



**CITY OF STAMFORD
OPEB PLAN - WPCA**

**GASB 74 and 75 DISCLOSURE
Fiscal Year: July 1, 2020 to June 30, 2021**

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Table of Contents

Certification	1
Executive Summary	3
Schedule of Employer Contributions	4
Net OPEB Liability	5
Changes in Net OPEB Liability	6
Schedule of Changes in Net OPEB Liability and Related Ratios	7
OPEB Expense	8
Schedule of Deferred Inflows and Outflows of Resources	9
Summary Chart	10

Certification

Actuarial computations presented in this report under Statements No. 74 and 75 of the Governmental Accounting Standards Board are for purposes of assisting the City in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2020 to June 30, 2021. The reporting date for determining plan assets and obligations is June 30, 2021. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of July 1, 2020 and June 30, 2021 furnished by the City. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please see Milliman's valuation report dated March 31, 2021 for more information on the plan's participant group as of July 1, 2020 as well as a summary of the plan provisions and a summary of the actuarial methods and assumptions used for funding purposes.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Code of Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. Assumptions related to the claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

This valuation report is only an estimate of the plan's financial condition as of a single date. It can neither predict the plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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 (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. In addition, Milliman has developed certain models to develop the expected long term rate of return on assets and estimate the claim costs and trend used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. The models, including all input, calculations, and output may not be appropriate for any other purpose.

Milliman's work is prepared solely for the internal use and benefit of the City of Stamford. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



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Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is July 1, 2020. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2021. This is the date as of which the total OPEB liability is determined. The Reporting Date is June 30, 2021. This is the plan's and/or employer's fiscal year ending date.

WPCA Reporting

This report contains figures for WPCA employees and retirees who are covered under the City of Stamford OPEB Plan. Please see our full GASB 74 and 75 report dated December 1, 2021 for additional information, including information about the assumptions used for the plan's funding policy, the assumptions used for the GASB 74 and 75 disclosures, the money-weighted rate of return, and the basis for setting the discount rate. For purposes of this report, we have allocated plan assets and liabilities to the WPCA using methods which we believe to be reasonable. Please note that plan assets are not segregated for the WPCA employees and retirees or any other groups.

Participant Data as of July 1, 2020

Actives	29
Retirees	13
Spouses of Retirees	5
Beneficiaries	<u>3</u>
Total	50

Schedule of Employer Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$532,000	\$532,000	\$0	\$2,407,841	22.09%
2020	482,000	482,000	0	2,017,431	23.89%
2019	463,000	463,000	0	2,224,616	20.81%
2018	488,000	488,000	0	2,545,410	19.17%
2017	382,000	382,000	0	2,535,297	15.07%
2016	366,000	329,000	37,000	2,333,000	14.10%
2015	134,000	160,862	(26,862)	2,265,000	7.10%
2014	162,000	125,300	36,700	2,455,000	5.10%
2013	462,000	343,000	119,000	2,220,000	15.45%
2012	N/A	N/A	N/A	N/A	N/A

Net OPEB Liability

Net OPEB Liability	June 30, 2021	June 30, 2020
Total OPEB liability	\$6,499,653	\$6,757,600
Fiduciary net position	3,663,803	2,464,791
Net OPEB liability	2,835,850	4,292,809
Fiduciary net position as a % of total OPEB liability	56.37%	36.47%
Covered payroll	2,407,841	2,017,431
Net OPEB liability as a % of covered payroll	117.78%	212.79%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

Discount Rate

Discount rate	6.95%	7.05%
Long-term expected rate of return, net of investment expense	6.95%	7.05%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2020	July 1, 2019
Measurement date	June 30, 2021	June 30, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.60%	2.60%
Salary increases including inflation	2.60%	2.60%
Medical Trend Rate	Pre-65 Cigna: 10.70% - 4.20% over 53 years Pre-65 State Partnership Plan: 5.30% - 4.10% over 54 years Post-65: 5.00% - 4.20% over 65 years	Pre-65: 5.50% - 4.20% over 54 years Post-65: 4.60% - 4.20% over 66 years

Please see Milliman's funding valuation report dated March 31, 2021 for more detail.

Changes in Net OPEB Liability

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2020	\$6,757,600	\$2,464,791	\$4,292,809
Changes for the year:			
Service cost	179,433		179,433
Interest on total OPEB liability	482,838		482,838
Effect of plan changes	369,033		369,033
Effect of economic/demographic gains or losses	(768,223)		(768,223)
Effect of assumptions changes or inputs	(341,441)		(341,441)
Benefit payments	(179,587)	(179,587)	0
Employer contributions		532,000	(532,000)
Member contributions		0	0
Net investment income		847,612	(847,612)
Administrative expenses		(1,013)	1,013
Balances as of June 30, 2021	6,499,653	3,663,803	2,835,850

Sensitivity Analysis

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.95%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95%) or 1 percentage point higher (7.95%) than the current rate.

	Current		
	1% Decrease 5.95%	Discount Rate 6.95%	1% Increase 7.95%
Total OPEB liability	\$7,419,635	\$6,499,653	\$5,753,415
Fiduciary net position	3,663,803	3,663,803	3,663,803
Net OPEB liability	3,755,832	2,835,850	2,089,612

The following presents the net OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	Current		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$5,666,273	\$6,499,653	\$7,531,378
Fiduciary net position	3,663,803	3,663,803	3,663,803
Net OPEB liability	2,002,470	2,835,850	3,867,575

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ending June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$179,433	\$172,410	\$132,164	\$164,658	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	482,838	448,439	402,108	393,737	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	369,033	112,362	576,667	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(768,223)	(266,457)	(893,532)	(348,342)	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(341,441)	252,974	663,539	347,869	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(179,587)	(207,966)	(172,569)	(207,517)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(257,947)	511,762	708,377	350,405	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	6,757,600	6,245,838	5,537,461	5,187,056	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	6,499,653	6,757,600	6,245,838	5,537,461	5,187,056	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$532,000	\$482,000	\$463,000	\$488,000	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Net Investment income	847,612	71,298	82,168	208,673	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(179,587)	(207,966)	(172,569)	(207,517)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(1,013)	(740)	(364)	(272)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	1,199,012	344,592	372,235	488,884	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	2,464,791	2,120,199	1,747,964	1,259,080	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	3,663,803	2,464,791	2,120,199	1,747,964	1,259,080	N/A	N/A	N/A	N/A	N/A
Net OPEB liability, ending = (a) - (b)	\$2,835,850	\$4,292,809	\$4,125,639	\$3,789,497	\$3,927,976	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total OPEB liability	56.37%	36.47%	33.95%	31.57%	24.27%	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$2,407,841	\$2,017,431	\$2,224,616	\$2,545,410	\$2,535,297	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	117.78%	212.79%	185.45%	148.88%	154.93%	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

OPEB Expense

OPEB Expense	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020
Service cost	\$179,433	\$172,410
Interest on total OPEB liability	482,838	448,439
Effect of plan changes	369,033	112,362
Administrative expenses	1,013	740
Member contributions	0	0
Expected investment return net of investment expenses	(185,944)	(160,070)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(547,432)	(364,522)
Recognition of assumption changes or inputs	223,288	304,583
Recognition of investment gains or losses	(124,576)	7,758
OPEB Expense	397,653	521,700

As of June 30, 2021, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	(\$1,001,523)	\$0
Changes of assumptions	(260,146)	348,431
Net difference between projected and actual earnings	(475,275)	0
Contributions made subsequent to measurement date	0	0
Total	(1,736,944)	348,431

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	(\$448,702)
2023	(375,852)
2024	(378,783)
2025	(185,176)
2026	0
Thereafter*	0

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 06/30/2021	Amount Recognized in Expense through 06/30/2021	Balance of Deferred Inflows 06/30/2021	Balance of Deferred Outflows 06/30/2021
Economic/demographic (gains)/losses	(\$768,223)	6/30/2021	4.2	(\$182,910)	(\$182,910)	(\$585,313)	\$0
	(266,457)	6/30/2020	3.6	(74,016)	(148,032)	(118,425)	0
	(893,532)	6/30/2019	4.1	(217,935)	(653,805)	(239,727)	0
	(348,342)	6/30/2018	4.8	(72,571)	(290,284)	(58,058)	0
		Total		(547,432)	(1,275,031)	(1,001,523)	0
Assumption changes or inputs	(341,441)	6/30/2021	4.2	(81,295)	(81,295)	(260,146)	0
	252,974	6/30/2020	3.6	70,271	140,542	0	112,432
	663,539	6/30/2019	4.1	161,839	485,517	0	178,022
	347,869	6/30/2018	4.8	72,473	289,892	0	57,977
		Total		223,288	834,656	(260,146)	348,431
Investment (gains)/losses	(661,668)	6/30/2021	5.0	(132,334)	(132,334)	(529,334)	0
	88,772	6/30/2020	5.0	17,754	35,508	0	53,264
	53,946	6/30/2019	5.0	10,789	32,367	0	21,579
	(103,924)	6/30/2018	5.0	(20,785)	(83,140)	(20,784)	0
		Total		(124,576)	(147,599)	(550,118)	74,843
Total for economic/demographic gains or losses and assumption changes or inputs						(1,261,669)	348,431
Net deferred (inflows)/outflows for investment gains or losses						(475,275)	0
Total deferred (inflows)/outflows						(1,736,944)	348,431
Total net deferrals						(1,388,513)	

* Investment (gains)/losses are recognized in OPEB expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Milliman Financial Reporting Valuation

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Deferred Inflows	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net OPEB Liability plus Net Deferrals	Annual Expense
Balances as of June 30, 2020	(\$6,757,600)	\$2,464,791	(\$4,292,809)	(\$780,732)	\$653,014	\$61,817	(\$65,901)	(\$4,358,710)	
Service cost	(179,433)		(179,433)						179,433
Interest on total OPEB liability	(482,838)		(482,838)						482,838
Effect of plan changes	(369,033)		(369,033)						369,033
Effect of liability gains or losses	768,223		768,223	(768,223)			(768,223)		
Effect of assumption changes or inputs	341,441		341,441				(341,441)		
Benefit payments	179,587	(179,587)	0	(341,441)					
Administrative expenses		(1,013)	(1,013)						1,013
Member contributions		0	0						0
Expected net investment income		185,944	185,944						(185,944)
Investment gains or losses		661,668	661,668			(661,668)	(661,668)		
Employer contributions		532,000	532,000					532,000	
Recognition of liability gains or losses				547,432			547,432		(547,432)
Recognition of assumption changes or inputs				81,295	(304,583)		(223,288)		223,288
Recognition of investment gains or losses						124,576	124,576		(124,576)
Annual expense								(397,653)	397,653
Balances as of June 30, 2021	(6,499,653)	3,663,803	(2,835,850)	(1,261,669)	348,431	(475,275)	(1,388,513)	(4,224,363)	