

Town of Cortlandville

Other Post-Employment Benefits

GASB Statement No. 75 Annual Report

as of January 1, 2018

For reporting date:

December 31, 2018

Prepared by:



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120 Walton Street, Suite 601
Syracuse, NY 13202



February 6, 2019

Mr. Richard C. Tupper
Supervisor
Town of Cortlandville
3577 Terrace Road
Cortland, New York 13045

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

Dear Mr. Tupper:

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, 2018.

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 the plan data and the actuarial valuation as of January 1, 2017 and financial data and actuarial roll forward techniques to calculate the results as of January 1, 2018 (The Measurement Date). We will need to perform a new valuation as of January 1, 2019 to determine the Net OPEB Liability and related Disclosures for the Fiscal Years ending December 31, 2019 and December 31, 2020.

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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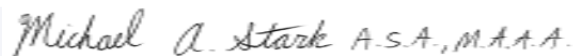
Please keep in mind that future actuarial valuation results may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic 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,



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



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

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SECTION 1: SUMMARY OF PRINCIPAL RESULTS

Town of Cortlandville provides medical, dental, vision, and prescription drug 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 Cortlandville
GASB Statement No. 75 Required Information
For Reporting Date December 31, 2018

Summary of Principal Results

Valuation Date:	January 1, 2017
Measurement Date:	January 1, 2018
Reporting Date:	December 31, 2018
Membership Data:	
Retirees and Survivors	18
Terminated Vested Employees	0
Actives	<u>39</u>
Total	57
Municipal Bond Index Rate:	3.44%
Present Value of Total Future Liability	\$12,913,437
Net OPEB Liability:	
Total OPEB Liability (TOL)	\$9,501,791
Fiduciary Net Position (FNP)	<u>\$0</u>
Net OPEB Liability (NOL=TOL-FNP)	\$9,501,791
FNP as a percentage of TOL	0%
OPEB Expense:	\$725,409
Deferred Outflows of Resources:	\$612,005
Deferred Inflows of Resources:	\$0

SECTION 2: INTRODUCTION

Armory Associates, LLC is very pleased to be working with Town of Cortlandville. Town of Cortlandville 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 Cortlandville. 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, 2018 (the Measurement Date), presents information to assist Town of Cortlandville in meeting the requirements of GASB 75 for the fiscal year ending December 31, 2018 (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, 2017. 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 Cortlandville 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 Cortlandville, 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 Cortlandville 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 Cortlandville 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 Cortlandville operates the OPEB Plan on a pay-as-you-go basis the Fiduciary Net Position is \$0.

January 1, 2018	
Total OPEB Liability	\$9,501,791
Fiduciary Net Position	0
Net OPEB Liability	<u>\$9,501,791</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	0%
Covered Payroll over Measurement Period	\$2,133,472
Net OPEB Liability as a percentage of covered employee payroll	445%

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
Balance at 01/01/2017	<u>\$8,608,368</u>
Changes for the year:	
Service Cost	305,831
Interest Cost	332,908
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	468,886
Benefit Payments (including implicit subsidy)	<u>(214,202)</u>
Net Changes	<u>893,423</u>
Balance at 01/01/2018	\$9,501,791

Changes of assumptions and other inputs reflects a change in the discount rate from 3.78% on January 1, 2017 to 3.44% on January 1, 2018.

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 (2.44%) or 1-percentage point higher (4.44%) than the current discount rate:

	1% Decrease 2.44%	Current 3.44%	1% Increase 4.44%
Total OPEB Liability	\$11,106,652	\$9,501,791	\$8,215,651

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:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$8,023,253	\$9,501,791	\$11,383,440

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 3.78% 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

- No changes in the experience were recognized for this Measurement Period. Since Town of Cortlandville has chosen to do biennial valuations update procedures were used to roll forward the total OPEB liability to the measurement date without using updated census and claims data.

Changes to Assumptions and Other Inputs

- Changed the discount rate from 3.78% to 3.44%. 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.

Changes in Net OPEB Liability since Prior Measurement Date

Expected January 1, 2018 Net OPEB Liability	
January 1, 2017 Net OPEB Liability	8,608,368
Service Cost	305,831
2017 Expected Employer Contributions (including implicit subsidy)	(214,202)
Interest Cost (3.78%)	332,908
Expected January 1, 2018 Net OPEB Liability	\$9,032,905
Actual January 1, 2018 Net OPEB Liability	
	\$9,501,791
(Gains)/Losses Recognized Immediately	
Changes to Benefit Terms	0
(Gains)/Losses w/ Recognition over Average Remaining Service Lives (5.41 years)	
Differences between Expected and Actual Experience	0
Changes to Assumptions and Other Inputs	468,886
Total Actuarial (Gains)/Losses	\$468,886

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, 2018 is shown in the following table.

OPEB Expense

Service Cost	\$305,831
Interest on the total OPEB Liability	332,908
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total OPEB Liability	0
Expensed portion of current-period changes of assumptions	86,670
Recognition of beginning deferred outflows of resources as OPEB expense	0
Recognition of beginning deferred inflows of resources as OPEB expense	0
OPEB Expense:	<u>\$725,409</u>

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, 2018 (Measurement Date).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Changes of assumptions or other inputs	382,216	0
Employer contributions subsequent to the measurement date (Expected employer contribution including implicit subsidy)	229,789	0
Total	<u>\$612,005</u>	<u>\$0</u>

The amortization period for the beginning of the measurement period is 5.41 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,		
2019	\$	86,670
2020		86,670
2021		86,670
2022		86,670
2023 and Thereafter		35,536

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, 2017 with update procedures used to roll forward the total OPEB liability to the measurement date.

Valuation Date	January 1, 2017
Measurement Date	January 1, 2018
Reporting Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal – Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Discount Rate	3.44%, as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index
Salary Scale	3.5%
Rate of Inflation	2.2%
Mortality - Actives	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-2017.
Mortality – Retirees	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-2017.
Turnover	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 45 Valuation (September 2016)</u> . Please refer to Exhibit 6-1 for the complete turnover table.

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 45 Valuation (September 2016). Please refer to Exhibits 6-2 through 6-4 for the complete retirement incidence tables.

Medical Trend

To Fiscal Year Ending	Pre-65	Post-65
2019	10.50%	8.00%
2020	8.00%	7.50%
2021	7.00%	7.00%
2022	6.70%	6.70%
2027	5.19%	5.19%
2032	5.19%	5.19%
2037	5.70%	5.19%
2047	5.41%	4.92%
2057	4.92%	5.15%
2067	4.62%	4.84%
2077	4.03%	4.03%
2087	4.03%	4.03%

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 Cortlandville. 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: 1.2%

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 Welfare Benefits Plan, and no changes to these baseline assumptions are necessary.

Dental & Vision Trend**4%****Excise Tax**

Under the Patient Protection and Affordable Care Act (“PPACA”), an excise tax will be imposed for tax years beginning after December 31, 2021 for high cost employer sponsored health coverage. The law specifies a 40% excise tax, to be paid by the provider, of the excess value beyond a basic dollar amount plus an additional amount for qualified retirees of those engaged in a high risk profession. The applicable thresholds for the Excise tax — set by the ACA at \$10,200 for individual coverage and \$27,500 for family coverage in 2018 — should continue to index during the delay but will index according to the Chained Consumer Price Index for all Urban Consumers (C-CPI-U), as provided under the new tax law. For pre-65 retirees, additional amounts of \$1,650 for single coverage and \$3,450 for family coverage are included, but actual threshold amounts have not yet been released.

For purposes of this valuation we have assumed that the Town would stay under the threshold amount and will therefore have no excise tax. As more regulatory guidance becomes available, the calculation of the excise tax liability will evolve.

Election Percentage

Upon retirement it is assumed that eligible employees will elect for post-retirement health care benefits at the following rates:

Participant Group	% Electing Coverage
Retiree	100%
Retiree's Spouse	90%
Surviving Spouse	100%

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 premiums are adjusted by age and gender using the following age-sex factors:

Age	Male	Female
40-44	0.805	1.229
45-49	1.016	1.349
50-54	1.339	1.587
55-59	1.740	1.835
60-64	2.233	2.184
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

Pre-65 medical coverage is provided through the Excellus SimplyBlue Plus Bronze 4 high deductible plan, and post-65 coverage is provided through Excellus Medicare BluePPO Option 1; both are community rated plans.

Pre-65 per capita claims costs include an additional \$2100 for health savings account (HSA) contributions and \$2175 for health reimbursement account contributions (HRA)- 50% of the maximum amount.

The following table presents the age-adjusted premiums as of the valuation date, including administrative fees, which were used to calculate the total OPEB liability.

Age	Per Capita Claims Costs
40-44	\$6,242
45-49	\$7,240
50-54	\$8,932
55-59	\$10,886
60-64	\$13,425
65-69	\$4,156
70-74	\$4,564
75-79	\$4,864
80-84	\$4,986
85-89	\$4,839
90-94	\$4,483
95+	\$4,010

To determine the age-adjusted premiums, premiums for each plan were age adjusted using the age-sex factors disclosed in the morbidity table on page 13. Historical claims costs for the Town were not available for this analysis. The size of the Town's population is not large enough to be considered credible for this analysis. As a result, the demographics of a fully credible employer in a similar geographic region were used to adjust the premiums.

Exhibit 6-1: NYSERS Turnover Table

Age	Years of Service					
	<2	2-2.99	3-3.99	4-4.99	5-9.99	>=10
15	18.375%	10.298%	6.792%	5.938%	4.333%	2.727%
16	18.375%	10.298%	6.792%	5.938%	4.333%	2.727%
17	18.375%	10.298%	6.792%	5.938%	4.333%	2.727%
18	18.375%	10.298%	6.792%	5.938%	4.333%	2.727%
19	18.375%	10.298%	6.792%	5.938%	4.333%	2.727%
20	18.259%	10.298%	6.792%	5.938%	4.333%	2.727%
21	18.011%	10.298%	6.792%	5.938%	4.333%	2.727%
22	17.680%	10.298%	6.792%	5.938%	4.333%	2.727%
23	17.286%	10.853%	8.065%	6.339%	4.505%	2.727%
24	16.840%	11.240%	8.865%	6.671%	4.628%	2.727%
25	16.362%	11.473%	9.293%	6.919%	4.701%	2.727%
26	15.892%	11.592%	9.493%	7.107%	4.727%	2.727%
27	15.479%	11.621%	9.587%	7.282%	4.719%	2.727%
28	15.157%	11.569%	9.645%	7.485%	4.690%	2.688%
29	14.917%	11.436%	9.683%	7.721%	4.655%	2.643%
30	14.716%	11.226%	9.682%	7.945%	4.620%	2.588%
31	14.502%	10.953%	9.602%	8.084%	4.589%	2.522%
32	14.240%	10.645%	9.411%	8.065%	4.563%	2.447%
33	13.929%	10.326%	9.100%	7.855%	4.539%	2.369%
34	13.592%	10.015%	8.695%	7.483%	4.510%	2.290%
35	13.264%	9.712%	8.247%	7.028%	4.472%	2.215%
36	12.972%	9.407%	7.814%	6.587%	4.418%	2.140%
37	12.731%	9.086%	7.440%	6.238%	4.345%	2.063%
38	12.538%	8.747%	7.146%	6.016%	4.254%	1.982%
39	12.387%	8.405%	6.926%	5.903%	4.146%	1.904%
40	12.262%	8.081%	6.755%	5.845%	4.033%	1.830%
41	12.148%	7.793%	6.610%	5.783%	3.919%	1.768%
42	12.033%	7.553%	6.473%	5.676%	3.812%	1.719%
43	11.910%	7.360%	6.336%	5.512%	3.716%	1.683%
44	11.782%	7.208%	6.202%	5.306%	3.629%	1.653%
45	11.659%	7.089%	6.079%	5.094%	3.550%	1.620%
46	11.560%	6.995%	5.968%	4.906%	3.472%	1.572%
47	11.499%	6.926%	5.870%	4.766%	3.389%	1.504%
48	11.485%	6.880%	5.777%	4.680%	3.301%	1.419%
49	11.516%	6.856%	5.688%	4.639%	3.210%	1.329%
50	11.577%	6.849%	5.608%	4.625%	3.122%	1.250%
51	11.642%	6.854%	5.549%	4.620%	3.048%	1.189%
52	11.688%	6.865%	5.524%	4.608%	2.990%	1.148%
53	11.697%	6.877%	5.547%	4.583%	2.951%	1.125%
54	11.670%	6.891%	5.620%	4.546%	2.926%	1.112%
55	11.623%	6.914%	5.736%	4.508%	2.912%	1.105%
56	11.594%	6.955%	5.875%	4.484%	2.906%	1.103%
57	11.633%	7.031%	6.023%	4.493%	2.908%	1.105%
58	11.790%	7.155%	6.170%	4.547%	2.916%	1.110%
59	12.106%	7.338%	6.311%	4.653%	2.927%	1.116%
60	12.585%	7.589%	6.453%	4.808%	2.940%	1.124%
61	13.185%	7.894%	6.594%	5.001%	2.954%	1.132%
62	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
63	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
64	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
65	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
66	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
67	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
68	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
69	13.796%	8.223%	6.726%	5.212%	2.966%	1.138%
70	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Exhibit 6-2: NYSERS Tier 1 Retirement Incidence Table

Age	Years of Service		
	< 20	20-29.99	>= 30
55	5.368%	8.827%	28.216%
56	4.518%	7.174%	20.938%
57	4.626%	7.307%	18.393%
58	4.870%	8.150%	21.279%
59	5.683%	9.622%	24.370%
60	6.412%	11.768%	23.707%
61	11.522%	20.838%	32.988%
62	20.910%	39.194%	43.710%
63	14.090%	25.830%	31.095%
64	14.543%	23.372%	24.977%
65	19.902%	31.101%	27.759%
66	15.511%	24.229%	22.960%
67	14.727%	21.717%	21.737%
68	14.148%	21.250%	20.472%
69	15.790%	21.035%	21.862%
70	100.000%	100.000%	100.000%

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

Age	Years of Service		
	< 20	20-29.99	>= 30
55	5.923%	8.206%	41.847%
56	3.858%	4.789%	19.822%
57	3.839%	4.887%	18.561%
58	3.993%	5.426%	18.220%
59	4.336%	6.459%	18.802%
60	4.888%	7.811%	19.944%
61	8.169%	16.183%	24.296%
62	14.912%	32.164%	35.967%
63	10.952%	21.710%	24.163%
64	12.035%	21.020%	23.513%
65	15.763%	25.788%	27.753%
66	15.360%	25.820%	28.852%
67	12.425%	20.575%	22.782%
68	12.378%	19.431%	24.346%
69	13.189%	20.578%	23.787%
70	100.000%	100.000%	100.000%

Exhibit 6-4: NYSERS Tier 5 Retirement Incidence Table

Age	Years of Service		
	< 20	20-29.99	>= 30
55	4.767%	6.619%	41.847%
56	3.098%	3.849%	19.822%
57	3.083%	3.928%	18.561%
58	3.207%	4.364%	18.220%
59	3.484%	5.201%	18.802%
60	3.929%	6.298%	19.944%
61	6.589%	13.160%	24.296%
62	30.590%	38.923%	76.487%
63	10.952%	21.710%	24.163%
64	12.035%	21.020%	23.513%
65	15.763%	25.788%	27.753%
66	15.360%	25.820%	28.852%
67	12.425%	20.575%	22.782%
68	12.378%	19.431%	24.346%
69	13.189%	20.578%	23.787%
70	100.000%	100.000%	100.000%

ADDENDUM B: PLAN PROVISIONS

Health Plans: Town of Cortlandville provides medical coverage to its non-Medicare eligible actives and retirees through a community rated high deductible health plan with a Health Savings Account through Excellus Blue Cross Blue Shield- SimplyBlue Plus Bronze 4. The plan deductible is \$6450 for single coverage and \$12900 for two-person or family coverage. Preventive care is fully covered; all other services, including prescription drug coverage, are subject to the deductible before receiving 100% coverage.

All retirees eligible for Medicare must enroll in the Town's post-65 Medicare Blue PPO Plan, provided by Excellus. All participants in this plan must be enrolled in Medicare Part A & Part B. Plan highlights are as follows:

Medicare Blue PPO Plan Summary	
Office/Specialist Visits	\$15 copay
Inpatient Hospitalization	\$250 copay
Outpatient Services	\$50 copay
Emergency Room	\$50 copay
Preventive Services	Covered at 100%
Out of Pocket Maximums	\$1500 in-network \$8000 out-of-network
Prescription Drugs (30 day supply)	
Generic	\$10
Preferred Brand	\$25
Non-Preferred Brand	\$40

Dental coverage is provided through Excellus. Class I services are preventive and are covered at 100% in-network. Class II services are basic restorative and are covered at 80% in-network. Class III services are major restorative and are covered at 50% in-network. Plan deductible is \$50/\$150.

Group vision coverage is provided through an agreement with the Town and HM Life Insurance Company of New York.

Premium Rates: The following monthly premium rates are effective January 1, 2017 & January 1, 2018 for the pre-65 SimplyBlue Plus Bronze 4 plan and post-65 Medicare BluePPO Option 1 plan.

Monthly Medical Premiums		
	2017	2018
Single	\$351.20	\$401.83
Subscriber & Spouse	\$702.40	\$803.65
Subscriber & Child	\$597.04	\$683.11
Family	\$1,000.92	\$1,145.20
Post-65	\$376.54	\$409.42

For plan years 2017 & 2018, the Town will determine member contributions towards pre-65 coverage as a percentage of the premium for the Town's previous pre-65 medical plan as of 2016. The premiums for this plan are as follows:

2017 & 2018 Premiums Charged to Pre-65 Members	
Single	\$443.89
Subscriber & Spouse	\$887.78
Subscriber & Child	\$754.62
Family	\$1,265.09

The following table outlines the dental & vision plan premiums:

2017 & 2018 Dental & Vision Premiums			
	Dental		Vision
	2017	2018	
Single	\$36.33	\$38.01	\$5.92
Subscriber & Spouse	\$72.66	\$76.03	\$10.66
Subscriber & Child	\$69.30	\$72.46	\$11.26
Family	\$114.16	\$119.41	\$17.77

Retiree Eligibility & Contribution Requirements

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

Eligibility: Members attain eligibility for postemployment benefits by attaining a minimum age of fifty-five (55) and providing a minimum of ten (10) years of service to the Town.

Contributions: Retiree contributions are based on the years of service provided to the Town as follows:

- Retirees providing 10-14 years of service contribute 60% of the premium for individual, two-person or family coverage.
- Retirees providing 15-19 years of service contribute 50% of the premium for individual, two-person or family coverage.
- Retirees providing 20-24 years of service contribute 40% of the premium for individual, two-person or family coverage.
- Retirees providing 25-34 years of service contribute 30% of the premium for individual, two-person or family coverage.
- Retirees providing 35 or more years of service contribute 0% of the premium for individual coverage, 10% of the excess over the individual plan premium for two-person or family coverage.

Elected officials receive 100% paid coverage for individual coverage only- they must pay the same percentage of the excess over the individual plan premium determined by years of service described above if enrolling dependents.

Surviving spouses may continue coverage through the Town by contributing the same percentage as the retiree, towards individual coverage. Coverage will be terminated by the Town if the surviving spouse remarries.

HRA/HSA: As part of the high deductible health plan granted to pre-65 retirees, the Town of Cortlandville will contribute a portion of the medical plan deductible into a health savings account (HSA). The Town will contribute \$2100 for single coverage and \$4200 for two-person or family coverage.

The Town has also introduced a Health Reimbursement Account (HRA). Once HSA funds are exhausted, the Town will reimburse additional expenses up to \$4350 for single coverage and \$8700 for two-person or family coverage. The maximum overall reimbursement equals the new plan deductible (\$6450/\$12900). The Town is assumed to contribute 50% of the maximum HRA reimbursement.

Medicare Part B: Town of Cortlandville does not provide Medicare Part B premium reimbursement for retirees, spouses or surviving spouses.

Length of Coverage: Lifetime.

ADDENDUM C: REQUIRED SUPPLEMENTARY INFORMATION**Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios**

Last 10 Fiscal Years

Total OPEB Liability	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Service Cost	\$ 305,831									
Interest	332,908									
Changes of Benefit Terms	0									
Differences between expected and actual experience	0									
Changes of Assumptions or other inputs	468,886									
Benefit Payments	(214,202)									
Net Change in Total OPEB Liability	893,423									
Total OPEB Liability - Beginning of year	\$ 8,608,368									
Total OPEB Liability - End of year	\$9,501,791									
Covered Payroll over Measurement Period	2,133,472	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	445%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notes to Schedule:										
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 3.44%.										

ADDENDUM D: DEFERRED INFLOWS & OUTFLOWS OF RESOURCES

Year Established	Outstanding Balance at January 1, 2018	Amount Recognized During Year	Outstanding Balance at December 31, 2018	Deferred Outflows/Inflows Recognized in Future Years				
				Year Ended December 31,				
				2019	2020	2021	2022	2023 and Thereafter
Plan Year Outflows								
2018 Assumptions Loss	\$468,886	\$86,670	\$382,216	\$86,670	\$86,670	\$86,670	\$86,670	\$35,536
Total Outflows	\$468,886	\$86,670	\$382,216	\$86,670	\$86,670	\$86,670	\$86,670	\$ 35,536
Plan Year Inflows								
Total Inflows	\$0	\$0	\$0	\$ -	\$0	\$0	\$0	\$ -
Total	\$468,886	\$86,670	\$382,216	\$86,670	\$86,670	\$86,670	\$86,670	\$ 35,536

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.