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January 14, 2010

Mr. Nicholas DiCorleto
Finance Director
Town of Ellington, CT
P.O Box 187
55 Main Street
Ellington, CT, 06029-0187

RE: July 1, 2008 Actuarial Valuation of Postretirement Welfare Benefits

Dear Nicholas,

Enclosed are two copies of the report covering the July 1, 2008 valuation of postretirement benefits offered to current and future retirees of the Town of Ellington, CT.

The financial results of the actuarial valuation are summarized in the report. The Executive Summary highlights the results of the valuation. Additional information summarizing census information, actuarial assumptions, 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 calculations are made in accordance with our understanding of the provisions of the Statement of Governmental Accounting Standards Board Number 45 (GASB 45).

Please call me if you have any questions.

Sincerely,

USI CONSULTING GROUP

A handwritten signature in black ink, appearing to be "RW Webb".

Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary

Enclosures



**A Postretirement Welfare Benefit
GASB 45 Actuarial Valuation
As of July 1, 2008**

For:

Town of Ellington, CT

Prepared by:
The USI Consulting Group

January 14, 2010



January 14, 2010

Town of Ellington, CT
P.O Box 187
55 Main Street
Ellington, CT, 06029-0187

RE: July 1, 2008 Actuarial Valuation of Postretirement Welfare Benefits

We enclose the report covering the actuarial valuation of the postretirement medical insurance plan for the employees of the Town of Ellington, CT as of July 1, 2008. The numbers presented in this report reflect the adoption, by the Town of Ellington, CT, of the Statement of Governmental Accounting Standard No. 45 (GASB 45).

The financial results of the actuarial valuation are summarized in the report. The Executive Summary highlights the results of the valuation, including the calculation of the Annual OPEB Cost (expense) for the fiscal year beginning July 1, 2008, \$263,983, which is based on a 30 year amortization of the UAAL as of July 1, 2008. The 30 year calculation represents the *maximum* amortization period allowed under the parameters of GASB 45 and produces the *minimum* Annual OPEB Cost under GASB 45.

Additional information summarizing census information, actuarial assumptions, and the methodology for developing them, as well as a glossary of selected terms used in this study, are also included in the report.

All calculations are made in accordance with our understanding of the provisions of the Statement of Governmental Accounting Standards Board Number 45 (GASB 45). We believe this report provides all of the information your auditor requires. We would appreciate a copy of the footnote to your financial statement related to the postretirement benefits.

Respectfully submitted,

USI Consulting Group

Handwritten signature of Robert W. Webb in cursive script.

Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary

USI Consulting Group

Handwritten signature of Lauren Schneider in cursive script.

Lauren Schneider
Staff Consultant



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Section I

Executive Summary

The section presents the results of the July 1, 2008 valuation. The first part of this section provides a brief summary of key valuation results, and includes the actuarial certification.

The Executive Summary Detail provides a detailed development of the expenses and liabilities. Items I through V show the development of the Annual Required Contribution (ARC). Items VI through IX show the calculation of the Annual OPEB Cost. Item X shows the expected benefits payable to retirees during the fiscal year.

EXECUTIVE SUMMARY

Introduction

This report details the development of the Annual OPEB Cost for the Fiscal Year ending June 30, 2009. Estimated June 30, 2009 disclosures are included in Section III

The liabilities developed in this report are only valid for purposes of meeting employer accounting requirements as required by Statement of Governmental Accounting Standards Number 45 (GASB 45). Liabilities developed for other purposes could be significantly different than those shown in this report.

Summary of Results

The Actuarial Accrued Liability and Normal Cost are calculated as of the valuation date. The Annual OPEB Cost and Expected Benefit Payments are for the year beginning on the valuation date. Additional detail is developed in the exhibits included in this actuarial valuation report.

<u>Valuation Date</u>	<u>July 1, 2008</u>
<i>Present Value of Future Benefit Payments</i>	\$5,108,264
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$3,311,285
<i>Annual Required Contribution (30 year amortization)</i>	\$263,983
<i>Expected Benefit Payment</i>	\$128,106
<i>Net OPEB Obligation (NOO)</i>	\$0

Economic Assumptions

The employer, with the approval of the auditor, is responsible for selecting the economic assumptions as of the disclosure date. The following table details the selected economic assumptions for the current fiscal year:

<u>Assumption Selection Date</u>	<u>July 1, 2008</u>
<i>Funding Interest Rate*</i>	4.00%
<i>2008 Trend Rates (Medical/Dental)</i>	10.00%/5.00%
<i>Ultimate Medical/Dental Trend Rate</i>	5.00%
<i>Year Ultimate Medical/Dental Trend Rates Reached</i>	2013/2008
<i>Annual Salary Increases</i>	3.50%
<i>Projected annual increase in payroll</i>	2.50%

* Reflects current funding policy (assumes no funding).

Changes included in current valuation

A fresh start approach was used.

Accounting for Postretirement Benefits

Government Accounting Standard No. 45 (GAS 45) addresses the accounting and financial reporting requirements by Employers for Postemployment Benefits Other than Pensions (OPEB). Employers that are required to follow Government Accounting Standards are subject to this standard. The statement does not require that the benefits be pre-funded, however, it defines a financial framework for assessing the costs, design, and sustainability of OPEBs offered by employers.

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of Governmental Accounting Standards Board Statement No. 45. This report also provides the information needed to prepare the footnote in your financial statements related to your postretirement benefit plans.

The Annual Required Contribution (ARC) and Annual OPEB Cost are developed in the Executive Summary Detail included in this section. Section III presents the disclosure information, including the development of the Net OPEB obligation based on expected contributions / benefits to be paid during the fiscal year.

Actuarial Certification

The financial results of the actuarial valuation are summarized in this report. The valuation has been prepared as of July 1, 2008. The detail charts included in this Executive Summary highlight the results of the valuation. Additional information summarizing the census, actuarial assumptions, plan provisions, and a glossary of selected terms used in this study are also included in this report.

The valuation is based on the September 1, 2009 census data and January 1, 2009 / July 1, 2009 plan information as provided by the employer. We have reviewed both the census and financial data for reasonableness, but have not completed an independent audit of the information.

All costs, liabilities, and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The calculations are consistent and undertaken with our understanding of Statement of Governmental Accounting Standards Number 45 (GAS 45). In our opinion, the actuarial assumptions are reasonable, taking in account the experience of the plan and reasonable expectations and, individually represent our best estimate of the anticipated experience under the plan.

I have no relationship with the employer or the plan that would objectively impair, or appear to impair, my ability to perform the work detailed in this report.

I certify that I am member of the American Academy of Actuaries and meet its Qualification Standards to provide an actuarial opinion in accordance with GASB 45.



Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary



Adeniyi Olaiya, ASA, MAAA
OPEB Manager and Actuary

EXECUTIVE SUMMARY DETAIL

GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST

July 1, 2008 COMBINED RESULTS

(Actuarial Cost Method – Entry Age Normal)

I.	<i>Present value of Future benefits</i>	
	A. Retirees/Disableds	\$1,353,791
	B. Active Employees	<u>\$3,754,473</u>
	C. Total	\$5,108,264
II.	<i>Actuarial Accrued Liability</i>	
	A. Retirees/Disableds	\$1,353,791
	B. Active Employees	<u>\$1,957,494</u>
	C. Total	\$3,311,285
III.	<i>Actuarial Assets</i>	\$0
IV.	<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$3,311,285
V.	<i>Annual Required Contribution (ARC)</i>	
	A. Normal Cost	\$121,107
	B. Supplemental Cost [XI.]	\$135,186
	C. Compound Interest to Year End	<u>\$7,690</u>
	D. Annual Required Contribution [A. + B. + C.]	\$263,983
VI.	<i>Net OPEB Obligation</i>	\$0
VII.	<i>Interest on net OPEB Obligation</i>	\$0
VIII.	<i>Adjustment to ARC</i>	(\$0)
IX.	<i>Annual OPEB Cost (Expense)</i> <i>[V. + VII. - VIII.]</i>	\$263,983
X.	<i>Expected Benefit Payments</i>	
	A. Retirees/Disableds	\$128,106
	B. Active Employees	<u>\$0</u>
	C. Total	\$128,106
XI.	<i>Supplemental Cost</i>	
	A. Unfunded Actuarial Accrued Liability [IV.]	\$3,311,285
	B. Amortization Period	30
	C. Supplemental Cost	\$135,186
XII.	<i>Key Actuarial Assumptions</i>	
	A. Interest Rate	4.00%
	B. 2008 Medical Trend Rate	10.00%
	C. Ultimate Medical Trend Rate	5.00%
	D. Year Ultimate Medical Trend Rate Reached	2013
	E. Annual Payroll Increase	2.50%

EXECUTIVE SUMMARY DETAIL

GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST

PLAN RESULTS BY Benefit

	<u>Dental</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
I. Present value of Future benefits				
A. Retirees/Disableds	\$119,527	\$1,193,130	\$41,134	\$1,353,791
B. Active Employees	<u>\$463,407</u>	<u>\$3,222,561</u>	<u>\$68,505</u>	<u>\$3,754,473</u>
C. Total	\$582,934	\$4,415,691	\$109,639	\$5,108,264
II. Actuarial Accrued Liability				
A. Retirees/Disableds	\$119,527	\$1,193,130	\$41,134	\$1,353,791
B. Active Employees	<u>\$270,774</u>	<u>\$1,641,610</u>	<u>\$45,110</u>	<u>\$1,957,494</u>
C. Total	\$390,301	\$2,834,740	\$86,244	\$3,311,285
III. Actuarial Assets				
	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)				
	\$390,301	\$2,834,740	\$86,244	\$3,311,285
V. Annual Required Contribution (ARC)				
A. Normal Cost	\$13,200	\$106,215	\$1,692	\$121,107
B. Supplemental Cost [XI.]	\$15,934	\$115,731	\$3,521	\$135,186
C. Compound Interest to Year End	<u>\$1,082</u>	<u>\$6,419</u>	<u>\$189</u>	<u>\$7,690</u>
D. Annual Required Contribution [A. + B. + C.]	\$30,216	\$228,365	\$5,402	\$263,983
VI. Net OPEB Obligation				
	\$0	\$0	\$0	\$0
VII. Interest on net OPEB Obligation				
	\$0	\$0	\$0	\$0
VIII. Adjustment to ARC				
	(\$0)	(\$0)	(\$0)	(\$0)
IX. Annual OPEB Cost (Expense) [V. + VII. - VIII.]				
	\$30,216	\$228,365	\$5,402	\$263,983
X. Expected Benefit Payments				
A. Retirees/Disableds	\$4,171	\$122,946	\$989	\$128,106
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$4,171	\$122,946	\$989	\$128,106
XI. Supplemental Cost				
A. Unfunded Actuarial Accrued Liability [IV.]	\$390,301	\$2,834,740	\$86,244	\$3,311,285
B. Amortization Period	30	30	30	30
C. Supplemental Cost	\$15,934	\$115,731	\$3,521	\$135,186

EXECUTIVE SUMMARY DETAIL

GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST

PLAN RESULTS BY Category

	<u>School</u>	<u>Town</u>	<u>Total</u>
<i>I. Present value of Future benefits</i>			
A. Retirees/Disableds	\$343,495	\$1,010,296	\$1,353,791
B. Active Employees	<u>\$1,335,224</u>	<u>\$2,419,249</u>	<u>\$3,754,473</u>
C. Total	\$1,678,719	\$3,429,545	\$5,108,264
<i>II. Actuarial Accrued Liability</i>			
A. Retirees/Disableds	\$343,495	\$1,010,296	\$1,353,791
B. Active Employees	<u>\$522,844</u>	<u>\$1,434,650</u>	<u>\$1,957,494</u>
C. Total	\$866,339	\$2,444,946	\$3,311,285
<i>III. Actuarial Assets</i>			
	\$0	\$0	\$0
<i>IV. Unfunded Actuarial Accrued Liability (UAAL)</i>			
	\$866,339	\$2,444,946	\$3,311,285
<i>V. Annual Required Contribution (ARC)</i>			
A. Normal Cost	\$52,786	\$68,321	\$121,107
B. Supplemental Cost [XI.]	\$35,368	\$99,818	\$135,186
C. Compound Interest to Year End	<u>\$2,347</u>	<u>\$5,343</u>	<u>\$7,690</u>
D. Annual Required Contribution [A. + B. + C.]	\$90,501	\$173,482	\$263,983
<i>VI. Net OPEB Obligation</i>			
	\$0	\$0	\$0
<i>VII. Interest on net OPEB Obligation</i>			
	\$0	\$0	\$0
<i>VIII. Adjustment to ARC</i>			
	(\$0)	(\$0)	(\$0)
<i>IX. Annual OPEB Cost (Expense)</i>			
	\$90,501	\$173,482	\$263,983
	<i>[V. + VII. - VIII.]</i>		
<i>X. Expected Benefit Payments</i>			
A. Retirees/Disableds	\$58,957	\$69,149	\$128,106
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$58,957	\$69,149	\$128,106
<i>XI. Supplemental Cost</i>			
A. Unfunded Actuarial Accrued Liability [IV.]	\$866,339	\$2,444,946	\$3,311,285
B. Amortization Period	30	30	30
C. Supplemental Cost	\$35,368	\$99,818	\$135,186

Section II

Census Information

This section details statistics related to the participants in the postretirement benefit plan.

CENSUS INFORMATION – A.

EMPLOYEE COUNTS

As of September 1, 2009

	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
Male	109	19	128
Female	<u>294</u>	<u>26</u>	<u>320</u>
Total	403	45	448

COUNTS BY AGE AND ELIGIBILITY STATUS

ACTIVE EMPLOYEES :

<u>Age</u>	<u>Currently Eligible to Retire</u>	<u>Not Currently Eligible to Retire</u>	<u>Total</u>
29 and under	0	32	0
30 - 34	0	34	0
35 - 39	0	36	0
40 - 44	0	43	0
45 - 49	0	54	0
50 - 54	10	77	0
55 - 59	48	12	0
60 - 64	37	8	0
65 and over	10	2	0
Total	105	298	403

CURRENT RETIREES:

<u>Age</u>	<u>Retirees</u>	<u>Spouses</u>	<u>Total</u>
54 and under	3	0	3
55 - 59	2	3	5
60 - 64	27	8	35
65 - 69	7	1	8
70 - 74	3	0	3
75 - 79	0	1	1
80 and over	3	1	4
Total	45	14	59

CENSUS INFORMATION – B.

AVERAGE AGE AND SERVICE

As of September 1, 2009

ACTIVE EMPLOYEES:

A. Average Age at Hire

Males	35.1
Females	40.2
Total	35.3

B. Average Service

Males	12.7
Females	12.1
Total	12.2

C. Average Current Age

Males	47.8
Females	47.5
Total	47.6

CURRENT RETIREES:

D. Average Current Age

Males	65.2
Females	63.3
Total	64.1

Section III

Financial Statement Disclosure

This section provides the required information and notes to the Financial Statements for the fiscal year ending June 30, 2009 and June 30, 2010.

FINANCIAL STATEMENT DISCLOSURE

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

1.) **A BRIEF DESCRIPTION OF THE RETIREE MEDICAL/DRUG, LIFE AND DENTAL INSURANCE PLAN:**

2.)

a. Plan Types: Medical: Anthem Blue Cross Blue Shield
Century Preferred, BlueCare, BC65 High Option/BS 65Plan 81

Life: Sun Life

b. Eligibility: Eligibility is outlined as follows:
25 or more years of service and age plus
service must be greater than or equal to 75.
SCHOOL: Age 55 with 5 or more years of consecutive
service or any age with 25 years of service.

c. Benefit/Cost Sharing: TOWN:
Personnel (Non-Union): Town pays 100% of the premium cost for the retiree's health and dental insurance coverage.

Supervisor Employees and White Collar Employees: Town makes the following contribution towards pre 65 retiree medical and dental premiums:

<u>Period</u>	<u>Employee Contribution</u>
7/1/2008-6/30/2009	10%
7/1/2009-6/30/2010	12%
7/1/2010-6/30/2011	14%
7/1/2011-6/30/2012	14%

The town pays 100% of the premium cost for Medicare and dental coverage for retirees age 65 and older.

Employees hired on or after 12/4/2008 are not eligible for any post employment town contribution.

Public Works Department: Town makes the following contribution towards pre 65 retiree medical and dental premiums:

<u>Period</u>	<u>Employee Contribution</u>
7/1/2008-6/30/2009	12%
7/1/2009-6/30/2010	12%
7/1/2010-6/30/2011	13%
7/1/2011-6/30/2012	13%

The town pays 100% of the premium cost for Medicare and dental coverage for retirees age 65 and older.

Employees hired on or after 3/25/2008 are not eligible for any post employment town contribution.

FINANCIAL STATEMENT DISCLOSURE (cont.)

SCHOOL

Retirees contribute 100% towards dental and medical premiums.

d. Spouse Benefit: No. Spouses may continue on the plan if they pay 100% of the difference between individual and dependent coverage.

e. Surviving Spouse Benefit: None.

f. Annual Medical/ Anthem Premiums

January 1, 2009 through December 31, 2009

<u>Plan</u>	<u>Single</u>	<u>Couple</u>	<u>Family</u>
BlueCare	\$7,460.64	\$16,111.20	\$20,592.12
Century Preferred	\$6,658.44	\$14,333.76	\$18,090.96
High Option/Plan 81	\$2,371.92	\$4,743.84	

July 1, 2009 through June 30, 2010

<u>Plan</u>	<u>Single</u>	<u>Couple</u>	<u>Family</u>
025	\$9,539.64	\$19,449.60	\$25,723.92
032	\$6,860.04	\$14,271.36	\$18,650.52
035	\$7,175.52	\$15,497.64	\$20,048.88
038	\$7,346.76	\$15,898.92	\$20,557.20
041	\$5,518.68	\$10,720.68	\$15,322.56

g. Dental Dental Premium:
 Blue Care POS: \$504.60
 Century Preferred: \$393.84

h. Life

TOWN

Personnel (Non Union): Town pays 100%

Public Works Department: Town pays 100% for retirees with 20 years of service or more.

Supervisor Employees and White Collar Employees: None offered

Amount: \$10,000.00

Premium: \$219.36 per annum

SCHOOL

Retirees contribute 100% towards life premiums.

FINANCIAL STATEMENT DISCLOSURE (cont.)

3.) GASB 45 DISCLOSURE REQUIREMENTS – ESTIMATED

A. Annual OPEB Cost and Net OPEB Obligation	<u>7/1/2008 - 6/30/2009</u>	<u>7/1/2009 - 6/30/2010</u>
1. Annual Required Contribution (ARC)	\$263,983	\$275,782
2. Interest on net OPEB Obligation	\$0	\$5,435
3. Adjustment to ARC	<u>\$0</u>	<u>(\$5,694)</u>
4. Annual OPEB Cost (Expense)	\$263,983	\$275,523
5. Contribution made (assumed middle of year) *	<u>\$128,106</u>	<u>\$159,793</u>
6. Increase in net OPEB Obligation	\$135,877	\$115,730
7. Net OPEB Obligation - beginning of year	<u>\$0</u>	<u>\$135,877</u>
8. Net OPEB Obligation - end of year	\$135,877	\$251,607

* Contribution made was assumed to equal Expected Benefit Payments

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2009 / 2010 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
6/30/2009	\$263,983	48.5%	\$135,877	\$20,550,656	1.3%
6/30/2010	\$275,523	58.0%	\$251,607	\$21,064,422	1.3%

B. Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (AAL) (b - a) / c)</u>
7/1/2008	\$ -	\$3,311,285	\$3,311,285	0.0%	\$20,550,656	16.1%

C. Methods and Assumptions

- Interest Rate	4.00%
- 2008 Medical Trend Rate	10.00%
- Ultimate Medical Trend Rate	5.00%
- Year Ultimate Medical Trend Rate Reached	2013
- Actuarial Cost Method	Entry Age Normal
- The remaining amortization period at 06/30/2009	29.00 years
- Annual Payroll Increase	2.50%

Section IV

Actuarial Assumptions And Methodology

The following pages detail the assumptions used in the calculations.

ACTUARIAL ASSUMPTIONS AND METHODOLOGY – NON-POLICE EMPLOYEES

1. **Funding Interest Rate:** An interest rate of 4.00% was used. A 7.00% interest rate was used in Appendix-VI to show the potential impact of advance funding the plan in accordance with GASB 45.

2. **Mortality:** RP 2000 Combined Healthy Mortality Table projected forward 19 years using scale AA, with a two year setback for males and females was used to measure mortality after retirement. Preretirement mortality rates are equal to 75% of the postretirement rates.

3. <u>Retirement Rates:</u>	Non-Police		
	<u>Age</u>	<u>Male Rates</u>	<u>Female Rates</u>
	55-59	2.0%	2.0%
	60	6.0%	5.4%
	61	6.0%	7.2%
	62	15.0%	9.9%
	63-64	10.0%	7.2%
	65-67	20.0%	13.5%
	68	20.0%	10.8%
	69-73	35.0%	10.8%
	74	35.0%	18.0%
	75-79	40.0%	18.0%
	80+	100.0%	100.0%
	Police		
	<u>Service</u>	<u>Rate</u>	
	20 – 24	7.0%	
	25 – 29	15.0%	
	30 – 39	30.0%	
	40+	100.0%	

4. **Disability Rates:** None assumed

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

5. **Termination Rates:** **Non Teachers**

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	14.0%	20.0%
30	10.0%	14.0%
35	8.0%	10.0%
40	6.0%	8.0%
45	4.0%	6.0%
50	2.0%	4.0%
55	2.0%	2.0%
60	0.0%	2.0%
65+	0.0%	0.0%

Teachers

<u>Age</u>	<u>Service</u>		
	<u>0</u>	<u>5</u>	<u>10</u>
30	14.0% / 12.0%	2.5% / 5.0%	1.2% / 3.5%
35	14.0% / 12.0%	2.5% / 5.0%	1.2% / 3.5%
40	14.0% / 12.0%	2.5% / 5.0%	1.2% / 2.3%
45	14.0% / 12.0%	2.5% / 5.0%	1.26% / 1.3%
50	14.0% / 12.0%	2.5% / 5.0%	1.96% / 1.25%
55	14.0% / 12.0%	2.5% / 5.0%	3.36% / 1.6%
60+	0.0% / 0.0%	0.0%	0.0% / 0.0%

6. **Health Care Trend Rates:** It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical Rates</u>	<u>Dental Rates</u>
2008	10.0%	5.0%
2009	9.0%	5.0%
2010	8.0%	5.0%
2011	7.0%	5.0%
2012	6.0%	5.0%
2013+	5.0%	5.0%

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

7. **Participation Rate:** It was assumed that 66.6% of the current town active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.
8. **Percent Married:** It was assumed that 50% of the male and 50% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.
9. **Actuarial Value of Assets:** N/A
10. **Per Capita Claims Cost:** Premium rates in effect for 2009 formed the basis for our per capita claim costs. Aging factors were introduced to allow for the calculation of age-related per-capita claim rates. Details of the calculation are included below:

SCHOOL			TOWN		
<i>Age</i>	<i>Male</i>	<i>Female</i>	<i>Age</i>	<i>Male</i>	<i>Female</i>
45	5,273	6,619	45	5,996	7,527
50	6,330	7,302	50	7,198	8,304
55	7,686	7,975	55	8,741	9,070
60	9,270	8,886	60	10,542	10,105
64	10,351	9,692	64	11,771	11,022

11. **Administrative expenses:** Included in premiums used.
12. **Participant Salary Increases:** 3.50% annually
13. **Payroll Growth Rate:** 2.50% annually

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

ACTUARIAL COST METHOD

An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefits payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

Six Actuarial Cost Methods are acceptable for use under GASB 45: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, and aggregate. The results in Sections I and III are based on the Projected Unit Credit Cost Method. The development of the Annual Required Contribution under all acceptable methods is provided in Appendix II.

The amortization of the unfunded actuarial accrued liability may be determined in level dollar amounts or as a level percentage of projected payroll of active plan members. The total unfunded actuarial accrued liability may be amortized as one amount, or components of the total may be separately amortized. The equivalent single amortization period for all components combined may not exceed the maximum acceptable period of 30 years. The results in Sections I and III are based on a 30 year amortization of the unfunded actuarial accrued liability as a level percentage of payroll. The development of the Annual Required Contribution under alternative amortization methods is provided in Appendix II.

ADDITIONAL COMMENTS

The values in this GASB 45 valuation represent a closed group and do not reflect new entrants after the census collection date.

Section V

Plan Provisions

Plan Provisions

Anthem Century Preferred PPO and Anthem BlueCare (HMO) incorporate the following co-payments:

Office Visits:	\$10
Diagnostic:	\$50
Hospital:	\$50
Outpatient:	\$50
Emergency Room:	\$50
Urgent Care:	\$50
Prescription (Tier1/2/3):	\$10/\$20/\$30

Century Preferred incorporates the following co-payments:

Hospital:	\$250
Emergency Room:	\$50
Outpatient Hospital Surgery:	\$200
Home and Office:	\$50
Prescription (Tier 1/2/3):	\$10/\$20/\$35

High Option/Plan 81

<u>Home Health Care:</u>	30 days approved Medicare Expenses
<u>Nursing Facilities:</u>	\$133.50 per day of approved expenses for 21-100 th day
<u>Hospital Outpatient and Emergency:</u>	Any balance of approved expenses
<u>Prescription Drugs:</u>	Up to \$500 for 150 days following an inpatient stay or Outpatient surgery
<u>Home Health Care:</u>	\$500 per calendar year
<u>Medical/Surgical (office visits, lab, X-rays):</u>	20% balance of approved expenses including \$135 per year deductible.

Section VI
Appendices

APPENDIX - I.

ACTIVE EMPLOYEE BY AGE AND SERVICE

AS OF SEPTEMBER 1, 2009

<u>Age</u>	<u>Service</u>									<u>Total</u>
	<u>0 - 4</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>35 - 39</u>	<u>40+</u>	
0 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	6	0	0	0	0	0	0	0	0	6
25 - 29	21	5	0	0	0	0	0	0	0	26
30 - 34	14	18	2	0	0	0	0	0	0	34
35 - 39	14	11	8	3	0	0	0	0	0	36
40 - 44	10	15	7	9	2	0	0	0	0	43
45 - 49	20	19	6	3	6	0	0	0	0	54
50 - 54	10	19	18	11	19	5	4	1	0	87
55 - 59	6	6	7	4	16	8	6	7	0	60
60 - 64	3	7	9	9	10	5	0	1	1	45
65 - 69	1	1	3	1	3	2	0	0	0	11
70 - 74	0	0	0	0	0	0	0	0	0	0
75 - 79	0	0	0	0	0	0	0	0	0	0
80 - 84	0	0	1	0	0	0	0	0	0	1
85 and Over	0	0	0	0	0	0	0	0	0	0
Total	105	101	61	40	56	20	10	9	1	403

APPENDIX - II

ALTERNATIVE ACTUARIAL COST AND AMORTIZATION METHODS

(Assumes a 4.00% Return on Supporting Assets)

	Entry Age	Frozen Entry Age	Attained Age	Frozen Attained Age	Projected Unit Credit	Aggregate
1. Projected Benefit Payments	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196
2. Present Value of Projected Benefit Payments	\$ 5,108,264	\$ 5,108,264	\$ 5,108,264	\$ 5,108,264	\$ 5,108,264	\$ 5,108,264
3. Actuarial Accrued Liability (AAL)	\$ 3,311,285	\$ 3,311,285	\$ 3,552,594	\$ 3,552,594	\$ 3,552,594	\$ -
4. Present Value of Future Normal Costs (2.-3.)	\$ 1,796,979	\$ 1,796,979	\$ 1,555,670	\$ 1,555,670	\$ 1,555,670	\$ 5,108,264
5. Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Unfunded UAAL	\$ 3,311,285	\$ 3,311,285	\$ 3,552,594	\$ 3,552,594	\$ 3,552,594	\$ -
7. Annual Required Contribution						
a. Normal Cost	\$ 121,107	\$ 116,482	\$ 96,223	\$ 96,223	\$ 142,028	\$ 346,913
b. Amortization of UAAL	\$ 135,186	\$ 135,186	\$ 145,039	\$ 145,039	\$ 145,039	\$ -
c. Interest	\$ 7,690	\$ 7,505	\$ 7,088	\$ 7,088	\$ 8,921	\$ 11,315
d. Total	\$ 263,983	\$ 259,173	\$ 248,350	\$ 248,350	\$ 295,988	\$ 358,228
8. Current Year Benefit Payment	\$ 128,106	\$ 128,106	\$ 128,106	\$ 128,106	\$ 128,106	\$ 128,106
9. Amortization of UAAL:						
a. 30 Yrs Level Dollar	\$ 184,127	\$ 184,127	\$ 197,545	\$ 197,545	\$ 197,545	\$ -
b. 30 Yrs Level % of Pay	\$ 135,186	\$ 135,186	\$ 145,039	\$ 145,039	\$ 145,039	\$ -
c. 15 Yrs Level Dollar	\$ 286,366	\$ 286,366	\$ 307,235	\$ 307,235	\$ 307,235	\$ -
d. 15 Yrs Level % of Pay	\$ 243,903	\$ 243,903	\$ 261,677	\$ 261,677	\$ 261,677	\$ -
10. Annual Required Contribution						
a. 30 Yrs Level Dollar	\$ 314,881	\$ 310,071	\$ 302,957	\$ 302,957	\$ 350,594	\$ 358,227
b. 30 Yrs Level % of Pay	\$ 263,983	\$ 259,173	\$ 248,350	\$ 248,350	\$ 295,988	\$ 358,228
c. 15 Yrs Level Dollar	\$ 421,210	\$ 416,400	\$ 417,034	\$ 417,034	\$ 464,671	\$ 358,227
d. 15 Yrs Level % of Pay	\$ 377,048	\$ 372,238	\$ 369,654	\$ 369,654	\$ 417,291	\$ 358,227

APPENDIX - III

ALTERNATIVE ACTUARIAL COST AND AMORTIZATION METHODS

(Assumes a 7.00% Return on Supporting Assets)

	Entry Age	Frozen Entry Age	Attained Age	Frozen Attained Age	Projected Unit Credit	Aggregate
1. Projected Benefit Payments	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196	\$ 13,422,196
2. Present Value of Projected Benefit Payments	\$ 3,017,790	\$ 3,017,790	\$ 3,017,790	\$ 3,017,790	\$ 3,017,790	\$ 3,017,790
3. Actuarial Accrued Liability (AAL)	\$ 2,293,874	\$ 2,293,874	\$ 2,333,478	\$ 2,333,478	\$ 2,333,478	\$ -
4. Present Value of Future Normal Costs (2.-3.)	\$ 723,916	\$ 723,916	\$ 684,312	\$ 684,312	\$ 684,312	\$ 3,017,790
5. Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Unfunded UAAL	\$ 2,293,874	\$ 2,293,874	\$ 2,333,478	\$ 2,333,478	\$ 2,333,478	\$ -
7. Annual Required Contribution						
a. Normal Cost	\$ 64,543	\$ 60,773	\$ 55,709	\$ 55,709	\$ 75,030	\$ 270,947
b. Amortization of UAAL	\$ 133,165	\$ 133,165	\$ 135,464	\$ 135,464	\$ 135,464	\$ -
c. Interest	\$ 9,356	\$ 9,092	\$ 8,898	\$ 8,898	\$ 10,251	\$ 14,483
d. Total	\$ 207,064	\$ 203,030	\$ 200,071	\$ 200,071	\$ 220,745	\$ 285,430
8. Current Year Benefit Payment	\$ 128,106	\$ 128,106	\$ 128,106	\$ 128,106	\$ 128,106	\$ 128,106
9. Amortization of UAAL:						
a. 30 Yrs Level Dollar	\$ 172,762	\$ 172,762	\$ 175,744	\$ 175,744	\$ 175,744	\$ -
b. 30 Yrs Level % of Pay	\$ 133,165	\$ 133,165	\$ 135,464	\$ 135,464	\$ 135,464	\$ -
c. 15 Yrs Level Dollar	\$ 235,379	\$ 235,379	\$ 239,442	\$ 239,442	\$ 239,442	\$ -
d. 15 Yrs Level % of Pay	\$ 203,068	\$ 203,068	\$ 206,574	\$ 206,574	\$ 206,574	\$ -
10. Annual Required Contribution						
a. 30 Yrs Level Dollar	\$ 249,433	\$ 245,399	\$ 243,171	\$ 243,171	\$ 263,845	\$ 285,430
b. 30 Yrs Level % of Pay	\$ 207,064	\$ 203,030	\$ 200,071	\$ 200,071	\$ 220,745	\$ 285,430
c. 15 Yrs Level Dollar	\$ 316,433	\$ 312,399	\$ 311,328	\$ 311,328	\$ 332,001	\$ 285,430
d. 15 Yrs Level % of Pay	\$ 281,860	\$ 277,826	\$ 276,159	\$ 276,159	\$ 296,833	\$ 285,430

APPENDIX - IV

PROJECTED BENEFIT PAYMENTS

Year	Amount	Accumulated	Year	Amount	Accumulated	Year	Amount	Accumulated
2008	\$ 128,106	\$ 128,106	2037	\$ 367,231	\$ 7,140,361	2066	\$ 48,420	\$ 13,179,662
2009	\$ 159,793	\$ 287,899	2038	\$ 370,744	\$ 7,511,105	2067	\$ 42,074	\$ 13,221,736
2010	\$ 148,086	\$ 435,985	2039	\$ 370,188	\$ 7,881,293	2068	\$ 36,285	\$ 13,258,021
2011	\$ 160,438	\$ 596,423	2040	\$ 375,405	\$ 8,256,698	2069	\$ 31,038	\$ 13,289,059
2012	\$ 175,030	\$ 771,453	2041	\$ 377,884	\$ 8,634,582	2070	\$ 26,230	\$ 13,315,289
2013	\$ 163,842	\$ 935,295	2042	\$ 362,063	\$ 8,996,645	2071	\$ 22,045	\$ 13,337,334
2014	\$ 174,575	\$ 1,109,870	2043	\$ 343,456	\$ 9,340,101	2072	\$ 18,182	\$ 13,355,516
2015	\$ 173,525	\$ 1,283,395	2044	\$ 329,663	\$ 9,669,764	2073	\$ 14,974	\$ 13,370,490
2016	\$ 190,615	\$ 1,474,010	2045	\$ 312,398	\$ 9,982,162	2074	\$ 11,997	\$ 13,382,487
2017	\$ 210,037	\$ 1,684,047	2046	\$ 298,770	\$ 10,280,932	2075	\$ 9,558	\$ 13,392,045
2018	\$ 224,594	\$ 1,908,641	2047	\$ 287,577	\$ 10,568,509	2076	\$ 7,619	\$ 13,399,664
2019	\$ 246,525	\$ 2,155,166	2048	\$ 270,326	\$ 10,838,835	2077	\$ 5,934	\$ 13,405,598
2020	\$ 228,366	\$ 2,383,532	2049	\$ 238,687	\$ 11,077,522	2078	\$ 4,580	\$ 13,410,178
2021	\$ 225,601	\$ 2,609,133	2050	\$ 224,046	\$ 11,301,568	2079	\$ 3,452	\$ 13,413,630
2022	\$ 212,892	\$ 2,822,025	2051	\$ 211,602	\$ 11,513,170	2080	\$ 2,604	\$ 13,416,234
2023	\$ 213,566	\$ 3,035,591	2052	\$ 188,362	\$ 11,701,532	2081	\$ 1,930	\$ 13,418,164
2024	\$ 217,864	\$ 3,253,455	2053	\$ 174,244	\$ 11,875,776	2082	\$ 1,363	\$ 13,419,527
2025	\$ 229,278	\$ 3,482,733	2054	\$ 162,252	\$ 12,038,028	2083	\$ 941	\$ 13,420,468
2026	\$ 232,359	\$ 3,715,092	2055	\$ 150,438	\$ 12,188,466	2084	\$ 608	\$ 13,421,076
2027	\$ 249,544	\$ 3,964,636	2056	\$ 138,953	\$ 12,327,419	2085	\$ 422	\$ 13,421,498
2028	\$ 264,576	\$ 4,229,212	2057	\$ 127,851	\$ 12,455,270	2086	\$ 294	\$ 13,421,792
2029	\$ 268,478	\$ 4,497,690	2058	\$ 116,916	\$ 12,572,186	2087	\$ 205	\$ 13,421,997
2030	\$ 288,045	\$ 4,785,735	2059	\$ 106,774	\$ 12,678,960	2088	\$ 108	\$ 13,422,105
2031	\$ 296,165	\$ 5,081,900	2060	\$ 96,968	\$ 12,775,928	2089	\$ 67	\$ 13,422,172
2032	\$ 314,082	\$ 5,395,982	2061	\$ 87,652	\$ 12,863,580	2090	\$ 22	\$ 13,422,194
2033	\$ 333,368	\$ 5,729,350	2062	\$ 78,945	\$ 12,942,525	2091	\$ 2	\$ 13,422,196
2034	\$ 338,546	\$ 6,067,896	2063	\$ 70,593	\$ 13,013,118	2092	\$ -	\$ 13,422,196
2035	\$ 351,177	\$ 6,419,073	2064	\$ 62,787	\$ 13,075,905			
2036	\$ 354,057	\$ 6,773,130	2065	\$ 55,337	\$ 13,131,242			

APPENDIX – V
GLOSSARY

Actuarial Accrued Liability. The portion, as determined by a particular Actuarial Cost Method, of the present value of benefits which is not provided for by future Normal Costs.

Actuarial Cost Method. A procedure for determining the Actuarial Present Value of Total Projected Benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarially Equivalent. Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

Actuarial Present Value of Total Projected Benefits. The present value, as of the valuation date, of the cost of future benefits to be paid to employees, retirees, and covered dependents, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Annual OPEB Cost. The accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB Plan.

Annual Required Contributions of the Employer (ARC). The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters defined in GAS 45.

Investment Return Assumption (Discount Rate). The rate used to adjust a series of future benefit payments to reflect the time value of money.

Healthcare Cost Trend Rate. The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services and technological developments.

Net OPEB Obligation. The cumulative difference since the effective date of GAS 45 between the annual OPEB cost and the employer's contributions to the plan.

Normal Cost. The portion of the Actuarial Present Value of plan benefits which is allocated to a valuation year by the Actuarial Cost Method.

OPEB. Postemployment benefits other than pension benefits.

Pay-As-You-Go. The amount of the benefits paid out to plan participants during the year.

Per Capita Claims Cost. The current average annual cost of providing postretirement health care benefits per individual.

Supplemental Cost. The amount of the Annual Required Contribution attributable to the amortization of the unfunded Actuarial Accrued Liability.