Town of Little Compton, RI
Post Employment Welfare Plan

Financial Disclosure Information

in accordance with Statement of Governmental Accounting Standards Board No. 45

for the period beginning July 1, 2010 and ending June 30, 2011

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October, 2011

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I. INTRODUCTION

The purpose of this report is to present certain financial information relative to the Town of Little Compton, RI Post Employment Welfare Plan in accordance with the Statement of Governmental Accounting Standards Board No. 45 (GASB45).

The report presents information regarding the Town of Little Compton, RI Post Employment Welfare Plan for the period beginning July 1, 2010 and ending June 30, 2011. This information includes the determination of Annual Required Contribution (ARC) and OPEB cost, disclosure of the Net OPEB Obligation and Funding Progress as well as other Required Supplementary Information. Sensitivity analysis on various financial and demographic assumptions is also provided.

This report was based on information submitted to our firm in the form of census data, medical insurance premiums and rates, and other plan claims information and descriptions of Plan benefits. Although the data has been reviewed for reasonableness, an audit of the data was not performed. We have relied on the information provided, including plan provisions and participant data, as complete and accurate.

Actuarial computations under GASB45 are for purposes of fulfilling employer accounting requirements and require assumptions about future events. We believe that the calculations and assumptions reported herein have been made on a basis consistent with our understanding of GASB45 and are reasonable for this purpose. In addition, no relationship exists with the plan or plan sponsor that impairs the objectivity of our work.

I meet the GASB No. 45 Qualification Standards of the American Academy of Actuaries, based upon my education, experience and continuing education.

David Pratt Ward

David Pratt Ward, A.S.A., E.A., M.A.A.A.
Consulting Actuary

October 14, 2011

Date

II. DESCRIPTIVE INFORMATION

Plan Description:	Single-employer, defined benefit postretirement health insurance program
Groups Covered:	The Town of Little Compton, RI can be separated under five groups of employees. Each group is covered under a separate contract with the Town. The groups are: Certified Teachers Non-Certified Education Support Town (Municipal) Employees Fire Department Police Department
Benefit Formula (Medical):	Certified Teachers: Certified Teachers that retire after 20 years of service with the Town of Little Compton may continue medical and dental insurance coverage until the earlier of (a) age 70, (b) 5 years of postretirement coverage, and (c) Medicare eligibility. Certified teachers must contribute 75% of the premium towards their coverage. Member with fewer than 20 years of service are eligible for benefits under the same provisions except that they must contribute 100% of the premiums. Non-Certified Education Support: Members that retire after 15 years of service with the Town of Little Compton may continue medical insurance coverage until the earlier of (a) age 65 and (b) 3 years of postretirement coverage. The Town will contribute up to $750 towards medical premiums. Town (Municipal) Employees: Members of this group are not eligible for postretirement health insurance benefits.

II. DESCRIPTIVE INFORMATION (cont'd)

Benefit Formula (Medical - cont'd):

Police Department: Full time retiring members are eligible for medical insurance coverage until the member becomes eligible for benefits from Medicare or covered under another employer's health insurance. Police Officers hired after July 1, 1994 are not eligible for postretirement benefits under this Plan.

Fire Department: Full time retiring members are eligible for medical insurance coverage until the member becomes eligible for benefits from Medicare or covered under another employer's health insurance. Members do not make contributions.

Benefit Formula (Life Insurance):

Certified Teachers and Non-Certified Education Support are eligible for continued life insurance postretirement at the entire expense to the retiree.

The Fire Department and the Police Department are not eligible for life insurance.

Dental coverage is not covered by the Town, however retirees may purchase coverage.

Benefit Formula (Accumulated Sick Leave):

Lump sum benefit payments from accumulated sick leave are considered defined contribution benefits are not valued under GASB 45. The liability of these benefits are not included within this report.

Significant Events: None

III. ACTUARIAL METHODS

Measurement Date:	July 1, 2010 for all purposes.
Actuarial Cost Method:	The Annual Required Contribution has been determined utilizing the projected unit credit funding method (with service proration). Under this funding method, projected benefits are assumed to accrue on a straight line basis from date of hire to the date of retirement for each participant. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the Plan is the sum of the normal costs for all participants.
Asset Valuation Method:	Not applicable as plan is currently unfunded. Plan benefits are paid out of Town of Little Compton, RI's general assets.
Amortization of Unfunded Liabilities:	The portion of unfunded actuarial liabilities included in the ARC is determined using the level dollar thirty year open amortization basis.
Census Information:	Census data and premium information as of July 1, 2010 were used to calculate the ARC, OPEB cost and Net Obligation.
Net OPEB Obligation at Fiscal Year End:	Based on actual benefit payments, contributions to the Plan trust, and implicit rate subsidy, if any, for the fiscal year ending June 30, 2011

IV. ACTUARIAL ASSUMPTIONS

Actuarial assumptions are estimates as to the occurrence of future events impacting the costs of the plan such as mortality rates, withdrawal rates, medical trend rates, retirement ages, rates of investment earnings, etc. The assumptions have been chosen to anticipate the long-term experience of the plan.

Assumptions for the Current Valuation

Discount Rate: 4.00%

Long Term Rate of Return on Assets: N/A - the Plan is unfunded.

Healthy Mortality: RP-2000 Male/Female Combined Healthy Table. No mortality improvement has been assumed in future years.

Disabled Mortality: None

Turnover: Sarason Crocker Straight Table T-1. Sample rates below:

Age	Rate
25	4.9%
35	2.3%
45	0.2%

Retirement Rates:

Age	Rate
50	10%
51-54	2.5%
55	10%
56-59	5%
60	20%
61	10%
62	25%
63-64	15%
65	100%

Retirement is 100% at age 62 for members of Police & Fire members.

IV. ACTUARIAL ASSUMPTIONS (cont'd)

Health Care Monthly Premium Rates:	Plan - Single Rate / Family Rate per month Healthmate (1968) - \$558.64 / \$1,415.27 Healthmate (5C14) - \$635.00 (est) / \$1,498.42 Healthmate (5C15) - \$698.42 / \$1,552.58 Dental (Fire/Police) - \$31.50 / \$91.33 Dental (School) - \$33.69 / \$104.03
Health Care Cost Trend Rates - Medical Costs:	8.00% per year graded off 0.50% per year to an ultimate rate of 4.50% per year.
Health Care Cost Trend Rates - Dental Costs:	7.00% per year graded off 0.50% per year to an ultimate rate of 4.50% per year.
Participation:	It is assumed that 100% of future eligible retirees elect medical and/or dental coverage if available. All current retirees are assumed to continue coverage.
Plan Election:	Certified Teachers, Police, and Fire members are allowed, in general, to receive medical benefits until they become Medicare eligible or become covered under another employer's health insurance. It has been assumed that these members will become Medicare eligible at age 65.
Marital Status:	80% of all retirees are assumed to be married and elect family coverage.

IV. ACTUARIAL ASSUMPTIONS (cont'd)

Aging Assumption: Claim costs are assumed to increase by the following chart to reflect higher healthcare costs for older individuals:

Age	Rate
45-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90+	0%

Dental claims are not assumed to be effected by aging assumptions past age 70.

V. CHANGES IN ACTUARIAL ASSUMPTIONS

The table below indicates which assumptions, other than the Health Care Working Rates, have changed from the prior Fiscal Year. In the opinion of the actuary, these changes were made to better reflect current expectations of future experience.

	July 1, 2007	July 1, 2010
Health Care Cost Trend Rates - Medical Costs:	8.50% in 2007, graded down by 0.50% per year to 4.50% in 2015	8.00% in 2010, graded down by 0.50% per year to 4.50% in 2017
Health Care Cost Trend Rates - Dental Costs:	8.50% in 2007, graded down by 0.50% per year to 4.50% in 2015	7.00% in 2010, graded down by 0.50% per year to 4.50% in 2015

VI. CALCULATION OF ANNUAL REQUIRED CONTRIBUTION

The Annual Required Contribution (ARC) of the employer is the portion of the present value of future benefits that is to be recognized in the current fiscal year. It is made of the following components:

A. Normal cost, or the portion of the APV attributable to service in the current year
B. Amortization of the unfunded AAL-PUC resulting from plan amendments, actuarial (gains)/losses or initial adoption(s) of the plan
C. Interest Cost, or the expected increase in the AAL attributable to the passage of time (during the year)
D. Expected return on OPEB liability/asset, if any, (may reduce the other costs)

A.	**Normal cost as of July 1, 2010**	$	102,149
B.	**Amortization of Unfunded Liability**		
1.	Amortization of initial unfunded liability	$	146,239
2.	Amortization of UAAL: plan amendments		0
3.	Amortization of UAAL: (gains)/losses		0
4.	Amortization of UAAL, [(1) + (2) + (3)]	$	146,239
C.	**Interest on Normal Cost and Unfunded Liability**		
1.	Normal Cost + Amortization of UAAL, [(A) + (B.4)]	$	248,388
2.	Interest to end of period at 4.00%	$	9,938
D.	**Interest Cost on OPEB liability/(asset)**		
1.	OPEB liability/(asset)	$	0
2.	Interest to end of period at 4.00%	$	0
E.	**Annual Required Contribution [(A) + (B.4) + (C.2) + (D.2)]**	$	258,326
F.	**Expected Benefit Payments**	$	208,293
G.	**Increase in ARC over Pay-as-you-go [(E) - (F)]**	$	50,033

VII. DEVELOPMENT OF NET OPEB OBLIGATION

A. Fiscal Year Ending June 30, 2011

1.	Annual Required Contribution	$	258,326
2.	Interest on net OPEB obligation		4,235
3.	Adjustment to ARC (amortization of OPEB obligation)		(6,122)
4.	Annual OPEB cost [(1) + (2) + (3)]		256,439
5.	Actual Plan Contributions During Fiscal Year		
	a. Contributions for Actual Benefit Payments:		114,670
	b. Additional Contributions to Plan Trust:		0
	c. Allocation for Expected Benefit Payments (implicit subsidy):		0
	d. Total Plan Contributions:		114,670
6.	Increase in net OPEB obligation [(4) - (5.d)]		141,769
7.	Net OPEB obligation as of July 1, 2010		105,867
8.	Net OPEB obligation as of June 30, 2011 [(6) + (7)]	$	247,636

B. Recent OPEB Obligation History

Fiscal Year End	Annual OPEB Cost	Plan Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	224,867	119,000	52.9%	105,867
6/30/2011	256,439	114,670	44.7%	247,636

VIII. SCHEDULE OF FUNDING PROGRESS

A. Actuarial Present Value of Total Projected Benefits

Actuarial Present Value of Total Projected Benefits (APV) is the actuarial 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. Set forth below are the results of the valuation of the present value of future benefits as of the valuation date, July 1, 2010.

1.	Actuarial Present Value of total projected benefits		
	a. APV, Active participants total	$	2,471,729
	b. APV, Retirees		1,268,210
	c. Total APV, [(a) + (b)]	$	3,739,939

B. Actuarial Accrued Liability

Actuarial Accrued Liability (AAL-PUC) is defined as the actuarial present value of benefits allocated to all periods prior to the valuation date. The Projected Unit Credit (PUC) Actuarial Cost Method was used to allocate costs to various years. Set forth below are the results of the valuation of the AAL-PUC as of the valuation date, July 1, 2010.

2.	Actuarial Accrued Liability		
	a. AAL-PUC, Active participants total	$	1,361,713
	b. AAL-PUC, Retirees		1,268,210
	c. Total AAL-PUC, [(a) + (b)]	$	2,629,923
3.	Fair Value of Assets as of July 1, 2010	$	0
4.	Statement of Funded Status as of July 1, 2010		
	a. Actuarial Present Value - total projected benefits, [(1.c)]	$	3,739,939
	b. Future accruals for active participants		1,110,016
	c. Actuarial Accrued Liability, [(2.c)]		2,629,923
	d. Fair Value of Assets, [(3)]		0
	e. Funded status, [(d) - (c)]	$	(2,629,923)
	f. Unfunded Actuarial Accrued Liability (UAAL)		2,629,923
5.	Funding Percentage as of July 1, 2010		0.00%

VIII. SCHEDULE OF FUNDING PROGRESS (cont'd)

C. Fair Value of Assets - Reconciliation of Plan Assets through June 30, 2011

The following table projects the reconciliation of the change in the market value of assets over the past plan year based upon financial information provided by the Town of Little Compton, RI:

1.	Market Value of Assets July 1, 2010		$ 0
2.	Additions during the year		
	a. Town's contributions expected to fund	$ 114,670	
	b. Town's allocation for implicit rate subsidy	0	
	c. Retiree contributions	30,694	
	d. Interest earned	0	
	e. Total additions		$ 145,364
3.	Disbursements during the year		
	a. Actual benefit payments	N/A	
	b. Allocation for expected benefit payments	$ (145,364)	
	c. Allocation for implicit rate subsidy	0	
	d. Other disbursements from fund	0	
	e. Total disbursements		$ (145,364)
4.	Market Value of Assets June 30, 2011		$ 0
5.	Estimated investment rate of return (net of expenses)		N/A

VIII. SCHEDULE OF FUNDING PROGRESS (cont'd)

D. Funded Ratio and UAAL as a Percentage of Covered Payroll

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2007	N/A	1,954,239	1,954,239	N/A	3,051,378	64.0%
7/1/2010	N/A	2,629,923	2,629,923	N/A	2,623,416	100.2%

IX. AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Actuarial Accrued Liability is amortized over 30 or fewer years. The 30 year level dollar amortization is presumed to be established on an open amortization basis. This means that the period of amortization is reset each year to be 30 years.

	Initial Amount	Date of First Charge or (Credit)	Amort. Period (years)	Amort. Interest Rate	Outstanding Balance (boy)	Amort. Charge or (Credit)
Initial UAAL	2,629,923	7/1/2010	30.00	4.00%	2,629,923	146,239
UAAL from amendments	0	N/A	N/A	N/A	0	0
UAAL (gain)/loss	0	N/A	N/A	N/A	0	0

X. BREAKOUT OF LIABILITY BY GROUP

		FIRE	POLICE	CERT TEACHERS	NON-CERT	Total
A.	**Headcounts**					
1.	Actives	7	3	30	9	49
2.	Retirees	4	3	3	1	11
3.	Total	11	6	33	10	60
4.	Payroll for Actives	$ 325,909	$ 180,182	$ 1,848,034	$ 269,291	$ 2,623,416
B.	**Actuarial Accrued Liability (AAL)**					
	Medical:					
1.	Actives	$ 615,093	$ 334,231	$ 408,136	$ 4,253	$ 1,361,713
2.	Retirees	$ 644,135	$ 455,938	$ 166,671	$ 1,466	$ 1,268,210
3.	Total	$ 1,259,228	$ 790,169	$ 574,807	$ 5,719	$ 2,629,923
4.	Normal Cost	$ 50,859	$ 13,461	$ 37,613	$ 216	$ 102,149
	Life:					
1.	Actives	$ 0	$ 0	$ 0	$ 0	$ 0
2.	Retirees	$ 0	$ 0	$ 0	$ 0	$ 0
3.	Total	$ 0	$ 0	$ 0	$ 0	$ 0
4.	Normal Cost	$ 0	$ 0	$ 0	$ 0	$ 0
	Total:					
1.	Actives	$ 615,093	$ 334,231	$ 408,136	$ 4,253	$ 1,361,713
2.	Retirees	$ 644,135	$ 455,938	$ 166,671	$ 1,466	$ 1,268,210
3.	Total	$ 1,259,228	$ 790,169	$ 574,807	$ 5,719	$ 2,629,923
4.	Normal Cost	$ 50,859	$ 13,461	$ 37,613	$ 216	$ 102,149
C.	**Annual Required Contribution**					
1.	NC w/ interest	$ 52,893	$ 13,999	$ 39,118	$ 225	$ 106,235
2.	Amort. of UAAL	$ 72,822	$ 45,696	$ 33,242	$ 331	$ 152,091
3.	Total	$ 125,715	$ 59,695	$ 72,360	$ 556	$ 258,326
4.	ARC as a Percent of Payroll	38.57%	33.13%	3.92%	0.21%	9.85%
D.	**Exp. Benefit Payments**	$ 95,438	$ 73,342	$ 38,575	$ 938	$ 208,293
E.	**AAL as a Percent of Payroll**	386.4%	438.5%	31.1%	2.1%	100.2%

XI. CASH FLOW PROJECTIONS

The Plan liability will be satisfied through the payment of benefits for current and future retirees. Using the same assumptions for retirement, mortality, and increases in claims costs that were used to perform the valuation, the cash requirements are projected for each of the next fifteen years. The cash requirements are based on projected claims costs, less retiree contributions, if applicable, for both current and future retirees.

The cash flow projections show costs under the current funding (Pay-as-You-Go), compared to the Annual Required Contribution (ARC). The Total ARC equals the sum of the Normal Cost, Interest Cost, and Amortization Payment. The projections show total cash flows for the thirty year open amortization method. This means that the period of amortization is reset each year to be 30 years. Amortization may also be allowed as a percent of payroll under the GASB standards, or may be on a closed basis amortization. This means that the period of amortization decreases each year by one year. The first year amortization period being 30 years, the second being 29 years and so forth until in the thirtieth year the amortization period is 1 year.

The projections below are prepared on a closed group basis, meaning no new employees are added to the existing population for future years.

The cost projection in subsection A below, Projection with No Prefunding, applies only if the plan is not prefunded and contributions are only the Pay-As-You-Go (PAYGO) costs. The ARC for years after June 30, 2011 increases since the plan is not pre-funded.

The cost projection in subsection B below, Projection with Prefunding, applies only if the Plan is prefunded and the employer makes annual contributions to the plan equal to the ARC. If the employer does not make contributions at least equal to or greater than the ARC (on an accumulated basis) for years subsequent to the current fiscal year then the ARC for those later years will be higher than those projected in subsection B. The Net OPEB Obligation as of June 30, 2011 is based on the actual contributions through the year (Pay-As-You-Go Method).

XI. CASH FLOW PROJECTIONS (cont'd)

A. Projection with No Prefunding (4.00% discount rate)

Plan Year Ending	Contribution (PAYGO)	Annual Required Contribution	Net OPEB Obligation	Plan Assets	Funding Percentage
6/30/2011	$114,670	$258,324	$247,634	$0	0.00%
6/30/2012	246,000	257,000	254,000	0	0.00%
6/30/2013	240,000	255,000	264,000	0	0.00%
6/30/2014	224,000	252,000	287,000	0	0.00%
6/30/2015	245,000	250,000	287,000	0	0.00%
6/30/2016	244,000	242,000	280,000	0	0.00%
6/30/2017	248,000	231,000	258,000	0	0.00%
6/30/2018	243,000	223,000	233,000	0	0.00%
6/30/2019	145,000	214,000	298,000	0	0.00%
6/30/2020	159,000	212,000	346,000	0	0.00%
6/30/2021	179,000	207,000	368,000	0	0.00%
6/30/2022	170,000	201,000	392,000	0	0.00%
6/30/2023	208,000	195,000	372,000	0	0.00%
6/30/2024	193,000	187,000	359,000	0	0.00%
6/30/2025	207,000	182,000	328,000	0	0.00%

XI. CASH FLOW PROJECTIONS (cont'd)

B. Projection with Full Prefunding (7.50% discount rate)

Plan Year Ending	Contribution (ARC)	Annual Required Contribution	Net OPEB Obligation	Plan Assets	Funding Percentage
6/30/2011	$114,670	$258,324	$247,634	$0	0.00%
6/30/2012	251,000	251,000	266,000	0	0.00%
6/30/2013	249,000	249,000	286,000	6,000	0.27%
6/30/2014	247,000	247,000	307,000	16,000	0.78%
6/30/2015	246,000	246,000	330,000	43,000	2.02%
6/30/2016	240,000	240,000	355,000	47,000	2.23%
6/30/2017	232,000	232,000	382,000	46,000	2.25%
6/30/2018	226,000	226,000	411,000	33,000	1.63%
6/30/2019	222,000	222,000	442,000	17,000	0.86%
6/30/2020	217,000	217,000	475,000	101,000	4.99%
6/30/2021	212,000	212,000	511,000	172,000	8.28%
6/30/2022	205,000	205,000	549,000	220,000	10.51%
6/30/2023	199,000	199,000	590,000	274,000	12.93%
6/30/2024	194,000	194,000	633,000	285,000	13.54%
6/30/2025	191,000	191,000	681,000	307,000	14.61%

XII. ASSUMPTION SENSITIVITY ANALYSIS

A. Discount Rate of 4.00% (ARC Not Contributed to Trust)

Normal Cost	$102,149
Actuarial Accrued Liability	$2,629,923
Annual Required Contribution	$258,326
Covered Payroll	$2,623,416
ARC as a Percent of Payroll	9.85%

B. Discount Rate of 7.50% (ARC Contributed to Trust)

Normal Cost	$65,337
Actuarial Accrued Liability	$2,066,152
Annual Required Contribution	$245,180
Increase/(Decrease) to ARC in Section VI	(13,146)
ARC as a Percent of Payroll	9.35%

C. Increase Medical Trend by 1%

Normal Cost	$117,198
Actuarial Accrued Liability	$2,842,142
Annual Required Contribution	$286,247
Increase/(Decrease) to ARC in Section VI	27,921
ARC as a Percent of Payroll	10.91%

D. Decrease Medical Trend by 1%

Normal Cost	$89,246
Actuarial Accrued Liability	$2,441,586
Annual Required Contribution	$234,013
Increase/(Decrease) to ARC in Section VI	(24,313)
ARC as a Percent of Payroll	8.92%

XIII. PER CAPITA MEDICAL COSTS

A. Per Capita Medical Costs, July 1, 2010

1.	Average annual claims cost - All eligible members	
	a. Average per person claims cost	8,962.56
	b. Average per spouse claims cost	8,962.56
	c. Average per family claims cost [100% x (a) + 80% x (b)]	16,132.61
2.	Estimate fiscal 2011 claim cost adjusted to age 65 basis	
	a. Average age of all covered participants	48.69
	b. Factor to adjust to age 65 per assumptions [1.030 ^ (65.00 - (a))]	161.95%
	c. Annual cost adjsuted to fiscal 2011 age 65 basis, single coverage, [(1.a) x (2.b)]	14,514.67

The working rate described in item A.1 above is the annual average claim cost per person based on information provided by the Town of Little Compton, RI in the form of detailed monthly claim costs for July 2007 through June 2010 (3 years). Health care cost trend rates have been used to adjust the claim costs from the midpoint of the given experience (January 1, 2009) to the midpoint of the current fiscal year (January 1, 2011).

B. Per Capita Dental Costs, July 1, 2010

1.	Fiscal 2011 premium cost	
	a. Annual cost for single coverage	378.00
	b. Annual cost for family coverage	1,096.00
2.	Estimate fiscal 2011 premium cost adjusted to age 65 basis	
	a. Average age of covered participants	48.69
	b. Factor to adjust to age 65 per assumptions [1.030 ^ (65.00 - (a))]	161.95%
	c. Annual cost adjsuted to fiscal 2011 age 65 basis, single coverage, [(1.a) x (2.b)]	612.16

XIII. PER CAPITA MEDICAL COSTS (cont'd)

C. Historical Monthly Medical Premiums

		7/1/2008	7/1/2009	7/1/2010
1.	Healthmate Coast to Coast (1968)			
	a. Single Coverage	459.00	516.61	558.64
	b. Family Coverage	1,164.00	1,309.94	1,415.27
2.	Healthmate Coast to Coast (5C14 - Police)			
	a. Single Coverage	538.58	587.00	635.00
	b. Family Coverage	1,240.25	1,386.17	1,498.42
3.	Healthmate Coast to Coast (5C15 - Fire)			
	a. Single Coverage	592.33	646.08	698.42
	b. Family Coverage	1,294.00	1,436.25	1,552.58
4.	Dental (Police/Fire)			
	a. Single Coverage	28.33	30.58	31.50
	b. Family Coverage	87.83	88.67	91.33
5.	Dental (School)			
	a. Single Coverage	N/A	32.71	33.69
	b. Family Coverage	N/A	101.00	104.03

XIII. PER CAPITA MEDICAL COSTS (cont'd)

D. Projected Per Capita Medical Costs

		Medical	Dental
1.	Annual single working rate, July 1, 2010 (Fire Dept. for example):	8,381.00	378.00
2.	Annual single claims cost at 65, July 1, 2010:	14,514.67	612.16
3.	Average age of participants :	48.69	48.69
4.	Expected annual claims costs by age:		

Age	Aging Assumption	Medical	Dental
50	3.00%	9,316.42	392.92
51	3.00%	9,595.91	404.71
52	3.00%	9,883.79	416.85
53	3.00%	10,180.30	429.36
54	3.00%	10,485.71	442.24
55	3.00%	10,800.28	455.51
56	3.00%	11,124.29	469.17
57	3.00%	11,458.02	483.25
58	3.00%	11,801.76	497.74
59	3.00%	12,155.81	512.68
60	3.00%	12,520.48	528.06
61	3.00%	12,896.10	543.90
62	3.00%	13,282.98	560.22
63	3.00%	13,681.47	577.02
64	3.00%	14,091.91	594.33
65	3.00%	**14,514.67**	**612.16**
66	3.00%	14,950.11	630.53
67	3.00%	15,398.61	649.44
68	3.00%	15,860.57	668.93
69	3.00%	16,336.39	688.99
70	2.50%	16,826.48	709.66
...			
75	2.00%	19,037.62	709.66
...			
80	1.00%	21,019.07	709.66
...			
85	0.50%	22,091.26	709.66
...			
90+	0.00%	22,649.09	709.66

XIV. PARTICIPANT DATA

A. Reconciliation of Participant Data

	Actives	*Retirees & Spouses*	*Total*
Total as of July 1, 2007	65	13	78
New Entrants	9	n/a	9
Terminations	(20)	n/a	(20)
Active deaths	-	n/a	0
New retirees	(5)	5	0
New beneficiaries	-	-	0
Retiree/beneficiary deaths	n/a	-	0
Dropped coverage	n/a	(8)	(8)
Data adjustments	0	1	1
Total as of July 1, 2010	49	11	60

XIV. PARTICIPANT DATA (cont'd)

B. Age and Service Distribution of Members

1. Eligible Active Members:

Complete Years of Service as of July 1, 2010

Attained Age	*0-4*	*5-9*	*10-14*	*15-19*	*20-24*	*25-29*	*30+*	*Total*
Under 25	1	-	-	-	-	-	-	1
25-29	4	-	-	-	-	-	-	4
30-34	3	2	-	-	-	-	-	5
35-39	-	-	3	1	-	-	-	4
40-44	1	1	3	-	3	-	-	8
45-49	1	2	2	-	-	-	-	5
50-54	-	1	2	1	4	-	1	9
55-59	1	-	1	-	4	-	1	7
60-64	1	-	-	-	1	1	2	5
65+	-	-	-	-	1	-	-	1
Total	12	6	11	2	13	1	4	49

2. Retired Members:

Attained Age	*Retirees*
Under 50	-
50-54	-
55-59	7
60-64	4
65-69	-
70-74	-
75-79	-
80-84	-
85-90	-
90+	-
Total	11

XIV. PARTICIPANT DATA (cont'd)

C. Participant Statistics

1. Eligible Active Members:

	Fire	Police	Cert	Non Cert	Total
Count:	7	3	30	9	49
Average age:	45.9	44.7	45.0	51.6	46.3
Average past service:	15.1	22.3	11.6	20.6	14.4
Average future service until retirement:	15.5	14.2	14.8	12.3	13.9
Average age of retirement:	61.4	58.9	59.8	63.9	60.2

2. Retired Members and Spouses:

	Fire	Police	Cert	Non Cert	Total
Count:	4	3	3	1	11
Average age for "under 65":	59.0	59.3	58.0	63.0	59.2
Average age for "over 65":	N/A	N/A	N/A	N/A	N/A
Average age all retirees:	59.0	59.3	58.0	63.0	59.2
Expected future lifetime:	23.1	22.9	25.8	22.3	23.7

XV. GLOSSARY FOR OPEB AND GASB 45

Actuarial Accrued Liability (AAL) – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value (APV) of plan benefits and expenses allocated to all periods prior to the valuation date. This is the amount of the APV not provided by future Normal Costs. For example, AAL-PUC references the fact that the Projected Unit Credit Actuarial Cost Method was used to allocate costs to various years.

a) 100% of the actuarial present value of benefits expected to be paid (APV) to:
   i) Retirees and their dependants
   ii) Active employees who have attained their expected retirement date and their dependants

b) Proportionate amount, based on employee service recognized up to the valuation date, of the actuarial present value of benefits expected to be paid (AAL) for active employees who have not yet attained their expected retirement date.

The AAL is the benefit obligation disclosed in the financial statements representing current plan liability.

Active Plan Participant – Any active employee who has rendered service during the credited service period and is expected to receive benefits, including benefits to or for any beneficiaries and covered dependents, under the Postemployment benefit plan.

Actuarial Cost Method or Funding Method – A procedure for determining the Actuarial Present Value of OPEB plan benefits and expenses and for developing an actuarial equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Present Value of Total Projected Benefits (APV) – The actuarial present value of the cost to finance, as of a specified date, all future benefit costs or a series of benefit costs, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (for example, by means of decrements for events such as death, disability, withdrawal or retirement) between the specified date and the expected date of payment. This includes benefits to current active members, terminated employees entitled to benefits but not yet receiving them, if any, retirees, their beneficiaries and any covered dependents pursuant to the terms of the OPEB plan. Expressed another way, 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.

Amortization Payment – That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability (UAAL).

Annual Required Contribution of the Employer (ARC) – The amount recognized in an employer's financial statement as the required annual contribution to a defined benefit OPEB plan. Components include normal cost, interest cost, actual return on OPEB liability/asset, gain and loss, amortization of gains and losses.

Attribution Period – The period of an employee's service to which the actuarial present value of total projected benefits for that employee is assigned. The beginning of that period is generally the employee's date of hire and the end of the attribution period is the full eligibility date.

XV. GLOSSARY FOR OPEB AND GASB 45 (cont'd)

Discount Rate – The interest rate used in developing present values to reflect the time value of money. The discount rate is used to determine the present value, as of the valuation date, of future cash flows currently expected to be required to satisfy the OPEB obligation.

Determined as the rate of investment return used to discount future cash flows currently expected to be required to satisfy the Postemployment obligation. The discount rate assumption should be based on the rates of return on high quality, fixed-income investments currently available whose cash flows match the timing and amount of expected payments.

Full Eligibility Date – The date at which an employee has rendered all service necessary to receive full benefits under the plan.

Gains and Losses – Changes in the Unfunded Actuarial Accrued Liability (UAAL) that is the result of actual experience of the plan being different than what was expected.

Health Care Cost Trend Rate (HCCTR) – An assumption about the annual rate(s) of change in the cost of health care benefits which are currently provided by the Postemployment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants.

Differing types of service, such as hospital care and dental care, may have different trend rates as may service for different portions of the plan population, such as Medicare eligible and non-Medicare eligible members.

Implicit Rate Subsidy – It is a common practice to permit retired employees to continue in the town's group health insurance plan at their own cost once eligibility for town paid benefits is exhausted. This practice creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees. Therefore, unless the premium rate for retirees is set to fully recover their health costs, the premium for active employees is implicitly overstated to subsidize utilization by retirees. This is called implicit rate subsidy. This rate subsidy is considered a benefit subject to OPEB valuation, included in GASB45.

The OPEB liability normally includes the cost of the implicit rate subsidy for the years in which the retiree is paying the insurance costs for continued coverage. When the retiree is eligible for Medicare, the cost of coverage is generally much closer to the premium cost. Therefore, there is no OPEB liability assumed for Medicare-eligible retirees paying 100% of the premium.

Interest Cost (component of Annual Required Contribution (ARC)) – The accrual of interest on the Normal Cost and Amortization of UAAL for the year of the valuation. It is calculated by applying the beginning of year Discount Rate to the sum of the NC and UAAL as of the beginning of year.

Market Value (or Fair Value) of Plan Assets – The amount that a plan could reasonable expect to receive for an investment in a current sale between a willing buyer and a willing seller.

XV. GLOSSARY FOR OPEB AND GASB 45 (cont'd)

Market-Related Value of Plan Assets – A balance used to calculate the Expected Return of Plan Assets. Market-related value can be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years.

Normal Cost (component of Annual Required Contribution (ARC)) – The portion of the Actuarial Present Value of Total Projected Benefits (APV) attributed to employee service during a valuation year by the Actuarial Cost Method.

OPEB Assets – The amount recognized by an employer for contributions to an OPEB plan greater than the OPEB expense.

OPEB Expenditures – The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

OPEB Expense – The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

OPEB Liabilities – The amount recognized by an employer in each accounting period for contributions to an OPEB plan less than OPEB expense/expenditures.

Open Group/Closed Group – Terms used to distinguish between two classes of Actuarial Cost Methods. Under an Open Group Actuarial Cost Method, Actuarial Present Values associated with expected future entrants are considered; under a Closed Group Actuarial Cost Method, Actuarial Present Values associated with expected future entrants are not considered.

Pay-As-You-Go (PAYGO) – A method of expensing retiree medical benefits recognizing as an expense the cash currently paid as benefits to retirees, spouses and covered dependents. The minimum method of financing a plan, having no pre-funding until benefits actually become payable.

Per Capita Benefit Cost by Age – The current cost of providing OPEB health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

Plan Assets – Assets which have been irrevocably dedicated to the payment of benefits under the plan.

Postemployment – The period between termination of employment and retirement as well as the period after retirement.

Postemployment Benefits – All forms of benefits, other than retirement income (pensions), provided by the employer to the retiree, including, but not limited to, health care, life insurance and legal assistance.

XV. GLOSSARY FOR OPEB AND GASB 45 (cont'd)

Projected Unit Credit Actuarial Cost Method -- A method under which the projected benefits of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. The Actuarial Present Value of benefits allocated to a valuation year is called the Normal Cost. The Actuarial Present Value of benefits allocated to all periods prior to a valuation year is called the Actuarial Accrued Liability.

Substantive Plan – The terms of a postemployment benefit plan as understood by an employer and plan members that provides postemployment benefits to the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for this transaction. In some situations an employer's cost-sharing policy, as evidenced by past practice or by communication of intended changes to a plan's cost-sharing provisions, or a past practice of regular increases in certain monetary benefits may indicate that the substantive plan differs from the existing written plan.

Unfunded Actuarial Accrued Liability (UAAL) -- The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Valuation Date – The date as of which the plan assets and OPEB obligations are measured.