

# Town of Ulysses

## Other Post-Employment Benefits

### GASB Statement No. 75 Annual Report

*as of January 1, 2020*

For reporting date:

December 31, 2020

Prepared by:



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120 Walton Street, Suite 601  
Syracuse, NY 13202

October 19, 2020

Ms. Nancy Zahler  
Supervisor  
Town of Ulysses  
10 Elm Street  
Trumansburg, NY 14886

Re: Retiree Medical Expense and Liability Calculations under GASB No. 75

Dear Ms. Zahler:

Presented in this report is information to assist the employer in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 75. The information presented is for the period ending December 31, 2020.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. The actuaries involved in this engagement are members of the Society of Actuaries and other professional actuarial organizations and meet the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” to render the actuarial opinion outlined herein.

The results of our calculations were based upon plan data submitted as of January 1, 2020 and financial data as of January 1, 2020 (The Measurement Date). We will need to perform a new valuation as of January 1, 2022 to determine the Net OPEB Liability and related Disclosures for the Fiscal Years ending December 31, 2022 and December 31, 2023.

We relied upon underlying records and/or summaries prepared by the responsible officer or employees of the organization and have reviewed this information for reasonableness, but have not audited it. The accuracy of the results is dependent upon the accuracy and completeness of the underlying information which is the responsibility of those who supply the data.

The calculations reported herein have been made on a basis consistent with our understanding of GASB Statement No 75), **Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**. Determinations for purposes other than meeting the employer’s financial accounting requirements may be significantly different from the results reported.

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Please keep in mind that future actuarial valuation results may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law.

I, the undersigned, am a Consulting Actuary for Armory Associates, LLC, am a member of the American Academy of Actuaries and meet the Qualification Standards of the Academy to render the actuarial opinion contained herein. To the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principals which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

Respectfully submitted,



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Damon R. Hacker, ASA, MAAA  
Executive Vice President  
Armory Associates, LLC



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Michael A. Stark, ASA  
Member of the American Academy of Actuaries

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>SECTION 1: SUMMARY OF PRINCIPAL RESULTS .....</b>	<b>1</b>
<b>SECTION 2: INTRODUCTION .....</b>	<b>2</b>
<b>SECTION 3: NET OPEB LIABILITY .....</b>	<b>4</b>
<b>SECTION 4: CALCULATION OF OPEB EXPENSE .....</b>	<b>5</b>
<b>SECTION 5: DEFERRED OUTFLOWS/INFLOWS .....</b>	<b>9</b>
<b>ADDENDUM A: ACTUARIAL ASSUMPTIONS AND METHODS.....</b>	<b>10</b>
<b>ADDENDUM B: PLAN PROVISIONS.....</b>	<b>18</b>
<b>ADDENDUM C: REQUIRED SUPPLEMENTARY INFORMATION.....</b>	<b>21</b>
<b>ADDENDUM D: DEFERRED INFLOWS &amp; OUTFLOWS OF RESOURCES.....</b>	<b>22</b>
<b>ADDENDUM E: GASB 75 TERMINOLOGY.....</b>	<b>23</b>

**SECTION 1: SUMMARY OF PRINCIPAL RESULTS**

Town of Ulysses provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services.

**Town of Ulysses**  
**GASB Statement No. 75 Required Information**  
*For Reporting Date December 31, 2020*

**Summary of Principal Results**

<b>Valuation Date:</b>	January 1, 2020
<b>Measurement Date:</b>	January 1, 2020
<b>Reporting Date:</b>	December 31, 2020
<b>Membership Data:</b>	
Retirees and Survivors	7
Terminated Vested Employees	0
Actives	<u>12</u>
Total	19
<b>Municipal Bond Index Rate:</b>	2.74%
<b>Present Value of Total Future Liability</b>	\$1,882,075
<b>Net OPEB Liability:</b>	
Total OPEB Liability (TOL)	\$1,140,620
Fiduciary Net Position (FNP)	<u>\$0</u>
Net OPEB Liability (NOL=TOL-FNP)	\$1,140,620
FNP as a percentage of TOL	0%
<b>OPEB Expense:</b>	\$81,236
<b>Deferred Outflows of Resources:</b>	\$217,225
<b>Deferred Inflows of Resources:</b>	\$190,597

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## SECTION 2: INTRODUCTION

Armory Associates, LLC is very pleased to be working with Town of Ulysses. Town of Ulysses contracted with Armory Associates, LLC to assist in the determination of the present liability for postemployment medical insurance costs for the entire medical plan membership of Town of Ulysses. This analysis has been completed in accordance with GASB Statement No. 75; Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

This report, prepared as of January 1, 2020 (the Measurement Date), presents information to assist Town of Ulysses in meeting the requirements of GASB 75 for the fiscal year ending December 31, 2020 (Reporting Date). Most of the material provided, except as indicated later in this report, is based on the data, assumptions, and results of the actuarial valuation as of January 1, 2020. The sections that follow provide the results of all the necessary calculations, as well as additional disclosure items needed as Required Supplementary Information (RSI) or for required financial statement footnotes.

The new GASB 75 requirements represent a significant departure from the requirements of the prior statement GASB 45. Four major changes with GASB 75 are:

1. The employer must now recognize the entire Unfunded Actuarial Accrued Liability (Net OPEB Liability) on its balance sheet. No more amortization of the liability over a 30 year period.
2. The discount rate is now an input tied to a 20-year tax-exempt general obligation municipal bond rated AA/Aa (or equivalent) or higher as of the Measurement Date. The discount rate and the corresponding liability must be updated annually even if in an Interim Year.
3. Only one Actuarial Cost Method is allowed; Entry Age Normal (EAN) as a level percentage of payroll.
4. Most changes in the total OPEB liability will be recognized immediately for the current reporting period as OPEB Expense.

OPEB Expense includes amounts for service cost (the Normal Cost under EAN for the year), interest on the Total OPEB Liability, changes in benefit plan provisions, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the Town of Ulysses membership as of the Measurement Date. The development of the collective OPEB Expense is shown in Section 4.

The unamortized portions of each year's experience and assumption changes are used to develop deferred inflows and outflows, which also must be included on the employer's financial statement. The development of the collective deferrals is shown in Section 5.

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; Statement 75 extends this practice to all other post-employment benefits.

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 will an employee be eligible for post-employment benefits and when will the post-employment benefits start?
- Health care cost inflation and claim cost assumptions: When an employee begins receiving post-employment benefits, how much will be paid each year and how quickly will the costs grow?
- Mortality assumptions: 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 dollar?

Since the liability is being recognized over the employee's entire career with Town of Ulysses, the present value is divided into three pieces: the part that is attributed to past years (the Total OPEB 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).

One of the most important foundational concepts to keep in mind throughout this analysis is that postemployment liabilities are being impacted by the fact that people are retiring earlier in life and living longer lives. With the retirement age as early as fifty-five (55) years old in the public sector and with people routinely living into their nineties (90's), employers are having to utilize a greater portion of their operating budget each year to account for the extending periods of time in which benefit expenses are incurred.

The motives behind such identification and funding of this liability is threefold:

- It is prudent that your business' annual budget recognizes the future financial obligations and/or liabilities associated with all benefits promised to both employees and retirees;
- Awareness of the expected liabilities prevents future budgets from being overburdened with the financial obligations associated with the cost of retiree benefits; and
- A sufficient system for funding postemployment benefits safeguards retirees in the unlikely event that the employer becomes no longer a viable entity.

Without the proper legislation in NYS to establish an OPEB Trust Fund, the goal of this process is not necessarily to fund the liability today, but rather to accurately identify the liability and establish a plan to effectively and efficiently manage the liability over time. This process will prepare Town of Ulysses for the financial impact associated with the pressures of providing sufficient postemployment benefits to the employees and retirees.

Should you have any additional questions regarding the information contained herein, please feel free to contact us at our offices by phone at (315) 752-0060. We would like to thank Town of Ulysses for this opportunity to serve as your consultant and we look forward to continuing a mutually beneficial relationship for many years to come.

**SECTION 3: NET OPEB LIABILITY**

The Net OPEB Liability is equal to the Total OPEB Liability minus the Fiduciary Net Position. Since Town of Ulysses operates the OPEB Plan on a pay-as-you-go basis the Fiduciary Net Position is \$0.

January 1, 2020	
Total OPEB Liability	\$1,140,620
Fiduciary Net Position	0
Net OPEB Liability	<u>\$1,140,620</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	0%
Covered Payroll over Measurement Period	\$442,879
Net OPEB Liability as a percentage of covered employee payroll	258%

The following table details the changes in the Net OPEB Liability from the beginning to the end of the measurement year.

**Changes in the Net OPEB Liability**

Total OPEB Liability	
<b>Balance at 01/01/2019</b>	<u>\$1,062,364</u>
<b>Changes for the year:</b>	
Service Cost	39,083
Interest Cost	44,414
Changes in benefit terms	0
Differences between expected and actual experience	(141,008)
Changes in assumptions and other inputs	172,091
Benefit Payments (including implicit subsidy)	<u>(36,324)</u>
<b>Net Changes</b>	<u>78,256</u>
<b>Balance at 01/01/2020</b>	\$1,140,620



Changes of assumptions and other inputs reflects a change in the discount rate from 4.10% on January 1, 2019 to 2.74% on January 1, 2020, and other changes as described in Section 4.

In addition to the results in the above table, the sensitivity of the Net OPEB Liability to changes in the discount rate and healthcare trend rate must be disclosed.

***Sensitivity of the total OPEB liability to changes in the discount rate:*** The following presents the Total OPEB Liability of the Town, as well as what the Town's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.74%) or 1-percentage point higher (3.74%) than the current discount rate:

	<b>1% Decrease 1.74%</b>	<b>Current 2.74%</b>	<b>1% Increase 3.74%</b>
Total OPEB Liability	\$1,316,694	\$1,140,620	\$996,748

***Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:*** The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$986,318	\$1,140,620	\$1,332,633

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## SECTION 4: CALCULATION OF OPEB EXPENSE

As previously noted, the OPEB Expense consists of a number of different items. GASB 75 refers to the first as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the beginning of year Total OPEB Liability at the 4.10% discount rate as of the previous Measurement Date.

The next three items refer to any change that occurred in the Total OPEB Liability due to benefit changes, actual experience differences, and assumptions. Benefit changes, which are reflected immediately in the OPEB Expense can be positive, if there is a benefit improvement for existing members, or negative if there is a benefit reduction. Differences in experience and changes in assumptions are spread over the remaining service life of the entire membership. The following changes have been made since the previous Measurement Date:

### Changes to Benefit Terms

- No changes have been made to the benefit terms.

### Changes in Experience

- Demographic (gain)/loss comes from many sources, such as rates of termination, retirement, and election of health care benefits. There are the same number of actives and 1 less retiree in this valuation.
- Between 2018 and 2020, 1 member retired, the same as assumed.
- Between 2018 and 2020, 3 members withdrew, 2 more than assumed.
- Health cost (gain)/loss estimates the effect of actual health cost trend compared with projections in the January 1, 2018 valuation.
- Pre-65 age-adjusted premiums are approximately 1.5% greater than assumed trend. Post-65 age-adjusted premiums are approximately 13% less than assumed trend.
- Premium rates are approximately 2.8% less than assumed trend for pre-65 members and 17% less than assumed trend for post-65 members.

### Changes to Assumptions and Other Inputs

- Updated the mortality tables to the RPH-2014 SOA Mortality Tables adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2019.
- Changed the discount rate from 4.10% to 2.74%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.
- The trend table was updated for 2019.
- Trend rate adjustments made to capture the impact of the PPACA excise tax have been removed.

**Changes in Net OPEB Liability since Prior Measurement Date**

<b>Expected January 1, 2020 Net OPEB Liability</b>	
January 1, 2019 Net OPEB Liability	1,062,364
Service Cost	39,083
2019 Expected Employer Contributions (including implicit subsidy)	(36,324)
Interest Cost (4.1%)	44,414
<b>Expected January 1, 2020 Net OPEB Liability</b>	<b>\$1,109,537</b>
<b>Actual January 1, 2020 Net OPEB Liability</b>	
	<b>\$1,140,620</b>
<b>(Gains)/Losses Recognized Immediately</b>	
Changes to Benefit Terms	0
<b>(Gains)/Losses w/ Recognition over Average Remaining Service Lives (6.32 years)</b>	
Differences between Expected and Actual Experience	(141,008)
Changes to Assumptions and Other Inputs	172,091
<b>Total Actuarial (Gains)/Losses</b>	<b>\$31,083</b>

The current year portions of previously determined experience and assumptions are recognized as deferred outflows and inflows (see Section 5) are included next. The calculation of the OPEB Expense for the measurement period ending January 1, 2020 is shown in the following table.

**OPEB Expense**

Service Cost	\$39,083
Interest on the total OPEB Liability	44,414
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total OPEB Liability	(22,311)
Expensed portion of current-period changes of assumptions	27,230
Recognition of beginning deferred outflows of resources as OPEB expense	7,464
Recognition of beginning deferred inflows of resources as OPEB expense	(14,644)
<b>OPEB Expense:</b>	<b>\$81,236</b>

**SECTION 5: DEFERRED OUTFLOWS/INFLOWS**

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce the OPEB expense they are labeled deferred inflows, and if they will increase the OPEB expense they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive members at the beginning of the measurement period.

Also tracked as deferred outflow of resources are employer contributions made to the OPEB plan as the benefits come due, made subsequent to the measurement date and before the end of the reporting period. These contributions will be recognized in the net OPEB liability calculation in the next measurement period.

The table below provides a summary of the deferred outflows and inflows as of January 1, 2020 (Measurement Date).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$118,697
Changes of assumptions or other inputs	174,043	71,900
Employer contributions subsequent to the measurement date (Expected employer contribution including implicit subsidy)	43,182	0
Total	<u>\$217,225</u>	<u>\$190,597</u>

The amortization period for the beginning of the measurement period is 6.32 years for the average expected remaining service life of members. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as detailed in Addendum D.

Year Ended December 31,	
2021	\$ (2,261)
2022	(2,261)
2023	(2,261)
2024	(2,935)
2025	(8,405)
2026 and Thereafter	1,569

**ADDENDUM A: ACTUARIAL ASSUMPTIONS AND METHODS**

The actuarial assumptions utilized in developing the Total OPEB Liability are outlined in this section. The Total OPEB Liability was determined by an actuarial valuation as of January 1, 2020.

<b>Valuation Date</b>	January 1, 2020
<b>Measurement Date</b>	January 1, 2020
<b>Reporting Date</b>	December 31, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal – Level Percent of Pay
<b>Plan Type</b>	Single Employer Defined Benefit Plan
<b>Discount Rate</b>	2.74%, as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index
<b>Salary Scale</b>	3.5%
<b>Rate of Inflation</b>	2.2%
<b>Mortality - Actives</b>	The RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.
<b>Mortality – Retirees</b>	The RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.
<b>Turnover</b>	Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant in the report titled, <u>Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (June 2019)</u> . Please refer to Exhibits 6-1 through 6-3 for the complete turnover tables.

**Retirement Incidence**

Rates of decrement due to retirement based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (June 2019). Please refer to Exhibits 6-4 through 6-8 for the complete retirement incidence tables.

**Medical Trend**

To Fiscal Year Ending	Healthcare Trend
2020	6.50%
2021	6.25%
2022	6.00%
2023	6.00%
2024	5.86%
2029	5.18%
2034	5.18%
2039	5.18%
2049	4.98%
2059	4.75%
2069	4.42%
2079	3.94%
2089	3.94%

The above trend rates were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model. The short term (first 4 years) trend rates were based on the recent premium rate history for Town of Ulysses. The long-term (after 4 years) trend rates were based on the following assumptions:

- Rate of Inflation: 2.2%
- Rate of Growth in Real Income / GDP per capita: 1.6%
- Extra Trend due to Technology and other factors: 1.3%
- Health Share of GDP Resistance Point: 25%

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical US medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. The above schedule represents a reasonable medical trend projection for the current plan provisions and demographics of the Retiree Healthcare Plan, and no changes to these baseline assumptions are necessary.

**Dental Trend** 4%

**Election Percentage** Upon retirement it is assumed that eligible employees will elect to participate in the Town's OPEB plan at the following rates:

Participant Group	% Electing Coverage
Retiree	100%
Retiree's Spouse	50%
Surviving Spouse	10%

**Marriage Rate** It is assumed that 70% of retirees will be married at the time of their retirement, with the male spouse assumed to be approximately 3 years older than the female.

**Morbidity** To reflect the differences in covered health care expenses due to aging, the post-65 community rated premiums for the Medicare Advantage plan are adjusted by age and gender using the following age-sex factors:

Age	Male	Female
65-69	0.933	0.886
70-74	1.025	0.973
75-79	1.089	1.040
80-84	1.111	1.071
85-89	1.073	1.044
90-94	1.004	0.958
95+	0.931	0.827

The aforementioned age related factors are based on results from Table 5 of "Health Care Costs – From Birth to Death," by Dale Yamamoto, part of the Health Care Cost Institute's Independent Report Series, June 2013.



**Per Capita Costs**

The Town of Ulysses participates in the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) for pre-65 retiree and active employee health insurance coverage. The GTCMHIC is a self-insured plan which currently contracts with Excellus BCBS for hospital, medical, and surgical services and with ProAct for prescription drug administration. The expected health care expenses for pre-65 retirees are based on historical claims data of the Consortium.

The following table presents per capita costs of the plan, including administrative fees, which was used to calculate the actuarial accrued liability:

Age	Age Adjusted Premiums
45-49	\$6,786
50-54	\$8,265
55-59	\$10,367
60-64	\$12,714

The post-65 retiree healthcare plan is a community rated Medicare Advantage plan administered through Excellus. The following table presents the age adjusted premiums of the plan based on stated morbidity rates, including administrative fees, which was used to calculate the actuarial accrued liability:

Age	Age Adjusted Premiums
65-69	\$4,477
70-74	\$4,917
75-79	\$5,241
80-84	\$5,373
85-89	\$5,215
90-94	\$4,829
95+	\$4,316

**Exhibit 6-1: NYSERS Tiers 1-4 Turnover Table**

Age	Years of Service					
	<2	2-2.99	3-3.99	4-4.99	5-5.99	≥10
15	25.066%	12.991%	7.721%	6.550%	4.365%	1.510%
16	25.066%	12.991%	7.721%	6.550%	4.365%	1.510%
17	25.066%	12.991%	7.721%	6.550%	4.365%	1.510%
18	25.066%	12.991%	7.721%	6.550%	4.365%	1.510%
19	25.066%	12.991%	7.721%	6.550%	4.365%	1.510%
20	25.050%	12.991%	7.721%	6.550%	4.365%	1.510%
21	24.783%	12.991%	7.721%	6.550%	4.365%	1.510%
22	24.260%	12.991%	7.721%	6.550%	4.365%	1.510%
23	23.454%	13.701%	9.013%	6.943%	4.456%	1.510%
24	22.346%	14.193%	9.850%	7.243%	4.510%	1.510%
25	20.978%	14.500%	10.279%	7.437%	4.528%	1.510%
26	19.494%	14.689%	10.441%	7.543%	4.516%	1.510%
27	18.113%	14.683%	10.472%	7.601%	4.481%	1.510%
28	17.029%	14.473%	10.452%	7.643%	4.434%	1.510%
29	16.305%	14.055%	10.406%	7.684%	4.386%	1.523%
30	15.870%	13.472%	10.331%	7.712%	4.347%	1.558%
31	15.602%	12.814%	10.215%	7.702%	4.325%	1.618%
32	15.404%	12.190%	10.052%	7.623%	4.328%	1.700%
33	15.239%	11.689%	9.838%	7.454%	4.355%	1.793%
34	15.102%	11.330%	9.573%	7.197%	4.398%	1.877%
35	14.988%	11.073%	9.256%	6.877%	4.439%	1.934%
36	14.874%	10.849%	8.888%	6.536%	4.454%	1.950%
37	14.723%	10.603%	8.481%	6.223%	4.421%	1.921%
38	14.516%	10.318%	8.058%	5.972%	4.332%	1.856%
39	14.261%	10.012%	7.649%	5.793%	4.200%	1.773%
40	13.991%	9.714%	7.283%	5.674%	4.048%	1.692%
41	13.741%	9.446%	6.981%	5.594%	3.905%	1.630%
42	13.530%	9.211%	6.753%	5.535%	3.790%	1.594%
43	13.363%	9.004%	6.595%	5.488%	3.709%	1.582%
44	13.237%	8.819%	6.494%	5.449%	3.655%	1.583%
45	13.150%	8.652%	6.433%	5.413%	3.614%	1.582%
46	13.108%	8.506%	6.395%	5.375%	3.571%	1.561%
47	13.123%	8.382%	6.365%	5.325%	3.515%	1.515%
48	13.199%	8.279%	6.339%	5.260%	3.443%	1.448%
49	13.328%	8.198%	6.316%	5.180%	3.362%	1.374%
50	13.485%	8.135%	6.301%	5.101%	3.283%	1.308%
51	13.633%	8.089%	6.301%	5.038%	3.219%	1.260%
52	13.733%	8.060%	6.320%	5.010%	3.187%	1.229%
53	13.762%	8.048%	6.362%	5.026%	3.199%	1.211%
54	13.721%	8.056%	6.427%	5.086%	3.253%	1.202%
55	13.641%	8.095%	6.520%	5.181%	3.320%	1.198%
56	13.571%	8.188%	6.645%	5.298%	3.337%	1.196%
57	13.573%	8.364%	6.810%	5.424%	3.247%	1.196%
58	13.702%	8.653%	7.024%	5.553%	3.033%	1.196%
59	13.993%	9.081%	7.293%	5.684%	2.720%	1.196%
60	14.448%	9.655%	7.617%	5.821%	2.363%	1.196%
61	15.016%	10.356%	7.985%	5.962%	2.045%	1.196%
62	15.582%	11.118%	8.365%	6.096%	1.874%	1.196%
63	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
64	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
65	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
66	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
67	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
68	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
69	15.971%	11.118%	8.365%	6.096%	1.874%	1.196%
70	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

**Exhibit 6-2: NYSERS Tiers 5-6 Turnover Table**

Age	Years of Service					
	<2	2-2.99	3-3.99	4-4.99	5-5.99	≥10
15	25.066%	12.991%	7.721%	6.550%	2.619%	3.020%
16	25.066%	12.991%	7.721%	6.550%	2.619%	3.020%
17	25.066%	12.991%	7.721%	6.550%	2.619%	3.020%
18	25.066%	12.991%	7.721%	6.550%	2.619%	3.020%
19	25.066%	12.991%	7.721%	6.550%	2.619%	3.020%
20	25.050%	12.991%	7.721%	6.550%	2.619%	3.020%
21	24.783%	12.991%	7.721%	6.550%	2.619%	3.020%
22	24.260%	12.991%	7.721%	6.550%	2.619%	3.020%
23	23.454%	13.701%	9.013%	6.943%	2.674%	3.020%
24	22.346%	14.193%	9.850%	7.243%	2.706%	3.020%
25	20.978%	14.500%	10.279%	7.437%	2.717%	3.020%
26	19.494%	14.689%	10.441%	7.543%	2.710%	3.020%
27	18.113%	14.683%	10.472%	7.601%	2.689%	3.020%
28	17.029%	14.473%	10.452%	7.643%	2.660%	3.020%
29	16.305%	14.055%	10.406%	7.684%	2.632%	3.046%
30	15.870%	13.472%	10.331%	7.712%	2.608%	3.116%
31	15.602%	12.814%	10.215%	7.702%	2.595%	3.236%
32	15.404%	12.190%	10.052%	7.623%	2.597%	3.400%
33	15.239%	11.689%	9.838%	7.454%	2.613%	3.586%
34	15.102%	11.330%	9.573%	7.197%	2.639%	3.754%
35	14.988%	11.073%	9.256%	6.877%	2.663%	3.868%
36	14.874%	10.849%	8.888%	6.536%	2.672%	3.900%
37	14.723%	10.603%	8.481%	6.223%	2.653%	3.842%
38	14.516%	10.318%	8.058%	5.972%	2.599%	3.712%
39	14.261%	10.012%	7.649%	5.793%	2.520%	3.546%
40	13.991%	9.714%	7.283%	5.674%	2.429%	3.384%
41	13.741%	9.446%	6.981%	5.594%	2.343%	3.260%
42	13.530%	9.211%	6.753%	5.535%	2.274%	3.188%
43	13.363%	9.004%	6.595%	5.488%	2.225%	3.164%
44	13.237%	8.819%	6.494%	5.449%	2.193%	3.166%
45	13.150%	8.652%	6.433%	5.413%	2.168%	3.164%
46	13.108%	8.506%	6.395%	5.375%	2.143%	3.122%
47	13.123%	8.382%	6.365%	5.325%	2.109%	3.030%
48	13.199%	8.279%	6.339%	5.260%	2.066%	2.896%
49	13.328%	8.198%	6.316%	5.180%	2.017%	2.748%
50	13.485%	8.135%	6.301%	5.101%	1.970%	2.616%
51	13.633%	8.089%	6.301%	5.038%	1.931%	2.520%
52	13.733%	8.060%	6.320%	5.010%	1.912%	2.458%
53	13.762%	8.048%	6.362%	5.026%	1.919%	2.422%
54	13.721%	8.056%	6.427%	5.086%	1.952%	2.404%
55	13.641%	8.095%	6.520%	5.181%	1.992%	2.396%
56	13.571%	8.188%	6.645%	5.298%	2.002%	2.392%
57	13.573%	8.364%	6.810%	5.424%	1.948%	2.392%
58	13.702%	8.653%	7.024%	5.553%	1.820%	2.392%
59	13.993%	9.081%	7.293%	5.684%	1.632%	2.392%
60	14.448%	9.655%	7.617%	5.821%	1.418%	2.392%
61	15.016%	10.356%	7.985%	5.962%	1.227%	2.392%
62	15.582%	11.118%	8.365%	6.096%	1.124%	2.392%
63	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
64	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
65	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
66	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
67	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
68	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
69	15.971%	11.118%	8.365%	6.096%	1.124%	2.392%
70	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

**Exhibit 6-3: NYSERS Tier 1 Retirement Incidence Table**

Age	Years of Service		
	< 20	20-29.99	>= 30
55	16.985%	34.977%	77.499%
56	9.286%	13.929%	26.808%
57	7.541%	11.619%	23.320%
58	9.055%	12.956%	21.587%
59	10.371%	15.469%	21.164%
60	10.331%	17.394%	21.365%
61	13.785%	21.229%	24.184%
62	19.152%	34.528%	35.390%
63	15.155%	25.017%	23.024%
64	17.236%	29.052%	23.115%
65	22.845%	29.262%	26.254%
66	23.898%	31.788%	26.292%
67	19.844%	28.362%	22.238%
68	15.865%	31.095%	20.547%
69	19.512%	26.244%	18.605%
70	100.000%	100.000%	100.000%

**Exhibit 6-4: NYSERS Tier 2,3,4 Retirement Incidence Table**

Age	Years of Service		
	< 20	20-29.99	>= 30
55	5.709%	9.699%	49.644%
56	3.790%	5.833%	18.949%
57	3.798%	6.138%	19.353%
58	4.130%	6.845%	18.667%
59	4.706%	7.568%	20.626%
60	5.402%	8.467%	21.232%
61	8.467%	18.948%	25.166%
62	14.854%	37.678%	34.932%
63	11.136%	24.518%	26.016%
64	12.653%	24.300%	22.955%
65	16.595%	28.931%	22.940%
66	18.398%	32.495%	26.979%
67	16.206%	27.929%	25.803%
68	15.145%	27.447%	22.906%
69	15.375%	26.557%	24.605%
70	100.000%	100.000%	100.000%

**Exhibit 6-5: NYSERS Tier 5 Retirement Incidence Table**

Age	Years of Service		
	< 20	20-29.99	>= 30
55	4.567%	7.759%	9.699%
56	3.032%	4.666%	5.833%
57	3.038%	4.910%	6.138%
58	3.304%	5.476%	6.845%
59	3.765%	6.054%	7.568%
60	4.322%	6.774%	8.467%
61	6.774%	15.158%	18.948%
62	34.854%	47.678%	42.932%
63	11.136%	24.518%	26.016%
64	12.653%	24.300%	22.955%
65	16.595%	28.931%	22.940%
66	18.398%	32.495%	26.979%
67	16.206%	27.929%	25.803%
68	15.145%	27.447%	22.906%
69	15.375%	26.557%	24.605%
70	100.000%	100.000%	100.000%

**Exhibit 6-6: NYSERS Tier 6 Retirement Incidence Table**

Age	Years of Service		
	< 20	20-29.99	>= 30
55	4.567%	7.759%	9.699%
56	3.032%	4.666%	5.833%
57	3.038%	4.910%	6.138%
58	3.304%	5.476%	6.845%
59	3.765%	6.054%	7.568%
60	4.322%	6.774%	8.467%
61	6.774%	15.158%	18.948%
62	9.854%	17.678%	27.678%
63	36.136%	54.518%	35.016%
64	12.653%	24.300%	22.955%
65	16.595%	28.931%	22.940%
66	18.398%	32.495%	26.979%
67	16.206%	27.929%	25.803%
68	15.145%	27.447%	22.906%
69	15.375%	26.557%	24.605%
70	100.000%	100.000%	100.000%

**ADDENDUM B: PLAN PROVISIONS**

**Health Plans:** The Town of Ulysses provides pre-65 postemployment medical coverage to its retirees through a high deductible Gold Plan with the Greater Tompkins County Municipal Health Insurance Consortium. A summary of plan benefits are as follows:

<b>Pre-65 High Deductible Gold Plan Summary</b>		
	<b>In-Network</b>	<b>Out-of-Network</b>
Deductible	\$1400/\$2800	\$2800/\$5600
Out-of-Pocket Maximum	\$3000/\$6000	\$6000/\$12000
Inpatient Hospitalization	Deductible then 20% Coinsurance	Deductible then 40% Coinsurance
Diagnostic Lab and X-Ray	Deductible then 20% Coinsurance	Deductible then 40% Coinsurance
Office Visits	Deductible then 20% Coinsurance	Deductible then 40% Coinsurance
Emergency Room	Deductible then 20% Coinsurance	
<b>Prescription Drugs (after deductible)</b>		
30 Day Supply	\$5/\$35/\$70	Not covered
90 Day Supply	\$10/\$70/\$140	Not covered

For post-65 coverage, the Town of Newfield provides coverage through the Medicare BluePPO Copay plan through Excellus. Enrollees are required to enroll in Part A and Part B of Medicare. Plan benefits are summarized as follows:

- Deductible: \$0 in-network, \$250 out-of-network only
- Out-of-pocket maximum: \$1250 in-network, \$8000 combined out-of-network.
- Office Visits: \$15 in-network, \$25 out-of-network.
- \$65 emergency room care.
- Hospitalization: \$250 in-network, 20% coinsurance & deductible out-of-network.
- Prescription drugs: \$10/\$25/\$40 (30 day supply, 3x 90 day supply, subject to coverage gaps).

**Premium Rates:** The following monthly premium rates are effective January 1, 2020.

<b>2020 Monthly Premium Rates</b>	
Single	\$571.75
Family	\$1,486.56
Single Post-65	\$386.87

<b>2020 Monthly Dental Premium Rates</b>	
Single	\$47.36
Family	\$117.17

**Retiree Eligibility & Contribution Requirements**

All active employees and retirees are subject to the following eligibility and contribution requirements:

**Eligibility:** Members classified as Class A or Class B must attain a minimum age of sixty (60) and provide a minimum of twenty (20) years of service to the Town to be eligible for postemployment medical benefits. Members must also be enrolled in the Town’s coverage prior to retirement.

Members classified as Class C are not eligible to receive postemployment benefits.

**Medicare Part B:** The Town of Ulysses does not provide Medicare Part B premium reimbursement to retirees, spouses, or surviving spouses.

**Length of Coverage:** Lifetime.

**Contributions:** Contributions for medical coverage are illustrated in the following table, determined by the member’s class, years of service, and date of retirement.

Date of Retirement	Class	Years of Service	Pre-65	Post-65
Prior to January 1, 2020	A	20-24	20%	20%
		25-29	15%	15%
		30+	10%	10%
	B	All	50%	50%
On/after January 1, 2020	A	20-24	50%	50%
		25-29	40%	
		30+	30%	
	B	20-24	60%	60%
		25-29	55%	
		30+	50%	

One current active employee splits time with another employer. Upon this employee’s retirement, he is eligible to enroll in the Town’s plan with the other employer responsible for half of the member’s benefit in retirement.

Retirees may apply the cash value of unused sick time (maximum 120 days) at the time of retirement towards meeting their contribution requirements. This provision does not have an impact on the liability.

Retirees electing dental coverage contribute 50% of the applicable premium.

Surviving spouses may remain in the Town’s coverage at 100% of the premium.

(Cont.)

**Additional Benefits:** The Town provides members enrolled in the high deductible Gold plan with additional funds to assist in meeting out-of-pocket expenses. Funds are deposited into a health savings account (HSA) equivalent to 50% of the in-network out-of-pocket maximum. Funding ends when the retiree attains Medicare eligibility.

The Town also offers an annual buyout to post-65 retirees to opt out of enrolling in the Medicare Blue PPO plan. The amount of the buyout is the lesser of (1) its share of the Medicare Blue PPO premium rate had the retiree enrolled in the Town's plan and (2) the premium rate of the plan the retiree enrolls in. It has been assumed for this valuation that 50% of all future retirees will opt out of enrolling in the Town's post-65 plan and collect the buyout.



**ADDENDUM C: REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios**

Last 10 Fiscal Years

<b>Total OPEB Liability</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Service Cost	\$ 39,083	\$ 48,904	\$ 43,188							
Interest	44,414	39,611	39,680							
Changes of Benefit Terms	0	(8,147)	0							
Differences between expected and actual experience	(141,008)	0	0							
Changes of Assumptions or other inputs	172,091	(101,188)	51,574							
Benefit Payments	<u>(36,324)</u>	<u>(38,799)</u>	<u>(38,004)</u>							
<b>Net Change in Total OPEB Liability</b>	78,256	(59,619)	96,438							
<b>Total OPEB Liability - Beginning of year</b>	<u>\$ 1,062,364</u>	<u>\$ 1,121,983</u>	<u>\$ 1,025,545</u>							
<b>Total OPEB Liability - End of year</b>	<u>\$1,140,620</u>	<u>\$1,062,364</u>	<u>\$1,121,983</u>							
<b>Covered Payroll over Measurement Period</b>	442,879	530,232	522,146	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	258%	200%	215%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Notes to Schedule:</b>										
Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect at the current measurement date is 2.74%.										

**ADDENDUM D: DEFERRED INFLOWS & OUTFLOWS OF RESOURCES**

Year Established	Outstanding Balance at January 1, 2020	Amount Recognized During Year	Outstanding Balance at December 31, 2020	Deferred Outflows/Inflows Recognized in Future Years						
				Year Ended December 31,						
				2021	2022	2023	2024	2025	2026 and Thereafter	
<b>Plan Year Outflows</b>										
2020 Assumptions Loss	\$172,091	\$27,230	\$144,861	\$27,230	\$27,230	\$27,230	\$27,230	\$27,230	\$27,230	\$8,711
2018 Assumptions Loss	36,646	7,464	29,182	7,464	7,464	7,464	6,790	0	0	0
<b>Total Outflows</b>	<b>\$ 208,737</b>	<b>\$ 34,694</b>	<b>\$ 174,043</b>	<b>\$ 34,694</b>	<b>\$ 34,694</b>	<b>\$ 34,694</b>	<b>\$ 34,020</b>	<b>\$ 27,230</b>	<b>\$ 8,711</b>	
<b>Plan Year Inflows</b>										
2020 Experience Gain	(\$141,008)	(\$22,311)	(\$118,697)	(\$22,311)	(\$22,311)	(\$22,311)	(\$22,311)	(\$22,311)	(\$22,311)	(\$7,142)
2019 Assumption Gain	(86,544)	(14,644)	(71,900)	(14,644)	(14,644)	(14,644)	(14,644)	(13,324)	0	0
<b>Total Inflows</b>	<b>\$ (227,552)</b>	<b>\$ (36,955)</b>	<b>\$ (190,597)</b>	<b>\$ (36,955)</b>	<b>\$ (36,955)</b>	<b>\$ (36,955)</b>	<b>\$ (36,955)</b>	<b>\$ (35,635)</b>	<b>\$ (7,142)</b>	
<b>Total</b>	<b>\$ (18,815)</b>	<b>\$ (2,261)</b>	<b>\$ (16,554)</b>	<b>\$ (2,261)</b>	<b>\$ (2,261)</b>	<b>\$ (2,261)</b>	<b>\$ (2,935)</b>	<b>\$ (8,405)</b>	<b>\$ 1,569</b>	

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**ADDENDUM E: GASB 75 Terminology**

**Actuarial Present Value of Total Projected Benefits:** Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested in addition to investment earnings will provide sufficient assets to pay total projected benefits when due.

**Actuarial Valuation:** The determination, as of a point in time (the actuarial valuation date), of the service cost, total OPEB liability, and related actuarial present value of projected benefit payments for OPEB performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

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

**Discount Rate:** The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments. With a pay-as-you-go funded plan the discount rate is calculated using a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

**Net OPEB Liability (NOL):** The Total OPEB Liability minus the Fiduciary Net Position.

**OPEB:** Other Post-Employment Benefits

**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 (Formerly Normal Cost):** The portions of the actuarial present value of projected benefit payments that are attributed to the measurement period.

**Total OPEB Liability:** The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of this Statement.