988,841	17,404,639	5,184,400	22,589,039	
2042	350,921,049	291,045,294	59,875,755	82.94%	10,506,302	18,051,406	5,184,400	23,235,806	
2043	365,047,841	315,313,479	49,734,362	86.38%	11,049,545	18,805,740	5,184,400	23,990,140	
2044	380,022,954	341,159,096	38,863,858	89.77%	11,620,485	19,558,749	5,184,400	24,743,149	
2045	395,590,329	368,684,678	26,905,651	93.20%	12,214,754	20,239,208	5,184,400	25,423,608	
2046	412,142,085	397,999,423	14,142,662	96.57%	12,848,788	21,032,662	5,184,400	26,217,062	
2047	429,578,396	429,219,626	358,770	99.92%	13,519,199	21,776,733	5,184,400	26,961,133	
2048	448,138,136	462,469,142	(14,331,006)	103.20%	14,229,948	22,577,523	358,770	22,936,293	
2049	467,736,154	492,899,883	(25,163,729)	105.38%	14,964,575	23,450,559	0	23,450,559	

EXHIBIT E

Projected Cash Flows (Open Group) – Funded Approach

Total Medical, Dental & Life Insurance - 6.50% discount rate and increasing at 3.00% per year

For the Fiscal Year	I. Total OPEB Liability ("TOL") as of Measurement Date		II. Fiduciary Net Position as of Measurement Date with expected 2.75% return		III. Net OPEB Liability (Asset) ("NOL") [I. - II.]	IV. Funded Ratio [II. / I.]	V. Service Cost	VI. Employer Share of Premiums / Claims	VII. Annual Funding / (Payments)	VIII. Total Employer Payments [VI. + VII.]
	as of Measurement Date	as of Measurement Date	as of Measurement Date	as of Measurement Date						
2018	145,078,564	51,833	145,026,731	0.04%	2,961,894	6,283,660	6,760,100	13,043,760		
2019	151,022,213	6,905,679	144,116,534	4.57%	3,184,256	6,658,592	6,962,903	13,621,495		
2020	157,176,244	14,153,579	143,022,665	9.00%	3,393,226	6,989,690	7,171,790	14,161,480		
2021	163,591,464	21,812,536	141,778,928	13.33%	3,607,186	7,391,835	7,386,944	14,778,779		
2022	170,211,185	29,900,206	140,310,979	17.57%	3,832,539	7,837,906	7,608,552	15,446,458		
2023	177,009,894	38,434,922	138,574,972	21.71%	4,057,246	8,269,302	7,836,809	16,106,111		
2024	184,011,313	47,435,717	136,575,596	25.78%	4,290,269	8,696,695	8,071,913	16,768,608		
2025	191,242,470	56,922,348	134,320,122	29.76%	4,530,696	9,220,302	8,314,070	17,534,372		
2026	198,619,314	66,915,326	131,703,988	33.69%	4,784,194	9,744,266	8,563,492	18,307,758		
2027	206,170,906	77,435,939	128,734,967	37.56%	5,040,059	10,272,975	8,820,397	19,093,372		
2028	213,888,444	88,506,282	125,382,162	41.38%	5,311,049	10,853,569	9,085,009	19,938,578		
2029	221,638,361	100,149,285	121,489,076	45.19%	5,548,470	11,410,559	9,357,559	20,768,118		
2030	229,410,002	112,388,743	117,021,259	48.99%	5,828,604	11,894,400	9,638,286	21,532,686		
2031	237,346,019	125,249,347	112,096,672	52.77%	6,119,199	12,438,189	9,927,435	22,365,624		
2032	245,572,745	138,756,716	106,816,029	56.50%	6,434,657	13,019,644	10,225,258	23,244,902		
2033	253,928,361	152,937,427	100,990,934	60.23%	6,756,561	13,509,780	10,532,016	24,041,796		
2034	262,646,974	167,819,055	94,827,919	63.90%	7,095,869	13,961,307	10,847,976	24,809,283		
2035	271,531,758	183,430,203	88,101,555	67.55%	7,448,228	14,443,785	11,173,415	25,617,200		
2036	281,123,699	199,800,541	81,323,158	71.07%	7,828,229	14,885,201	11,508,617	26,393,818		
2037	291,305,879	216,960,843	74,345,036	74.48%	8,218,233	15,260,035	11,853,876	27,113,911		
2038	302,016,928	234,943,028	67,073,900	77.79%	8,630,279	15,696,842	12,209,492	27,906,334		
2039	313,280,463	253,780,195	59,500,268	81.01%	9,051,536	16,247,559	12,575,777	28,823,336		
2040	325,089,494	273,506,672	51,582,822	84.13%	9,504,451	16,790,556	12,953,050	29,743,606		
2041	337,597,026	294,158,052	43,438,974	87.13%	9,988,841	17,404,639	13,341,642	30,746,281		
2042	350,921,049	315,771,244	35,149,805	89.98%	10,506,302	18,051,406	13,741,891	31,793,297		
2043	365,047,841	338,384,514	26,663,327	92.70%	11,049,545	18,805,740	14,154,148	32,959,888		
2044	380,022,954	362,037,536	17,985,418	95.27%	11,620,485	19,558,749	14,578,772	34,137,521		
2045	395,590,329	386,771,439	8,818,890	97.77%	12,214,754	20,239,208	15,016,135	35,255,343		
2046	412,142,085	412,628,860	(486,775)	100.12%	12,848,788	21,032,662	8,818,890	29,851,552		
2047	429,578,396	432,915,481	(3,337,085)	100.78%	13,519,199	21,776,733	5,500,000	27,276,733		
2048	448,138,136	450,395,769	(2,257,633)	100.50%	14,229,948	22,577,523	5,000,000	27,577,523		
2049	467,736,154	467,849,936	(113,782)	100.02%	14,964,575	23,450,559	5,000,000	28,450,559		

EXHIBIT E

Projected Cash Flows (Open Group) – Funded Approach

City of Westfield

OPEB Projection of Funding Annual Service Cost and Impact on Unfunded Obligation

Total Medical, Dental & Life Insurance - Funding Annual Service Cost - 3.25% discount rate

Measurement Date	I. Total OPEB Liability	II. Service Cost	III. Employer Share of Premiums / Claims including "implicit cost"	IV. Funding Service Cost beyond claims	V. Total Funding Costs [III. + IV.]	VI. Present Value at 3.00% of Employer Share of Premiums / Claims including "implicit cost"	VII. Present Value at 3.00% of Funding Service Cost beyond claims	VIII. Present Value at 3.00% of Total Funding Costs [VI. + VII.]	IX. Fiduciary Net Position at Beginning of year	X. Net OPEB Liability [I. - IX.]	XI. Present Value at 3.00% of Net OPEB Liability (Asset)
June 30, 2017	232,105,512	7,129,116	6,283,660	845,456	7,129,116	6,283,660	845,456	7,129,116	51,833	232,053,679	232,053,679
June 30, 2018	240,624,798	7,614,750	6,658,592	956,158	7,614,750	6,464,652	928,309	7,392,961	898,974	239,725,824	232,743,518
June 30, 2019	250,284,149	8,075,224	6,989,690	1,085,534	8,075,224	6,588,453	1,023,220	7,611,673	1,884,349	248,399,800	234,140,635
June 30, 2020	259,935,516	8,550,151	7,391,835	1,158,316	8,550,151	6,764,576	1,060,023	7,824,599	3,031,124	256,904,392	235,103,912
June 30, 2021	269,914,413	9,054,335	7,837,906	1,216,429	9,054,335	6,963,878	1,080,781	8,044,659	4,287,952	265,626,461	236,005,670
June 30, 2022	280,199,348	9,560,478	8,269,302	1,291,176	9,560,478	7,133,173	1,113,780	8,246,953	5,643,739	274,555,609	236,834,080
June 30, 2023	290,819,165	10,086,677	8,696,695	1,389,982	10,086,677	7,283,345	1,164,088	8,447,433	7,118,337	283,700,828	237,594,977
June 30, 2024	301,813,062	10,630,834	9,220,302	1,410,532	10,630,834	7,496,949	1,146,892	8,643,841	8,739,665	293,073,397	238,295,491
June 30, 2025	313,086,004	11,205,258	9,744,266	1,460,992	11,205,258	7,692,214	1,153,321	8,845,535	10,434,236	302,651,768	238,916,100
June 30, 2026	324,685,147	11,785,324	10,272,975	1,512,349	11,785,324	7,873,380	1,159,090	9,032,470	12,234,341	312,450,806	239,467,526
June 30, 2027	336,596,078	12,400,706	10,853,569	1,547,137	12,400,706	8,076,075	1,151,215	9,227,290	14,144,306	322,451,772	239,934,401
June 30, 2028	348,627,362	12,951,356	11,410,559	1,540,797	12,951,356	8,243,231	1,113,105	9,356,336	16,151,133	332,476,229	240,187,902
June 30, 2029	360,766,144	13,597,890	11,894,400	1,703,490	13,597,890	8,342,493	1,194,794	9,537,287	18,216,842	342,549,302	240,257,188
June 30, 2030	373,201,859	14,268,097	12,438,189	1,829,908	14,268,097	8,469,801	1,246,078	9,715,879	20,512,379	352,689,480	240,164,374
June 30, 2031	386,169,258	14,994,711	13,019,644	1,975,067	14,994,711	8,607,518	1,305,752	9,913,270	23,008,939	363,160,319	240,091,753
June 30, 2032	399,447,338	15,737,304	13,509,780	2,227,524	15,737,304	8,671,414	1,429,763	10,101,177	25,731,797	373,715,541	239,873,785
June 30, 2033	413,331,834	16,520,770	13,961,307	2,559,463	16,520,770	8,700,225	1,594,973	10,295,198	28,795,604	384,536,230	239,630,265
June 30, 2034	427,496,163	17,336,619	14,443,785	2,892,834	17,336,619	8,738,727	1,750,212	10,488,939	32,290,924	395,205,239	239,105,669
June 30, 2035	442,849,564	18,217,505	14,885,201	3,332,304	18,217,505	8,743,487	1,957,377	10,700,864	36,233,213	406,616,351	238,844,252
June 30, 2036	459,179,877	19,122,930	15,260,035	3,862,895	19,122,930	8,702,585	2,202,955	10,905,540	40,743,096	418,436,781	238,628,649
June 30, 2037	476,306,167	20,080,592	15,696,842	4,383,750	20,080,592	8,690,961	2,427,176	11,118,137	45,930,142	430,376,025	238,288,770
June 30, 2038	494,267,089	21,063,115	16,247,559	4,815,556	21,063,115	8,733,864	2,588,599	11,322,463	51,806,622	442,460,467	237,844,304
June 30, 2039	513,137,079	22,119,905	16,790,556	5,329,349	22,119,905	8,762,865	2,781,347	11,544,212	58,305,893	454,831,186	237,372,985
June 30, 2040	533,123,000	23,250,823	17,404,639	5,846,184	23,250,823	8,818,787	2,962,213	11,781,000	65,530,184	467,592,816	236,925,421
June 30, 2041	554,487,589	24,459,539	18,051,406	6,408,133	24,459,539	8,880,096	3,152,377	12,032,473	73,506,099	480,981,490	236,611,021
June 30, 2042	577,215,112	25,728,954	18,805,740	6,923,214	25,728,954	8,981,726	3,306,566	12,288,292	82,303,180	494,911,932	236,372,695
June 30, 2043	601,435,175	27,064,982	19,558,749	7,506,233	27,064,982	9,069,289	3,480,601	12,549,890	91,901,247	509,533,928	236,268,196
June 30, 2044	626,637,498	28,456,036	20,239,208	8,216,828	28,456,036	9,111,470	3,699,126	12,810,596	102,394,271	524,243,227	236,008,563
June 30, 2045	653,448,643	29,940,707	21,032,662	8,908,045	29,940,707	9,192,888	3,893,499	13,086,387	113,938,973	539,509,730	235,807,161
June 30, 2046	681,728,927	31,511,305	21,776,733	9,734,572	31,511,305	9,240,877	4,130,830	13,371,707	126,549,913	555,178,954	235,588,170
June 30, 2047	711,876,136	33,178,306	22,577,523	10,600,783	33,178,306	9,301,641	4,367,382	13,669,023	140,397,419	571,478,717	235,441,665

EXHIBIT E

Projected Cash Flows (Open Group) – Funded Approach

Total Medical & Life Insurance - Partial Funding

Measurement Date	Number of Retirees, Spouses & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums / Claims including "implicit cost"	Present Value at 3.00% of Employer Share of Premiums / Claims including "implicit cost"
June 30, 2017	1,305	232,105,512	232,105,512	6,283,660	6,283,660
June 30, 2018	1,358	240,624,798	233,616,309	6,658,592	6,464,652
June 30, 2019	1,397	250,284,149	235,916,815	6,989,690	6,588,453
June 30, 2020	1,424	259,935,516	237,877,819	7,391,835	6,764,576
June 30, 2021	1,446	269,914,413	239,815,460	7,837,906	6,963,878
June 30, 2022	1,466	280,199,348	241,702,419	8,269,302	7,133,173
June 30, 2023	1,482	290,819,165	243,556,472	8,696,695	7,283,345
June 30, 2024	1,497	301,813,062	245,401,639	9,220,302	7,496,949
June 30, 2025	1,512	313,086,004	247,152,983	9,744,266	7,692,214
June 30, 2026	1,526	324,685,147	248,844,129	10,272,975	7,873,380
June 30, 2027	1,538	336,596,078	250,459,093	10,853,569	8,076,075
June 30, 2028	1,548	348,627,362	251,855,824	11,410,559	8,243,231
June 30, 2029	1,558	360,766,144	253,034,115	11,894,400	8,342,493
June 30, 2030	1,563	373,201,859	254,132,306	12,438,189	8,469,801
June 30, 2031	1,565	386,169,258	255,303,373	13,019,644	8,607,518
June 30, 2032	1,563	399,447,338	256,390,046	13,509,780	8,671,414
June 30, 2033	1,559	413,331,834	257,574,734	13,961,307	8,700,225
June 30, 2034	1,554	427,496,163	258,642,209	14,443,785	8,738,727
June 30, 2035	1,548	442,849,564	260,127,446	14,885,201	8,743,487
June 30, 2036	1,538	459,179,877	261,863,868	15,260,035	8,702,585
June 30, 2037	1,527	476,306,167	263,719,176	15,696,842	8,690,961
June 30, 2038	1,514	494,267,089	265,692,916	16,247,559	8,733,864
June 30, 2039	1,501	513,137,079	267,802,393	16,790,556	8,762,865
June 30, 2040	1,489	533,123,000	270,129,025	17,404,639	8,818,787
June 30, 2041	1,478	554,487,589	272,771,151	18,051,406	8,880,096
June 30, 2042	1,468	577,215,112	275,681,152	18,805,740	8,981,726
June 30, 2043	1,457	601,435,175	278,882,320	19,558,749	9,069,289
June 30, 2044	1,447	626,637,498	282,105,344	20,239,208	9,111,470
June 30, 2045	1,439	653,448,643	285,607,211	21,032,662	9,192,888
June 30, 2046	1,431	681,728,927	289,289,190	21,776,733	9,240,877
June 30, 2047	1,424	711,876,136	293,283,542	22,577,523	9,301,641
June 30, 2048	1,418	743,720,990	297,478,836	23,450,559	9,379,922
June 30, 2049	1,413	777,455,272	301,914,675	24,342,643	9,453,150
June 30, 2050	1,409	813,266,267	306,622,728	25,305,115	9,540,693
June 30, 2051	1,406	851,191,142	311,574,176	26,349,070	9,644,943
June 30, 2052	1,403	891,758,932	316,916,319	27,418,499	9,744,079
June 30, 2053	1,401	934,587,575	322,463,017	28,441,220	9,813,143
June 30, 2054	1,399	980,295,480	328,382,259	29,554,779	9,900,347
June 30, 2055	1,397	1,029,344,146	334,769,636	30,736,817	9,996,417
June 30, 2056	1,395	1,081,446,469	341,470,557	31,957,356	10,090,648

EXHIBIT F

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.

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

GASB - Government Accounting Standards Board. "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 post employment benefits.

EXHIBIT F**GLOSSARY***(continued)*

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

Other Post Employment 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.