

**Town of Foxborough Other
Postemployment Benefits Plan**

GASB 45 Actuarial Valuation

as of

June 30, 2013

For the fiscal years ending

June 30, 2013

June 30, 2014

Delivered February 2014

TABLE OF CONTENTS

LETTER

<u>SECTION</u>		<u>PAGE</u>
I	PRINCIPAL RESULTS OF THE VALUATION	1
II	SUMMARY OF PLAN PROVISIONS	13
III	ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS	14

EXHIBITS

A	FINANCIAL STATEMENT DISCLOSURES	22
B	RECONCILIATION OF PLAN PARTICIPANTS	34
C	PROJECTED CASH FLOWS (OPEN GROUP)	35
D	PROJECTED CASH FLOWS (OPEN GROUP) - FUNDING	36
E	GLOSSARY OF TERMS	38

February 24, 2014

Personal and Confidential

Mr. William R. Scollins, III
Finance Director/Town Accountant
Town of Foxborough
40 South Street
Foxborough, MA 02035

Dear Mr. Scollins:

We have performed an actuarial valuation of the Town of Foxborough Other Postemployment Benefits Plan for the fiscal year ending June 30, 2013. The figures presented in this report reflect the adoption, by the Town of Foxborough, of Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") effective July 1, 2008.

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, taking into account 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, A.S.A., E.A., M.A.A.A.
President & CEO

Enclosure

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

Town of Foxborough Comparison of Plan Funding vs. Pay-as-you-go Funding

	<u>Partial Funding-5.75%</u> <u>discount rate</u>	<u>Plan Funding -8.00%</u> <u>discount rate</u>	<u>Pay-as-you-go</u> <u>Funding -3.50%</u> <u>discount rate</u>
I. Present Value of Future Benefits			
A. Actives	38,014,914	23,968,808	64,351,647
B. Retirees/Disabled	12,158,046	10,038,403	15,191,847
C. Total	50,172,960	34,007,211	79,543,494
II. Present Value of Future Normal Cost	16,441,109	9,052,310	31,487,184
III. Actuarial Accrued Liability (Projected Unit Credit)			
A. Actives	21,573,805	14,916,498	32,864,463
B. Retirees/Disabled	12,158,046	10,038,403	15,191,847
C. Total	33,731,851	24,954,901	48,056,310
IV. Plan Assets	2,816,337	2,816,337	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	30,915,514	22,138,564	45,239,973
VI. Funded Ratio	8.35%	11.29%	5.86%
VII. Annual Covered Payroll	34,778,502	34,778,502	34,778,502
VIII. UAAL as % of Covered Payroll	88.90%	63.70%	130.10%
IX. Net OPEB Obligation	12,948,753	12,948,753	12,948,753
X. Number of Covered Participants			
A. Actives	596	596	596
B. Retirees/Disabled	300	300	300
C. Total	896	896	896
For Fiscal Year Ending June 30, 2013			
XI. Normal Cost	1,540,301	991,069	2,547,371
XII. Amortization of UAAL - 30 year increase 4.00% per yr	2,348,847	2,929,282	2,250,700
XIII. Annual Required Contribution ('ARC') [XI. + XII.]	3,889,148	3,920,351	4,798,071
XIV. Interest on Net OPEB Obligation	744,553	1,021,978	453,206
XV. Adjustment to Annual Required Contribution	(865,899)	(1,050,691)	(680,232)
XVI. Amortization of Actuarial (Gains) / Losses	(1,273,631)	(2,266,894)	(1,033,025)
XVII. Annual OPEB Cost [XIII. + XIV. + XV. + XVI.]	2,494,171	1,624,744	3,538,020
XVIII. Expected Employer Contribution	1,142,492	1,142,492	1,142,492
XIX. Contribution over 30 Years increasing at 4.00% per yr	577,913	577,913	577,913
XX. Total Employer Contribution	1,720,405	1,720,405	1,720,405
XXI. Percentage of Annual OPEB Cost Contributed	69.0%	105.9%	48.6%
XXII. Net OPEB Obligation at Beginning of Year (IX.)	12,948,753	12,948,753	12,948,753
XXIII. Increase in Net OPEB Obligations (XVII. - XVIII.)	773,766	(95,661)	1,817,615
XXIV. Net OPEB Obligation at End of Year (XXII. + XXIII.)	13,722,519	12,853,092	14,766,368
XXV. Discount Rate	5.75%	8.00%	3.50%

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxborough
Assuming Pay-as-you-go funding - 5.75% discount rate
Comparison of Plan Liabilities to Prior Valuation

	<u>June 30, 2013</u>	<u>June 30, 2011</u>
I. Present Value of Future Benefits		
A. Actives	38,014,914	N/A
B. Retirees/Disabled	<u>12,158,046</u>	N/A
C. Total	50,172,960	N/A
II. Present Value of Future Normal Cost	16,441,109	N/A
III. Actuarial Accrued Liability (Projected Unit Credit)		
A. Actives	21,573,805	35,560,878
B. Retirees/Disabled	<u>12,158,046</u>	<u>18,666,382</u>
C. Total	33,731,851	54,227,260
IV. Plan Assets	2,816,337	1,904,024
V. Unfunded Actuarial Accrued Liability ("UAAL")	30,915,514	52,323,236
VI. Funded Ratio	8.35%	3.51%
VII. Annual Covered Payroll	34,778,502	30,785,506
VIII. UAAL as % of Covered Payroll	88.90%	170.0%
IX. Net OPEB Obligation	12,948,753	6,863,293
X. Number of Covered Participants		
A. Actives	596	581
B. Retirees/Disabled	<u>300</u>	<u>288</u>
C. Total	896	869
For the Fiscal Year Ending:	<u>June 30, 2013</u>	<u>June 30, 2011</u>
XI. Normal Cost	1,540,301	2,394,473
XII. Amortization of UAAL - 30 year increase 4.00% per yr	2,348,847	2,171,641
XIII. Annual Required Contribution ('ARC') [XI. + XII.]	3,889,148	4,566,114
XIV. Interest on Net OPEB Obligation	744,553	394,639
XV. Adjustment to Annual Required Contribution	(865,899)	(304,967)
XVI. Amortization of Actuarial (Gains) / Losses	(1,273,631)	0
XVII. Annual OPEB Cost [XIII. + XIV. + XV. + XVI.]	2,494,171	4,655,786
XVIII. Expected Employer Contribution	1,720,405	1,892,775
XIX. Percentage of Annual OPEB Cost Contributed	69.0%	40.7%
XX. Net OPEB Obligation at Beginning of Year (IX.)	12,948,753	6,863,293
XXI. Increase in Net OPEB Obligations (XVII. - XVIII.)	773,766	2,763,011
XXII. Net OPEB Obligation at End of Year (XX. + XXI.)	13,722,519	9,626,304
XXIII. Discount Rate	5.75%	5.75%

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxborough
Assuming Partial Funding - 5.75% discount rate
Plan Liabilities as of June 30, 2013

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	36,759,095	0	108,880	1,146,939	38,014,914
B. Retirees/Disabled	11,939,762	0	169,530	48,754	12,158,046
C. Total	48,698,857	0	278,410	1,195,693	50,172,960
II. Present Value of Future Normal Cost	15,661,533	0	37,214	742,362	16,441,109
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	21,097,562	0	71,666	404,577	21,573,805
B. Retirees/Disabled	11,939,762	0	169,530	48,754	12,158,046
C. Total	33,037,324	0	241,196	453,331	33,731,851
IV. Plan Assets	2,771,034	0	16,466	28,837	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	30,266,290	0	224,730	424,494	30,915,514
VI. Annual Covered Payroll	34,778,502	34,778,502	34,778,502	34,778,502	34,778,502
VII. UAAL as % of Covered Payroll	87.0%	0.0%	0.6%	1.2%	88.9%
VIII. Net OPEB Obligation @ Beginning of Fiscal Year	12,682,142	0	92,589	174,022	12,948,753
IX. Number of Eligible Participants					
A. Actives	596	596	596	596	
B. Retirees/Disabled	300	0	223	300	
C. Total	896	596	819	896	
For Fiscal Year Ending June 30, 2013					
X. Normal Cost	1,500,439	0	4,697	35,165	1,540,301
XI. Amortization of UAAL - 30 year increase 4.00% per yr	2,300,485	0	16,795	31,567	2,348,847
XII. Annual Required Contribution ('ARC') [X. + XI.]	3,800,924	0	21,492	66,732	3,889,148
XIII. Interest on Net OPEB Obligation	729,222	0	5,324	10,007	744,553
XIV. Adjustment to Annual Required Contribution	(848,070)	0	(6,192)	(11,637)	(865,899)
XV. Amortization of Actuarial (Gains) / Losses	(1,247,407)	0	(9,107)	(17,117)	(1,273,631)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	2,434,669	0	11,517	47,985	2,494,171
XVII. Expected Employer Contribution	1,131,251	0	11,241	0	1,142,492
XVIII. Contribution to Trust Fund over 30 Years	566,014	0	4,132	7,767	577,913
XIX. Total Employer Contribution	1,697,265	0	15,373	7,767	1,720,405
XX. Percentage of Annual OPEB Cost Contributed	69.7%	0.0%	133.5%	16.2%	69.0%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	12,682,142	0	92,589	174,022	12,948,753
XXII. Increase in Net OPEB Obligations (XVI. - XIX.)	737,404	0	(3,856)	40,218	773,766
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	13,419,546	0	88,733	214,240	13,722,519

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxborough
Plan Liabilities as of June 30, 2013
Assuming maintain Partial Funding funding method

	Town Employees and Retirees	School Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Present Value of Future Benefits					
A. Actives	9,520,377	27,605,493	423,809	465,235	38,014,914
B. Retirees/Disabled	2,971,700	8,699,945	0	486,401	12,158,046
C. Total	12,492,077	36,305,438	423,809	951,636	50,172,960
II. Present Value of Future Normal Cost	4,475,578	11,623,497	154,056	187,978	16,441,109
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	5,044,799	15,981,996	269,753	277,257	21,573,805
B. Retirees/Disabled	2,971,700	8,699,945	0	486,401	12,158,046
C. Total	8,016,499	24,681,941	269,753	763,658	33,731,851
IV. Plan Assets	644,288	2,085,322	22,637	64,090	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	7,372,211	22,596,619	247,116	699,568	30,915,514
VI. Annual Covered Payroll	8,244,657	25,544,860	490,084	498,901	34,778,502
VII. UAAL as % of Covered Payroll	89.4%	88.5%	50.4%	140.2%	88.9%
VIII. Net OPEB Obligation	2,972,038	9,690,636	57,336	228,743	12,948,753
IX. Number of Covered Participants					
A. Actives	135	445	8	8	596
B. Retirees/Disabled	73	219	0	8	300
C. Total	208	664	8	16	896
For Fiscal Year Ending June 29, 2014					
X. Normal Cost	370,295	1,130,222	18,165	21,619	1,540,301
XI. Amortization of UAAL - 30 year increase 4.00% per yr	501,382	1,773,215	19,381	54,869	2,348,847
XII. Annual Required Contribution ("ARC") [X. + XI.]	871,677	2,903,437	37,546	76,488	3,889,148
XIII. Interest on Net OPEB Obligation	170,892	557,211	3,297	13,153	744,553
XIV. Adjustment to Annual Required Contribution	(198,744)	(648,024)	(3,835)	(15,296)	(865,899)
XV. Amortization of Actuarial (Gains) / Losses	(302,684)	(931,928)	(10,185)	(28,834)	(1,273,631)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	541,141	1,880,696	26,823	45,511	2,494,171
XVII. Expected Employer Contribution	261,407	844,270	3,761	33,054	1,142,492
XVIII. Contribution to Trust Fund over 30 Years	131,341	428,625	4,685	13,262	577,913
XIX. Total Employer Contribution	392,748	1,272,895	8,446	46,316	1,720,405
XX. Percentage of Annual OPEB Cost Contributed	48.3%	44.9%	14.0%	72.6%	45.8%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	2,972,038	9,690,636	57,336	228,743	12,948,753
XXII. Increase in Net OPEB Obligations (XVI. - XIX.)	148,393	607,801	18,377	(805)	773,766
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	3,120,431	10,298,437	75,713	227,938	13,722,519

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

**Town of Foxborough
Detail of Plan Liabilities by Group and Dependency Status
Assuming Pay-as-you-go funding - 5.75% discount rate
Plan Liabilities as of June 30, 2013**

	<u>Present Value of Future Benefits</u>	<u>Actuarial Accrued Liability (Projected Unit Credit)</u>	<u>Normal Cost</u>
Actives			
Under Age 65			
A. Participants	7,137,613	3,773,886	306,318
B. Spouses	<u>3,419,587</u>	<u>1,786,568</u>	<u>140,492</u>
C. Total	10,557,200	5,560,454	446,810
Age 65 and Over			
A. Participants	16,862,485	9,811,491	663,066
B. Spouses	<u>10,595,229</u>	<u>6,201,860</u>	<u>430,425</u>
C. Total	27,457,714	16,013,351	1,093,491
Actives Total			
A. Participants	24,000,098	13,585,377	969,384
B. Spouses	<u>14,014,816</u>	<u>7,988,428</u>	<u>570,917</u>
C. Total	38,014,914	21,573,805	1,540,301
Retirees/Disabled			
Under Age 65			
A. Participants	990,978	990,978	0
B. Spouses	<u>343,540</u>	<u>343,540</u>	<u>0</u>
C. Total	1,334,518	1,334,518	0
Age 65 and Over			
A. Participants	9,854,993	9,854,993	<u>0</u>
B. Spouses	<u>968,535</u>	<u>968,535</u>	<u>0</u>
C. Total	10,823,528	10,823,528	0
Retirees/Disabled Total			
A. Participants	10,845,971	10,845,971	0
B. Spouses	<u>1,312,075</u>	<u>1,312,075</u>	<u>0</u>
C. Total	12,158,046	12,158,046	0
Total Population			
A. Participants	34,846,069	24,431,348	969,384
B. Spouses	<u>15,326,891</u>	<u>9,300,503</u>	<u>570,917</u>
C. Total	50,172,960	33,731,851	1,540,301

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxborough
Assuming Funding over 30 years at 8.00% discount rate
Plan Liabilities as of June 30, 2013

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	23,901,673	0	67,135	588,572	23,968,808
B. Retirees/Disabled	<u>9,899,454</u>	<u>0</u>	<u>138,949</u>	<u>32,268</u>	<u>10,038,403</u>
C. Total	33,801,127	0	206,084	620,840	34,007,211
II. Present Value of Future Normal Cost	9,031,832	0	20,478	359,660	9,052,310
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	14,869,841	0	46,657	228,912	14,916,498
B. Retirees/Disabled	<u>9,899,454</u>	<u>0</u>	<u>138,949</u>	<u>32,268</u>	<u>10,038,403</u>
C. Total	24,769,295	0	185,606	261,180	24,954,901
IV. Plan Assets	2,795,607	0	20,730	29,171	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	21,973,688	0	164,876	232,009	22,138,564
VI. Annual Covered Payroll	34,778,502	34,778,502	34,778,502	34,778,502	34,778,502
VII. UAAL as % of Covered Payroll	63.2%	0.0%	0.5%	0.7%	63.7%
VIII. Net OPEB Obligation	12,682,142	0	92,589	174,022	12,948,753
IX. Number of Covered Participants					
A. Actives	596	596	596	596	
B. Retirees/Disabled	300	0	223	300	
C. Total	896	596	819	896	

For Fiscal Year Ending June 29, 2014

X. Normal Cost	988,199	0	2,870	18,101	991,069
XI. Amortization of UAAL - 30 year increase 4.00% per yr	2,907,495	0	21,787	30,658	2,929,282
XII. Annual Required Contribution ('ARC') [X. + XI.]	3,895,694	0	24,657	48,759	3,920,351
XIII. Interest on Net OPEB Obligation	1,014,571	0	7,407	7,407	1,021,978
XIV. Adjustment to Annual Required Contribution	(1,043,076)	0	(7,615)	(7,615)	(1,050,691)
XV. Amortization of Actuarial (Gains) / Losses	(2,269,248)	0	2,354	3,875	(2,266,894)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	1,597,941	0	26,803	52,426	1,624,744
XVII. Expected Employer Contribution	1,131,251	0	11,241	0	1,142,492
XVIII. Contribution over 30 Years using current funding schedule	562,351	0	15,562	52,426	577,913
XIX. Total Employer Contribution	1,693,602	0	26,803	52,426	1,720,405
XX. Percentage of Annual OPEB Cost Contributed	106.0%	0.0%	100.0%	100.0%	105.9%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	12,682,142	0	92,589	174,022	12,948,753
XXII. Increase in Net OPEB Obligations (XVI. - XVII.)	(95,661)	0	0	0	(95,661)
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	12,586,481	0	92,589	174,022	12,853,092

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxborough
Plan Liabilities as of June 30, 2013
Assuming Funding over 30 years at 8.00% discount rate

	Town Employees and Retirees	School Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Present Value of Future Benefits					
A. Actives	6,002,699	17,405,557	267,216	293,336	23,968,808
B. Retirees/Disabled	<u>2,453,612</u>	<u>7,183,190</u>	<u>0</u>	<u>401,601</u>	<u>10,038,403</u>
C. Total	8,456,311	24,588,747	267,216	694,937	34,007,211
II. Present Value of Future Normal Cost	2,464,208	6,399,781	84,822	103,499	9,052,310
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	3,488,060	11,050,226	186,512	191,700	14,916,498
B. Retirees/Disabled	<u>2,453,612</u>	<u>7,183,190</u>	<u>0</u>	<u>401,601</u>	<u>10,038,403</u>
C. Total	5,941,672	18,233,416	186,512	593,301	24,954,901
IV. Plan Assets	644,288	2,085,322	22,637	64,090	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	5,297,384	16,148,094	163,875	529,211	22,138,564
VI. Annual Covered Payroll	8,244,657	25,544,860	490,084	498,901	34,778,502
VII. UAAL as % of Covered Payroll	64.3%	63.2%	33.4%	106.1%	63.7%
VIII. Net OPEB Obligation	2,972,038	9,690,636	57,336	228,743	12,948,753
IX. Number of Covered Participants					
A. Actives	135	445	8	8	596
B. Retirees/Disabled	<u>73</u>	<u>219</u>	<u>0</u>	<u>8</u>	<u>300</u>
C. Total	208	664	8	16	896
For Fiscal Year Ending June 29, 2014					
X. Normal Cost	238,257	727,214	11,688	13,910	991,069
XI. Amortization of UAAL - 30 year increase 4.00% per yr	625,281	2,211,403	24,170	68,428	2,929,282
XII. Annual Required Contribution ("ARC") [X. + XI.]	863,538	2,938,617	35,858	82,338	3,920,351
XIII. Interest on Net OPEB Obligation	234,568	764,831	4,525	18,054	1,021,978
XIV. Adjustment to Annual Required Contribution	(241,159)	(786,319)	(4,653)	(18,560)	(1,050,691)
XV. Amortization of Actuarial (Gains) / Losses	(538,737)	(1,658,708)	(18,128)	(51,321)	(2,266,894)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	318,210	1,258,421	17,602	30,511	1,624,744
XVII. Expected Employer Contribution	261,407	844,270	3,761	33,054	1,142,492
XVIII. Contribution over 30 Years using current funding schedule	137,599	422,255	4,319	13,740	577,913
XIX. Total Employer Contribution	399,006	1,266,525	8,080	46,794	1,720,405
XX. Percentage of Annual OPEB Cost Contributed	125.4%	100.6%	45.9%	153.4%	105.9%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	2,972,038	9,690,636	57,336	228,743	12,948,753
XXII. Increase in Net OPEB Obligations (XVI. - XIX.)	(80,796)	(8,104)	9,522	(16,283)	(95,661)
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	2,891,242	9,682,532	66,858	212,460	12,853,092

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxboro
Assuming Pay as you go - 3.50% discount rate
Plan Liabilities as of June 30, 2013

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	61,705,658	0	191,712	2,454,277	64,351,647
B. Retirees/Disabled	<u>14,900,486</u>	<u>0</u>	<u>213,912</u>	<u>77,449</u>	<u>15,191,847</u>
C. Total	76,606,144	0	405,624	2,531,726	79,543,494
II. Present Value of Future Normal Cost	29,722,364	0	73,893	1,690,927	31,487,184
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	31,983,294	0	117,819	763,350	32,864,463
B. Retirees/Disabled	<u>14,900,486</u>	<u>0</u>	<u>213,912</u>	<u>77,449</u>	<u>15,191,847</u>
C. Total	46,883,780	0	331,731	840,799	48,056,310
IV. Plan Assets	2,762,947	0	15,834	37,556	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	44,120,833	0	315,897	803,243	45,239,973
VI. Annual Covered Payroll	34,778,502	34,778,502	34,778,502	34,778,502	34,778,502
VII. UAAL as % of Covered Payroll	126.9%	0.0%	0.9%	2.3%	130.1%
VIII. Net OPEB Obligation @ Beginning of Fiscal Year	12,632,815	0	89,385	226,553	12,948,753
IX. Number of Eligible Participants					
A. Actives	596	596	596	596	
B. Retirees/Disabled	<u>300</u>	<u>0</u>	<u>223</u>	<u>300</u>	
C. Total	896	596	819	896	
For Fiscal Year Ending June 30, 2013					
X. Normal Cost	2,464,216	0	8,274	74,881	2,547,371
XI. Amortization of UAAL - 30 year increase 4.00% per yr	2,195,784	0	15,537	39,379	2,250,700
XII. Annual Required Contribution ('ARC') [X. + XI.]	4,660,000	0	23,811	114,260	4,798,071
XIII. Interest on Net OPEB Obligation	442,149	0	3,128	7,929	453,206
XIV. Adjustment to Annual Required Contribution	(663,635)	0	(4,695)	(11,902)	(680,232)
XV. Amortization of Actuarial (Gains) / Losses	(1,007,820)	0	(7,131)	(18,074)	(1,033,025)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	3,430,694	0	15,113	92,213	3,538,020
XVII. Expected Employer Contribution	1,131,251	0	11,241	0	1,142,492
XVIII. Contribution to Trust Fund over 30 Years	563,813	0	3,989	10,111	577,913
XIX. Total Employer Contribution	1,695,064	0	15,230	10,111	1,720,405
XX. Percentage of Annual OPEB Cost Contributed	49.4%	0.0%	100.8%	11.0%	48.6%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	12,632,815	0	89,385	226,553	12,948,753
XXII. Increase in Net OPEB Obligations (XVI. - XIX.)	1,735,630	0	(117)	82,102	1,817,615
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	14,368,445	0	89,268	308,655	14,766,368

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Foxboro
Plan Liabilities as of June 30, 2013
Assuming maintain Pay as you go funding method

	Town Employees and Retirees	School Employees and Retirees	Sewer Employees and Retirees	Water Employees and Retirees	Total
I. Present Value of Future Benefits					
A. Actives	16,589,563	46,323,615	680,568	757,901	64,351,647
B. Retirees/Disabled	<u>3,807,230</u>	<u>10,774,193</u>	<u>0</u>	<u>610,424</u>	<u>15,191,847</u>
C. Total	20,396,793	57,097,808	680,568	1,368,325	79,543,494
II. Present Value of Future Normal Cost	8,801,973	22,040,684	289,457	355,070	31,487,184
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	7,787,590	24,282,931	391,111	402,831	32,864,463
B. Retirees/Disabled	<u>3,807,230</u>	<u>10,774,193</u>	<u>0</u>	<u>610,424</u>	<u>15,191,847</u>
C. Total	11,594,820	35,057,124	391,111	1,013,255	48,056,310
IV. Plan Assets	647,308	2,086,128	23,100	59,801	2,816,337
V. Unfunded Actuarial Accrued Liability ("UAAL")	10,947,512	32,970,996	368,011	953,454	45,239,973
VI. Annual Covered Payroll	8,244,657	25,544,860	490,084	498,901	34,778,502
VII. UAAL as % of Covered Payroll	132.8%	129.1%	75.1%	191.1%	130.1%
VIII. Net OPEB Obligation	2,974,156	9,687,803	57,635	229,159	12,948,753
IX. Number of Covered Participants					
A. Actives	135	445	8	8	596
B. Retirees/Disabled	<u>73</u>	<u>219</u>	<u>0</u>	<u>8</u>	<u>300</u>
C. Total	208	664	8	16	896
For Fiscal Year Ending June 29, 2014					
X. Normal Cost	634,187	1,850,878	28,396	33,910	2,547,371
XI. Amortization of UAAL - 30 year increase 4.00% per yr	491,317	1,691,612	18,874	48,897	2,250,700
XII. Annual Required Contribution ("ARC") [X. + XI.]	1,125,504	3,542,490	47,270	82,807	4,798,071
XIII. Interest on Net OPEB Obligation	104,095	339,073	2,017	8,021	453,206
XIV. Adjustment to Annual Required Contribution	(156,240)	(508,926)	(3,028)	(12,038)	(680,232)
XV. Amortization of Actuarial (Gains) / Losses	(249,244)	(753,593)	(8,407)	(21,781)	(1,033,025)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	824,115	2,619,044	37,852	57,009	3,538,020
XVII. Expected Employer Contribution	261,407	844,270	3,761	33,054	1,142,492
XVIII. Contribution to Trust Fund over 30 Years	131,628	429,096	4,787	12,402	577,913
XIX. Total Employer Contribution	393,035	1,273,366	8,548	45,456	1,720,405
XX. Percentage of Annual OPEB Cost Contributed	31.7%	32.2%	9.9%	58.0%	32.3%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	2,974,156	9,687,803	57,635	229,159	12,948,753
XXII. Increase in Net OPEB Obligations (XVI. - XIX.)	431,080	1,345,678	29,304	11,553	1,817,615
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	3,405,236	11,033,481	86,939	240,712	14,766,368

Overview of GASB 43 and 45

GASB 43 requires retiree medical plans to disclose information about asset and liability levels and show historical contribution information. GASB 43 only applies in situations where a separate trust is established to prefund these benefits. GASB 45 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 43 and 45 apply to those benefits provided after retirement except for pension benefits such as medical insurance, 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 43 and 45 extend this practice to all other post-employment benefits.

Overview of GASB 43 and 45
(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 Town, the present value is divided into three pieces: the part that is attributed to past years (the "Accrued Liability" or "Past Service Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Normal Cost have been calculated, the next step is to determine an annual contribution. This consists of two pieces:

- ✓ Normal Cost - because the benefits earned each year should be paid for each year
- ✓ Past Service Cost - a catch-up payment to fund the Accrued Liability over the next 10-30 years

The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the Town's financial statements as the OPEB liability. 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. **Transition to GASB 45:**

The Plan adopted and implemented GASB 45 (“Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions”) effective for the fiscal year ending June 30, 2009. As part of this implementation, the Employer must recognize the Actuarial Accrued Liability for past service. Under GASB 45, this amount may be amortized over a period not to exceed thirty (30) years. The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period with amortization payments increasing at 4.00% per year. This approach yields an amortization charge of \$2,348,847. Additionally the Employer must recognize a “normal cost” which represents the annual accrual of benefits for current active employees toward their ultimate postemployment benefits. The normal cost for the 2013 fiscal year is \$1,540,301. The combined amortization charge and normal cost represent the Annual Required Contribution (“ARC”) for the plan for the 2013 fiscal year. As the Employer has chosen to continue their “pay-as-you-go” funding policy, this valuation must utilize a discount rate which represents earnings on short term investments. For this discount rate, we have used 5.75% per annum. The incremental cost of GASB 45 for the 2013 fiscal year beyond the “pay-as-you-go” costs is \$1,351,679 reduced by contributions to an OPEB Trust of \$577,913 for a net change in the OPEB liability of \$773,766 .

2. **Plan Experience:**

Plan experience was more favorable than expected. This was mainly due to a decrease in premium (44% for Medex and 8% for non-Medex plans) vs. an expected 15% increase. As post-65 expenses represent 80% of plan liabilities, this serves to reduce plan liabilities by approximately 50%. Additionally, the plan changes and premium reductions served to severely reduce the excise tax liability from nearly \$8.0 million to \$450K. These effects were somewhat offset by the introduction of a more conservative mortality table. The actuarial experience gain is amortized into the annual OPEB costs over a 30-year period. The net impact of plan experience is a decrease in the annual OPEB cost.

SECTION II
SUMMARY OF PLAN PROVISIONS

<u>Effective Date</u>	July 1, 2008; GASB 45 is adopted.
<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>Credited Service</u>	Elapsed time from date of hire to termination of service date.
<u>Participant Contributions</u>	Retirees shall pay 50% of stated premiums for medical insurance and 50% of stated premiums for life insurance and 100% of premiums for dental insurance. Additionally, all retirees enrolled in a non-Medicare integrated plan as of 8/31/2013 will receive a Health Savings Debit Card with \$500.00 per family plan or \$250.00 per individual plan annually for 3 years.
<u>Benefits Offered</u>	Various Medical offerings via Blue Cross Blue Shield of Massachusetts as well as Group Term Life Insurance.
<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 Projected Unit Credit Actuarial Cost Method. Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. 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 over a 30 year period.

All employees who are plan participants on a 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.

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- and Post-Retirement Mortality

It is assumed that both pre-retirement and post-retirement mortality are represented by the RP-2000 Mortality Table projected to 2017 for males and females.

Discount Rate

5.75% per annum (previously 5.75%)

Employee Termination

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

<u>Service</u>	<u>Non Public Safety Male</u>	<u>Non Public</u>	
		<u>Safety Female</u>	<u>Public Safety</u>
0	15.00%	15.00%	1.50%
5	7.60%	7.60%	1.50%
10	5.40%	5.40%	1.50%
15	3.30%	3.30%	0.00%
20	2.00%	2.00%	0.00%
25	1.00%	1.00%	0.00%
30	0.00%	0.00%	0.00%

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)

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>
FY 2008	11.0%
FY 2009	10.0%
FY 2010	9.0%
FY 2011	8.0%
FY 2012	7.0%
FY 2013	6.0%
FY 2014	5.0%
FY 2015	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 participants who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. It was further assumed that husbands are three years older than their wives. 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.

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.

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 43 and 45 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. 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 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

	Number of Participants			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
MIIA HMO -Blue NE	177		272	449
MIIA PPO	7		8	15
MIIA - MEDEX	239			239
Total	423	0	280	703

	Per Contract Costs (monthly) - FY 2014		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
MIIA HMO -Blue NE	598.94	0.00	1,548.61
MIIA PPO	730.90	0.00	1,889.61
MIIA - MEDEX	334.68	669.36	

Gross Expected FY 2014 Incurred Premiums	7,529,472
Adjustment to reflect children's claims	<u>(1,185,852)</u>
Total Expected FY 2014 Incurred Premiums (adults only)	6,343,620

II. PRE-65 AND POST-65 PER CAPITA RETIREE ANNUAL CLAIM COSTS

	<u>Employer Primary</u>	<u>Medicare Primary</u>
Age 65	10,117	4,016
Average Age	9,674	4,016

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

6,343,620 Active and Retired Claims (No Children) - Including Administrative fees & trend

4,731 Average Per-Capita Claim (including Retention & Pooling)

ALL ACTIVE EMPLOYEES AND SPOUSES (non-GIC)

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
24 & Under	4	0	1.312	0.549	6,207	2,597	24,828
25 to 29	25	17	1.312	0.591	6,207	2,796	202,707
30 to 34	36	31	1.312	0.712	6,207	3,368	327,860
35 to 39	39	32	1.312	0.850	6,207	4,021	370,745
40 to 44	47	35	1.312	1.000	6,207	4,731	457,314
45 to 49	39	36	1.456	1.193	6,888	5,644	471,816
50 to 54	49	44	1.599	1.441	7,565	6,817	670,633
55 to 59	63	47	1.740	1.753	8,232	8,293	908,387
60 to 64	37	49	1.968	2.102	9,311	9,945	831,812
65 to 69	9	12	2.168	2.316	10,257	10,957	223,797
70 & Over	5	5	2.396	2.557	11,335	12,097	117,160
Total	353	308					4,607,059

ALL RETIREES AND SPOUSES - NOT MEDICARE ELIGIBLE (non-GIC)

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
44 & Under	2	1	1.312	1.000	6,207	4,731	17,145
45 to 49	0	0	1.456	1.193	6,888	5,644	0
50 to 54	0	0	1.599	1.441	7,565	6,817	0
55 to 59	8	3	1.740	1.753	8,232	8,293	90,735
60 to 64	32	17	1.968	2.102	9,311	9,945	467,017
65 to 69	4	2	2.168	2.316	10,257	10,957	62,942
70 to 74	2	1	2.396	2.557	11,335	12,097	34,767
75 to 79	2	1	2.593	2.769	12,267	13,100	37,634
80 to 84	2	1	2.724	2.910	12,887	13,767	39,541
85 to 89	0	1	2.864	3.059	13,550	14,472	14,472
90 & Over	0	0	3.010	3.215	14,240	15,210	0
Total	52	27					764,253

ALL RETIREES AND SPOUSES - MEDICARE ELIGIBLE (non-GIC)

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
65 to 69	38	40	2.168	2.316	4,016	4,016	313,248
70 to 74	30	30	2.396	2.557	4,016	4,016	240,960
75 to 79	28	19	2.593	2.769	4,016	4,016	188,752
80 to 84	20	12	2.724	2.910	4,016	4,016	128,512
85 to 89	10	5	2.864	3.059	4,016	4,016	60,240
90 & Over	5	5	3.010	3.215	4,016	4,016	40,160
Total	131	111					971,872
Grand Totals	536	446					6,343,184

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

E. DEVELOPMENT OF REPRESENTATIVE DENTAL PER CAPITA CLAIMS COSTS

I. CLAIMS COSTS DEVELOPMENT - with Active & Retiree Incurred Premiums

	Per Contract Costs (monthly) - FY 2014		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Dental Plan	N/A		N/A
	FY 2014 Expected Per Person Rate		N/A

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree medical and life insurance benefits;

1. A DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PROGRAM:

- a. Plan Type: Various offerings via Blue Cross Blue Shield of Massachusetts
- b. Administrator: Town of Foxborough
- 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: 50% of premiums. Additionally, all retirees enrolled in a non-Medicare integrated plan as of 8/31/2013 will receive a Health Savings Debit Card with \$500.00 per family plan or \$250.00 per individual plan annually for 3 years.

2. A DESCRIPTION OF THE DENTAL INSURANCE PROGRAM:

- a. Plan Type: Comprehensive Dental Insurance
- b. Administrator: Town of Foxborough
- 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 - \$3,000
- b. Administrator: Town of Foxborough
- c. Eligibility: Same as above
- d. Cost sharing: 50% of premiums.

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)
(continued)

4. RETIREE MEDICAL AND LIFE INSURANCE CONTRIBUTIONS:

Group	Individual	Family
Medical	50% of premiums. The town will issue a \$250 debit card for retirees enrolled in a non-Medicare integrated plan.	50% of premiums. The town will issue a \$500 debit card for retirees enrolled in a non-Medicare integrated plan.
Dental	100% of premiums	100% of premiums
Life	50% of premiums	N/A

5. FUNDING POLICY

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town expects to contribute \$0 beyond the pay-as-you-go. For the 2013 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,142,492. The Town is also projected to make a contribution to an OPEB Trust of \$577,913 for the 2013 fiscal year for a total contribution of \$1,720,405 .

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)
(continued)

6. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Annual Required Contribution	\$3,889,148
Interest on net OPEB obligation	\$744,553
Adjustment to annual required contribution	(\$865,899)
Amortization of Actuarial (Gains) / Losses	(\$1,273,631)
Annual OPEB cost (expense)	\$2,494,171
Contributions made to pay benefits	\$1,142,492
Contributions made to OPEB Trust	\$577,913
Increase in net OPEB obligation	\$773,766
Net OPEB Obligation – beginning of year	\$12,948,753
Net OPEB Obligation – end of year	\$13,722,519

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)
(continued)

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Expected Employer Payments	Percentage of OPEB Cost Contributed	Increase in OPEB Obligation	Net OPEB Obligation
06/30/2015 (est.)	\$2,858,846	\$2,126,390	74.4%	\$732,456	\$15,237,421
06/30/2014 (est.)	\$2,680,368	\$1,891,922	70.6%	\$788,446	\$14,504,965
06/30/2013	\$2,488,171	\$1,720,405	69.1%	\$767,766	\$13,716,519
06/30/2012	\$4,964,542	\$1,642,093	33.1%	\$3,322,449	\$12,948,753
06/30/2011	\$4,655,786	\$1,892,775	40.7%	\$2,763,011	\$9,626,304
06/30/2010	\$5,393,311	\$2,539,819	47.1%	\$2,853,492	\$6,863,293

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
06/30/2015 (est.)	\$4,362,990	\$38,485,407	\$34,055,858	11.3%	\$36,896,513	92.3%
06/30/2014 (est.)	\$3,556,189	\$36,092,116	\$32,485,028	9.9%	\$35,821,857	90.7%
06/30/2013	\$2,816,337	\$33,731,851	\$30,915,514	8.4%	\$34,778,502	88.9%
06/30/2012	\$2,051,867	\$57,875,873	\$55,824,006	3.5%	N/A	N/A
06/30/2011	\$1,904,024	\$54,227,260	\$52,323,236	3.5%	\$30,785,506	176.1%
06/30/2010	\$0	\$70,405,256	\$70,405,256	0.0%	N/A	N/A

EXHIBIT A

Financial Statement Disclosure

(As of June 30, 2013)

(continued)

Fiscal Year Ending June 30, 2013							
	<u>Town Employees and Retirees</u>	<u>School Employees and Retirees</u>	<u>Sewer Employees and Retirees</u>	<u>Water Employees and Retirees</u>	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
OPEB obligation at beginning of year	2,972,038	9,690,636	57,336	228,743	12,662,674	286,079	12,948,753
Annual Required Contribution	871,677	2,903,437	37,546	76,488	3,775,114	114,034	3,889,148
Interest on Net OPEB Obligation	170,892	557,211	3,297	13,153	728,103	16,450	744,553
Adjustment to the ARC	(198,744)	(648,024)	(3,835)	(15,296)	(846,768)	(19,131)	(865,899)
Amortization of Actuarial (Gains)/Losses	<u>(302,684)</u>	<u>(931,928)</u>	<u>(10,185)</u>	<u>(28,834)</u>	<u>(1,234,612)</u>	<u>(39,019)</u>	<u>(1,273,631)</u>
Annual OPEB Cost	541,141	1,880,696	26,823	45,511	2,421,837	72,334	2,494,171
Total Expected Employer Payments	392,748	1,272,895	8,446	46,316	1,665,643	54,762	1,720,405
Increase in OPEB Obligation	148,393	607,801	18,377	(805)	756,194	17,572	773,766
OPEB obligation at end of year	3,120,431	10,298,437	75,713	227,938	13,418,868	303,651	13,722,519
APBO at beginning of year	8,016,499	24,681,941	269,753	763,658	32,698,440	1,033,411	33,731,851

Fiscal Year Ending June 30, 2014							
	<u>Town Employees and Retirees</u>	<u>School Employees and Retirees</u>	<u>Sewer Employees and Retirees</u>	<u>Water Employees and Retirees</u>	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
OPEB obligation at beginning of year	3,120,431	10,298,437	75,713	227,938	13,418,868	303,651	13,722,519
Annual Required Contribution	900,500	2,999,439	38,787	79,017	3,899,939	117,804	4,017,743
Interest on Net OPEB Obligation	181,025	590,250	3,492	13,933	771,275	17,425	788,700
Adjustment to the ARC	(210,528)	(686,446)	(4,062)	(16,203)	(896,974)	(20,265)	(917,239)
Amortization of Actuarial (Gains)/Losses	<u>(289,458)</u>	<u>(882,148)</u>	<u>(9,392)</u>	<u>(27,838)</u>	<u>(1,171,606)</u>	<u>(37,230)</u>	<u>(1,208,836)</u>
Annual OPEB Cost	581,539	2,021,095	28,825	48,909	2,602,634	77,734	2,680,368
Total Expected Employer Payments	431,903	1,399,797	9,288	50,934	1,831,700	60,222	1,891,922
Increase in OPEB Obligation	149,636	621,298	19,537	(2,025)	770,934	17,512	788,446
OPEB obligation at end of year	3,270,067	10,919,735	95,250	225,913	14,189,802	321,163	14,510,965
APBO at beginning of year	8,577,425	26,408,971	288,628	817,092	34,986,396	1,105,720	36,092,116

EXHIBIT A

Financial Statement Disclosure

(As of June 30, 2013)

(continued)

7. FUNDED STATUS AND FUNDING PROGRESS

As of June 30, 2013, the most recent valuation date, the plan was 8.35% funded. The actuarial liability for benefits was \$33,731,851, and the actuarial value of assets was \$2,816,337, resulting in an unfunded actuarial accrued liability (UAAL) of \$30,915,514. The covered payroll (annual payroll of active employees covered by the plan) was \$ 34,778,502 and the ratio of the UAAL to the covered payroll was 88.9%.

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 annual required 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 actuarial accrued liabilities for benefits.

8. EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to \$43,314,218 or by 28.4% and the corresponding Normal Cost would increase to \$2,190,906 or by 42.2%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Actuarial Accrued Liability would decrease to \$25,970,855 or by 23.0% and the corresponding Normal Cost would decrease to \$1,040,221 or by 32.5%.

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)
(continued)

9. 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: Projected Unit Credit
Investment Rate of Return: 5.75% per annum (previously 5.75%)
Healthcare Trend Rates

<u>Year</u>	<u>Medical</u>
FY 2008	11.0%
FY 2009	10.0%
FY 2010	9.0%
FY 2011	8.0%
FY 2012	7.0%
FY 2013	6.0%
FY 2014	5.0%
FY 2015	5.0%

General Inflation Assumption: 2.50% per annum
Annual Compensation Increases: 3.00% per annum
Actuarial Value of Assets: Market Value
Amortization of UAAL: Amortized increasing at 4.00% per year over 30 years at transition
Remaining Amortization Period: 26 years at June 30, 2013

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)
(continued)

10. Remaining Amortization Bases

The initial Actuarial Accrued Liability as of the date GASB 45 was adopted is amortized as a component of the Annual Required Contribution ("ARC"). The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period with amortization payments increasing at 4.00% per year. For years subsequent to the initial adoption of GASB 45, cumulative gains/losses are amortized on a level dollar basis over a 30 year period. Gains and losses arise from experience and contribution deficiencies and excess contributions in relation to each year's ARC under GASB 45.

Changes in Unfunded Actuarial Liability Since Prior Valuation
--

Expected Unfunded Actuarial Liability

1. Actuarial Accrued Liability at prior valuation date	54,227,260
2. Actuarial Value of Assets at prior valuation date	<u>1,904,024</u>
3. Unfunded Actuarial Accrued Liability at prior valuation date [1. - 2.]	52,323,236
4. Normal Cost for prior periods	4,788,946
5. Employer Contributions for prior periods	(3,534,868)
6. Interest to current valuation date	<u>6,492,102</u>
7. Expected Actuarial Accrued Liability [3. + 4. + 5. + 6.]	60,069,416

Actual Unfunded Actuarial Liability

8. Actuarial Accrued Liability at current valuation date	33,731,851
9. Actuarial Value of Assets at current valuation date	<u>2,816,337</u>
10. Unfunded Actuarial Accrued Liability at current valuation date [8. - 9.]	30,915,514

Net Actuarial (Gain) / Loss from Plan Experience [10. - 7.] **(29,153,902)**

11. Unfunded Actuarial Accrued Liability at current valuation date [10.]	30,915,514
12. Remaining Initial Unfunded to be amortized	<u>49,961,557</u>
13. Actuarial (Gain) / Loss to be amortized: [11. - 12.]	(19,046,043)

EXHIBIT A

Financial Statement Disclosure
(As of June 30, 2013)
(continued)

Amortization of Initial Unfunded and Plan Experience under GASB 45						
Date Established	Description	Initial Amount	Initial Amortization Period	Remaining Balance at Valuation Date	Remaining Amortization Period	Annual Amortization Payment
July 1, 2008	GASB 45 Liability	62,192,355	30	49,961,557	26	2,348,847
July 1, 2012	Cumulative (Gain) / Loss	(19,046,043)	30	(19,046,043)	30	(1,273,631)
July 1, 2012	Adjustment to ARC	(12,948,753)	30	(12,948,753)	30	(865,898)
Total				17,966,761		209,318

11. Recognition of OPEB trust assets

The State of Massachusetts has recently passed legislation allowing municipal entities to establish a trust for Other Than Postemployment Benefits ("OPEB") under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 45. To the best of our knowledge, Town of Foxborough has established an irrevocable trust for the purposes of prefunding liabilities under GASB 45.

EXHIBIT A

Financial Statement Disclosure

(As of June 30, 2013)

(continued)

12. 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, 2017 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 basic dollar amount for 2018 is \$10,200 for single coverage and \$27,500 for family coverage and the "kicker" amount for 2018 is \$1,650 for single coverage and \$3,450 for family coverage.

The excise tax liability will vary significantly over time as it is highly leveraged with the basic amount increased with general CPI and medical costs increasing with medical trend (generally higher). For purposes of the fiscal year ending June 30, 2013, the APBO for the excise tax is \$453,331 and the increase in annual OPEB Cost is \$47,985. As more regulatory guidance becomes available, the calculation of the excise tax liability will evolve.

EXHIBIT A

Financial Statement Disclosure

(As of June 30, 2013)

(continued)

13. Impact of Section 9A1/2 of M.G.L. Chapter 32B

For employees who retire on or after January 1, 2011 whenever a retired employee or beneficiary receives a healthcare premium contribution from a governmental unit in a case where a portion of the retiree's creditable service is attributable to service in 1 or more other governmental units, the first governmental unit shall be reimbursed in full, in accordance with this paragraph, by the other governmental units for the portion of the premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable to each governmental unit. The other governmental units shall be charged based on their own contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of the valuation we have not attempted to value the impact of prior governmental service at other entities in the State of Massachusetts for current employees of the Town of Foxborough nor have we attempted to value the impact of prior Town of Foxborough employees currently working at other governmental entities in the State of Massachusetts.

EXHIBIT B

Reconciliation of Plan Participation
(As of June 30, 2013)

ACTIVE EMPLOYEES

	<u>June 30, 2013</u>	<u>June 30, 2011</u>
A. Average Age at Hire	36.68	37.00
B. Average Service	10.50	10.50
C. Average Current Age	47.18	47.50

EXHIBIT C

Projected Cash Flows (Open Group) – Partial Funding Approach

Total Medical, Dental & Life Insurance - Partial Funding - 5.75% discount rate

Fiscal Year	Total APBO	Normal Cost	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Amortization of Actuarial (Gain) / Loss	Expected Annual OPEB Cost	OPEB Obligation as of June 30	Employer Share of Premiums / Claims	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
2013	33,731,851	1,540,301	2,334,075	739,870	(860,454)	(1,265,621)	2,488,171	12,948,753	1,142,492	577,913	2,816,337	30,915,514
2014	36,092,116	1,590,305	2,427,438	788,700	(917,239)	(1,208,836)	2,680,368	13,716,519	1,289,602	602,320	3,556,189	32,485,028
2015	38,485,407	1,626,349	2,524,536	834,036	(969,964)	(1,156,111)	2,858,846	14,504,965	1,426,390	700,000	4,362,990	34,055,858
2016	40,909,774	1,665,785	2,625,518	876,152	(1,018,944)	(1,107,131)	3,041,380	15,237,421	1,426,390	800,000	5,313,862	35,509,561
2017	43,361,000	1,706,162	2,730,539	914,583	(1,063,638)	(1,062,437)	3,225,209	16,489,650	1,741,355	900,000	6,419,409	36,830,534
2018	45,817,041	1,762,039	2,839,761	948,155	(1,102,682)	(1,023,393)	3,423,880	17,052,952	1,860,578	1,000,000	7,688,525	37,986,957
2019	48,347,316	1,818,517	2,953,351	980,544	(1,140,351)	(985,724)	3,626,337	17,544,929	2,034,360	1,100,000	9,130,615	39,038,267
2020	50,899,032	1,883,969	3,071,485	1,008,834	(1,173,249)	(952,826)	3,838,213	18,005,876	2,177,267	1,200,000	10,755,625	39,920,430
2021	53,515,963	1,966,399	3,194,344	1,035,337	(1,204,074)	(922,001)	4,070,005	18,470,933	2,304,948	1,300,000	12,574,073	40,665,722
2022	56,235,116	2,054,129	3,322,117	1,062,079	(1,235,173)	(890,902)	4,312,250	18,930,858	2,452,325	1,400,000	14,597,082	41,298,997
2023	59,047,770	2,153,196	3,455,001	1,088,525	(1,265,928)	(860,147)	4,570,647	19,397,210	2,604,294	1,500,000	16,836,414	41,798,420
2024	61,965,980	2,253,650	3,593,200	1,115,340	(1,297,114)	(828,961)	4,836,115	19,842,266	2,791,060	1,600,000	19,304,508	42,162,302
2025	64,960,757	2,359,340	3,736,928	1,140,930	(1,326,875)	(799,200)	5,111,123	20,312,312	2,941,078	1,700,000	22,014,517	42,346,883
2026	68,081,274	2,478,550	3,886,406	1,167,958	(1,358,308)	(767,767)	5,406,839	20,766,291	3,152,860	1,800,000	24,980,352	42,387,583
2027	71,282,956	2,608,551	4,041,863	1,194,062	(1,388,666)	(737,310)	5,718,500	21,223,537	3,361,254	1,900,000	28,216,722	42,223,992
2028	74,585,742	2,750,880	4,203,537	1,220,353	(1,419,243)	(706,145)	6,049,382	21,732,954	3,539,965	2,000,000	31,739,184	41,859,333
2029	78,040,008	2,898,178	4,371,679	1,249,645	(1,453,308)	(671,536)	6,394,658	22,300,068	3,727,544	2,100,000	35,564,187	41,327,167
2030	81,650,301	3,053,593	4,546,546	1,282,254	(1,491,232)	(633,118)	6,758,043	22,907,842	3,950,269	2,200,000	39,709,128	40,613,987
2031	85,397,203	3,220,108	4,728,409	1,317,201	(1,531,874)	(592,038)	7,141,806	23,624,058	4,125,590	2,300,000	44,192,403	39,687,560
2032	89,349,996	3,389,428	4,917,545	1,358,384	(1,579,767)	(543,772)	7,541,818	24,446,173	4,319,703	2,400,000	49,033,466	38,600,170
2033	93,503,938	3,566,766	5,114,246	1,405,655	(1,634,744)	(488,492)	7,963,431	25,362,926	4,546,678	2,500,000	54,252,890	37,327,170
2034	97,844,200	3,749,459	5,318,816	1,458,368	(1,696,048)	(426,962)	8,403,633	26,419,224	4,747,334	2,600,000	59,872,431	35,832,628
2035	102,414,990	3,933,743	5,531,569	1,519,105	(1,766,684)	(356,183)	8,861,550	27,612,369	4,968,406	2,700,000	65,915,096	34,140,251
2036	107,209,695	4,115,574	5,752,832	1,587,711	(1,846,471)	(276,342)	9,333,304	28,911,272	5,234,401	2,800,000	72,405,214	32,218,363
2037	112,191,171	4,300,907	5,982,946	1,662,398	(1,933,329)	(189,523)	9,823,399	30,342,362	5,492,309	2,900,000	79,368,514	30,012,685
2038	117,382,255	4,489,202	6,222,264	1,744,686	(2,029,028)	(93,961)	10,333,163	31,862,500	5,813,025	3,000,000	86,832,204	27,512,809
2039	122,731,834	4,682,658	0	1,832,093	(2,130,682)	7,453	4,391,522	26,982,231	6,171,791	3,100,000	94,825,056	24,652,029
2040	128,214,227	4,881,004	0	1,951,478	(1,804,333)	(316,131)	4,312,018	21,602,288	6,491,961	3,200,000	103,377,497	21,379,717
2041	133,882,957	5,095,285	0	2,124,132	(1,444,570)	(673,143)	4,219,704	15,675,966	6,846,026	3,300,000	112,521,703	17,717,559
2042	139,729,818	5,320,436	0	901,368	(1,048,270)	(1,066,712)	4,106,822	9,192,409	7,190,379	3,400,000	122,291,701	13,628,701
2043	145,786,861	5,562,944	0	528,564	(614,706)	628,509	6,105,311	4,344,411	7,453,308	3,500,000	132,723,474	9,104,071
2044	152,170,546	5,817,789	0	249,803	(290,516)	322,731	6,099,807	(927,651)	7,771,869	3,600,000	143,855,074	4,206,654

EXHIBIT D

Projected Cash Flows (Open Group) - Funded Approach

Total Medical, Dental & Life Insurance - Funding over 30 years at 8.00% discount rate using current funding schedule

Fiscal Year	Total APBO	Normal Cost	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Amortization of Actuarial (Gain) / Loss	Expected Annual OPEB Cost	OPEB Obligation as of June 30	Employer Share of Premiums / Claims	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
								12,774,731				
2013	25,216,081	1,009,170	2,959,940	1,029,385	(1,058,306)	(2,266,894)	1,677,170	12,771,659	1,142,492	577,913	2,816,337	22,399,744
2014	26,787,756	1,020,350	3,078,337	1,021,732	(1,050,438)	(2,274,762)	1,819,135	12,643,280	1,289,602	602,320	3,619,557	23,168,199
2015	28,639,984	1,040,963	3,201,470	1,011,462	(1,039,879)	(2,285,321)	1,954,339	12,412,634	1,426,390	700,000	4,511,442	24,128,542
2016	30,514,921	1,062,754	3,329,529	993,010	(1,020,909)	(2,304,291)	2,087,574	12,065,445	1,573,005	800,000	5,572,357	24,942,564
2017	32,405,674	1,084,126	3,462,709	965,235	(992,354)	(2,332,846)	2,216,216	11,575,304	1,741,355	900,000	6,818,146	25,587,528
2018	34,288,320	1,116,319	3,601,217	926,024	(952,041)	(2,373,159)	2,349,777	10,996,886	1,860,578	1,000,000	8,263,598	26,024,722
2019	36,228,548	1,148,212	3,745,265	879,751	(904,467)	(2,420,733)	2,481,590	10,272,963	2,034,360	1,100,000	9,924,686	26,303,862
2020	38,170,864	1,185,625	3,895,076	821,837	(844,926)	(2,480,274)	2,613,253	9,434,055	2,177,267	1,200,000	11,818,661	26,352,203
2021	40,155,141	1,235,390	4,050,880	754,724	(775,928)	(2,549,272)	2,754,244	8,504,444	2,304,948	1,300,000	13,964,154	26,190,987
2022	42,213,826	1,288,046	4,212,915	680,355	(699,470)	(2,625,730)	2,897,265	7,466,207	2,452,325	1,400,000	16,381,286	25,832,540
2023	44,335,211	1,348,824	4,381,431	597,296	(614,077)	(2,711,123)	3,046,354	6,320,705	2,604,294	1,500,000	19,091,789	25,243,422
2024	46,527,863	1,409,854	4,556,688	505,656	(519,863)	(2,805,337)	3,194,021	5,032,005	2,791,060	1,600,000	22,119,132	24,408,731
2025	48,760,962	1,473,726	4,738,956	402,560	(413,870)	(2,911,330)	3,340,221	3,638,739	2,941,078	1,700,000	25,488,663	23,272,299
2026	51,084,663	1,547,302	4,928,514	291,099	(299,277)	(3,025,923)	3,495,145	2,089,336	3,152,860	1,800,000	29,227,756	21,856,907
2027	53,451,094	1,628,475	5,125,655	167,147	(171,842)	(3,153,358)	3,652,818	389,676	3,361,254	1,900,000	33,365,976	20,085,118
2028	55,875,650	1,719,454	5,330,682	31,174	(32,049)	(3,293,151)	3,816,047	(1,424,539)	3,539,965	2,000,000	37,935,254	17,940,396
2029	58,406,202	1,814,103	5,543,908	(113,963)	117,165	(3,309,970)	4,114,082	(3,226,619)	3,727,544	2,100,000	42,970,074	15,436,128
2030	61,046,170	1,915,390	5,765,664	(258,130)	265,382	(3,309,970)	4,443,778	(5,007,248)	3,950,269	2,200,000	48,507,680	12,538,490
2031	63,787,275	2,025,112	5,996,290	(400,580)	411,835	(3,309,970)	4,790,519	(6,700,832)	4,125,590	2,300,000	54,588,294	9,198,981
2032	66,698,656	2,137,450	6,236,141	(536,067)	551,128	(3,309,970)	5,148,513	(8,315,303)	4,319,703	2,400,000	61,255,358	5,443,298
2033	69,775,991	2,256,151	6,485,587	(665,224)	683,914	(3,309,970)	5,521,851	(9,868,266)	4,546,678	2,500,000	68,555,787	1,220,204
2034	73,003,378	2,378,421	6,745,010	(789,462)	811,642	(3,309,970)	5,908,144	(11,319,784)	4,747,334	2,600,000	76,540,250	(3,536,872)
2035	76,425,436	2,501,922	7,014,810	(905,583)	931,026	(3,309,970)	6,305,175	(12,682,293)	4,968,406	2,700,000	80,295,064	(3,869,628)
2036	80,033,499	2,623,594	7,295,402	(1,014,584)	1,043,089	(3,309,970)	6,710,017	(13,981,651)	5,234,401	2,800,000	84,184,268	(4,150,769)
2037	83,803,266	2,746,991	7,587,218	(1,118,532)	1,149,958	(3,309,970)	7,127,097	(15,209,463)	5,492,309	2,900,000	88,226,700	(4,423,434)
2038	87,744,766	2,871,979	7,890,707	(1,216,757)	1,250,943	(3,309,970)	7,556,523	(16,399,907)	5,813,025	3,000,000	92,371,811	(4,627,045)
2039	91,822,625	2,999,773	0	(1,311,993)	1,348,854	(3,309,970)	(205,813)	(25,694,925)	6,171,791	3,100,000	96,589,765	(4,767,140)
2040	96,012,608	3,129,945	0	(2,055,594)	2,113,347	(3,309,970)	(57,577)	(35,233,428)	6,491,961	3,200,000	100,924,985	(4,912,377)
2041	100,360,203	3,270,349	0	(2,818,674)	2,897,866	(3,309,970)	101,477	(45,036,607)	6,846,026	3,300,000	105,352,958	(4,992,755)
2042	104,854,602	3,417,519	0	(3,602,929)	3,704,154	(3,309,970)	267,736	(55,098,551)	7,190,379	3,400,000	109,890,816	(5,036,214)
2043	109,513,325	3,575,706	0	(4,407,884)	4,531,725	7,615	3,767,006	(62,030,207)	7,453,308	3,500,000	114,628,773	(5,115,448)
2044	114,426,007	3,741,449	0	(4,962,417)	5,101,838	7,615	3,945,356	(69,200,858)	7,771,869	3,600,000	119,527,206	(5,101,199)

EXHIBIT D

Projected Cash Flows (Open Group) - Pay-as-you-go Approach

Total Medical, Dental & Life Insurance - Pay as you go - 3.50% discount rate												
---	--	--	--	--	--	--	--	--	--	--	--	--

Fiscal Year	Total APBO	Normal Cost	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Amortization of Actuarial (Gain) / Loss	Expected Annual OPEB Cost	OPEB Obligation as of June 30	Employer Share of Premiums / Claims	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
								12,948,753				
2013	48,056,313	2,547,370	2,226,858	448,405	(673,025)	(1,022,082)	3,527,526	14,755,874	1,142,492	577,913	2,816,337	45,239,976
2014	51,192,333	2,635,571	2,315,931	516,456	(775,165)	(919,942)	3,772,851	16,636,803	1,289,602	602,320	3,492,822	47,634,848
2015	54,377,143	2,699,184	2,408,568	582,288	(873,976)	(821,131)	3,994,933	19,205,346	1,426,390	0	4,217,391	50,077,111
2016	57,597,686	2,770,558	2,504,910	672,187	(1,008,909)	(686,198)	4,252,548	21,884,889	1,573,005	0	4,365,000	53,142,260
2017	60,854,091	2,845,724	2,605,106	765,971	(1,149,673)	(545,434)	4,521,694	24,665,228	1,741,355	0	4,517,775	56,237,494
2018	64,127,005	2,944,346	2,709,310	863,283	(1,295,731)	(399,376)	4,821,832	27,626,482	1,860,578	0	4,675,897	59,343,240
2019	67,493,151	3,045,092	2,817,682	966,926	(1,451,293)	(243,814)	5,134,593	30,726,715	2,034,360	0	4,839,553	62,536,180
2020	70,901,519	3,160,769	2,930,389	1,075,435	(1,614,157)	(80,950)	5,471,486	34,020,934	2,177,267	0	5,008,937	65,764,951
2021	74,401,486	3,300,960	3,047,605	1,190,733	(1,787,211)	92,104	5,844,191	37,560,177	2,304,948	0	5,184,250	69,078,780
2022	78,036,410	3,450,759	3,169,508	1,314,606	(1,973,137)	278,030	6,239,766	41,347,618	2,452,325	0	5,365,699	72,520,867
2023	81,801,343	3,617,087	3,296,287	1,447,167	(2,172,102)	476,995	6,665,434	45,408,758	2,604,294	0	5,553,498	76,086,016
2024	85,712,631	3,786,575	3,428,139	1,589,307	(2,385,444)	690,337	7,108,914	49,726,612	2,791,060	0	5,747,870	79,790,368
2025	89,742,984	3,965,612	3,565,265	1,740,432	(2,612,272)	917,165	7,576,202	54,361,736	2,941,078	0	5,949,045	83,606,361
2026	93,944,949	4,164,480	3,707,876	1,902,661	(2,855,769)	1,160,662	8,079,910	59,288,786	3,152,860	0	6,157,262	87,586,628
2027	98,280,159	4,379,644	3,856,192	2,075,108	(3,114,598)	1,419,491	8,615,837	64,543,369	3,361,254	0	6,372,766	91,692,568
2028	102,773,999	4,611,191	4,010,439	2,259,018	(3,390,637)	1,695,530	9,185,541	70,188,945	3,539,965	0	6,595,813	95,949,341
2029	107,479,861	4,850,701	4,170,856	2,456,613	(3,687,214)	1,992,107	9,783,063	76,244,464	3,727,544	0	6,826,666	100,410,226
2030	112,404,181	5,101,124	4,337,690	2,668,555	(4,005,327)	2,310,220	10,412,262	82,706,457	3,950,269	0	7,065,599	105,081,457
2031	117,529,763	5,367,809	4,511,197	2,894,727	(4,344,793)	2,649,686	11,078,626	89,659,493	4,125,590	0	7,312,895	109,946,339
2032	122,929,003	5,638,271	4,691,645	3,138,082	(4,710,054)	3,014,947	11,772,891	97,112,681	4,319,703	0	7,568,846	115,077,218
2033	128,596,339	5,920,686	4,879,310	3,398,944	(5,101,590)	3,406,483	12,503,833	105,069,836	4,546,678	0	7,833,756	120,468,195
2034	134,519,361	6,213,324	5,074,483	3,677,444	(5,519,601)	3,824,494	13,270,144	113,592,646	4,747,334	0	8,107,937	126,106,519
2035	140,744,838	6,509,876	5,277,462	3,975,742	(5,967,327)	4,272,220	14,067,973	122,692,213	4,968,406	0	8,391,715	132,038,781
2036	147,266,330	6,805,335	5,488,561	4,294,228	(6,445,351)	4,750,244	14,893,017	132,350,829	5,234,401	0	8,685,425	138,258,024
2037	154,046,664	7,109,533	5,708,104	4,632,278	(6,952,745)	5,257,638	15,754,808	142,613,328	5,492,309	0	8,989,415	144,727,336
2038	161,112,123	7,421,387	5,936,428	4,991,466	(7,491,861)	5,796,754	16,654,174	153,454,477	5,813,025	0	9,304,045	151,471,989
2039	168,415,753	7,743,877	0	5,370,906	(8,061,377)	6,366,270	11,419,676	158,702,362	6,171,791	0	9,629,687	158,445,531
2040	175,937,500	8,078,314	0	5,554,583	(8,337,061)	6,641,954	11,937,790	164,148,191	6,491,961	0	9,966,726	165,627,666
2041	183,737,187	8,439,560	0	5,745,187	(8,623,146)	6,928,039	12,489,640	169,791,805	6,846,026	0	10,315,561	173,077,593
2042	191,817,296	8,819,867	0	5,942,713	(8,919,620)	7,224,513	13,067,473	175,668,899	7,190,379	0	10,676,606	180,797,488
2043	200,217,476	9,229,508	0	6,148,412	(9,228,360)	9,228,360	15,377,920	183,593,511	7,453,308	0	11,050,287	188,826,023
2044	209,063,455	9,660,907	0	6,425,773	(9,644,660)	9,644,660	16,086,680	191,908,322	7,771,869	0	11,437,047	197,287,450

EXHIBIT E

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.

Actuarial Value of Assets - The value of cash, investments, other assets and property belonging to an OPEB trust, pension fund or similar entity, as used by the actuary for the purpose of actuarial valuation. Some funds may be restricted for other purposes, and "smoothing" of investment gains and losses often make the actuarial value of assets different from the market value of assets.

Annual Required Contribution - Normal Cost plus an amortization of the funding shortfall over a period of no more than 30 years.

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

Discount Rate - The interest rate used to calculate present value of a series of future cash flows. Under GASB 45, the rate should be "long term expected yield on the investments that are expected to be used to pay benefits as they come due. These would be plan investments for a funded plan, the employer's investments for a pay as you go plan [e.g. short term county investment pool], or a weighted average of expected plan and employer investments for a plan that is partially funded".

FASB - Financial Accounting Standards Board. "Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting".

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."

GFOA - Government Finance Officers Association. "GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. Approximately 16,000 GFOA members are dedicated to the sound management of government financial resources."

EXHIBIT E

GLOSSARY

(continued)

Implicit Subsidy - “The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have been applicable to those retirees if that benefit was acquired for them as a separate group.”

Irrevocable Contribution - “Irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator. The preceding criteria preclude counting as [irrevocable] contributions (a) designations of net assets of a governmental or proprietary fund to be used for OPEB or (b) internal transfers of assets to a separate governmental or proprietary fund for the same purpose. Rather, such actions should be regarded as earmarking of employer assets.”

Level Dollar Amortization - Funding a shortfall in OPEB assets with equal dollar payments over a designated number of years (no more than 30 years). The present value of the level payments equals the present value of unfunded liabilities, the UAAL.

Level Percent of Payroll Amortization - Funding a shortfall in OPEB assets as a level percent of payroll over a designated number of years (no more than 30 years). The present value of the payments equals the present value of unfunded liabilities, the UAAL. Level percent of payroll typically has lower payments in the early years than level dollar amortization. When using level payroll amortization, employee count is assumed to be constant, and the payroll differences arise from overall wage trends.

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

OPEB - Other Post Employment Benefits

OPEB Trust - An entity other than a pension or retirement system which manages OPEB assets. In many respects it is similar to a pension fund for OPEB. For reasons detailed in GASB 45, contributions to an OPEB trust should be irrevocable in order to obtain the most favorable accounting treatment.

EXHIBIT E

GLOSSARY

(continued)

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.

POB - Pension Obligation Bond. Generally yielding taxable interest, POBs are issued to help fund a previously unfunded or underfunded pension liability.

UAAL - Unfunded Accrued Actuarial Liability. Actuarial Accrued Liability minus the Actuarial Value of Assets.