Town of Leesburg
Post-Employment Medical Plan

Actuarial Valuation to Determine the Town's Contribution For FY2021

And for FY2020 Accounting

Bolton

Submitted by:

Kevin Binder, FSA, MAAA
443.573.3906
KBinder@boltonusa.com

Tom Vicente, FSA, MAAA
443.573.3918
TVicente@boltonusa.com

Bolton
Employee Benefits, Actuarial & Investment Consulting

October 5, 2020

Clark Case
Director of Finance
25 West Market Street 20176
Leesburg, Virginia

Dear Clark:

The following sets forth the calculation of the Actuarial Determined Contribution (ADC) for the Town of Leesburg for the Fiscal Year Ending 2021. Section I of the report provides an executive summary while Sections II through V provide the data, plan provisions, and assumptions that were used for the development of the Town's ADC for FYE 2021 and the FY2020 accounting results along with a summary of the census and asset data, plan provisions, assumptions and actuarial methods. Section VI provides a glossary of many of the terms used in this report. Section VII contains the estimated cash flow for the next 10 years. Section VIII provides the FY2020 accounting disclosure.

This report has been prepared for the Town of Leesburg for the purposes of computing the Actuarially Determined Contribution for FYE 2021 and accounting disclosures under GASB Statement 75 for FYE 2020. It is neither intended nor necessarily suitable for other purposes. Bolton Partners is not responsible for the consequences of any other use.

The ADC has increased from $550,092 for FYE 2019 to $825,000 for FYE 2021. The net trust contribution, which is the FYE 2021 ADC minus expected benefits payments in FYE 2021, is $121,000. The increase in the ADC is mainly due to updated mortality and trend assumptions from the previous valuation. The prior mortality assumption was based on 1990 to 1994 private sector experience with mortality improvement projected only to 2027. The assumption was updated to the Society of Actuaries (SOA) mortality experience for public plans which included experience from 2008 to 2013. The table incorporates a generational mortality improvement scale.

The trend assumption was updated to the SOA Long-Run Medical Cost Trend Model. This model was developed by experts who analyzed historical U.S. medical expenditures to create a table to model future expected medical increases that is transparent and based on historical trends.

Future medical care cost increase rates are unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems and emerging technologies. The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Future actuarial measurements 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 (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, applicable law.

The report is based on July 1, 2020 census data. The census data was submitted by the Town. We have not performed an audit on the data and have relied on this information for purposes of preparing this report.

The actuarial methods and assumptions used in this report comply with the actuarial standards of practice promulgated by the American Academy of Actuaries.

Bolton Partners is completely independent of the Town of Leesburg, its programs, activities, or any of its officers or key personnel. We and anyone closely associated with us does not have any relationship which would impair our independence on this assignment.

Kevin Binder and Tom Vicente are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Respectfully submitted,

Kevin Binder, F.S.A.,M.A.A.A
Senior Consulting Actuary
(443) 573-3906
KBinder@boltonusa.com

Tom Vicente, F.S.A.,M.A.A.A
Senior Consulting Actuary
(443) 573-3918
TVicente@boltonusa.com

Table of Contents

Section I. Executive Summary

Background

Bolton Partners, Inc. has prepared the following report that sets forth the FYE 2021 Actuarially Determined Contribution (ADC) for the Town of Leesburg. This report also includes the GASB 74 and 75 disclosure information for FYE 2020. The Town's funding policy is to calculate the Actuarially Determined Contribution (ADC) as the normal cost plus a 30-year level percent of pay open amortization.

OPEB Trust Arrangement and Funding Policy

The contribution policy has been to contribute to the trust the Actuarial Determined Contribution minus the benefit payments. Benefit payments are made from general revenue.

Assets

Asset information as of July 1, 2020 was provided by the Town. As of July 1, 2020, the Market Value of Assets was $ 13,890,587.

Data Comparison with Previous Valuation

The following table compares the current valuation data to the prior valuation data used for the FYE 2019 ADC.

Comparison of Current and Previous Valuations		
Demographic Data	**7/1/2018**	**7/1/2020**
Employees hired before April 1, 2016		
With Medical Coverage	215	194
With-out Medical Coverage	Not Disclosed	27
Employees hired on or after April 1, 2016		
With Medical Coverage	Not Disclosed	100
With-out Medical Coverage	Not Disclosed	26
Retirees and Surviving Spouses[1]	59	73

[1] Includes 3 retirees in the VRS LODA plan.

Section I. Executive Summary

Actuarially Determined Contribution (ADC) Reconciliation

The prior valuation was performed by the prior actuary based on the June 30, 2018 data. The FYE 2019 ADC has increased from $550,092 to $825,000 for FYE 2021. The ADC increase is mainly due to greater than anticipated increases in medical costs, updating the long-term medical trend, and updating the mortality assumption. These losses were partially offset by gains due to investment experience and updated election assumptions. Best practices were used to replicate the prior actuary's results, but it should be noted that we did not have the actual data as of 7/1/2018. The resulting table below represents the estimated impact on the ADC.

Reconciliation of Actuarial Determined Contribution (ADC)	
FYE 2019 ADC	$550,092
Increase (Decrease) due to Passage of time	$30,908
Increase (Decrease) due to Asset Experience[1]	$(16,000)
Increase (Decrease) due to New Demographic Experience and Valuation System Change	$73,000
Increase (Decrease) due to Changes in Claims	$130,000
Increase (Decrease) due to Changes in Election Assumption	$(102,000)
Increase (Decrease) due to New Medical Trend Assumption	$162,000
Increase (Decrease) due to New Mortality Assumption	$97,000
FYE 2021 ADC	$825,000

[1] Includes impact of greater than anticipated contribution

Accounting Disclosure

The net June 30. 2019 OPEB liability has increased from $8,915,350 to $12,408,566 as of June 30,2020. The increase was primarily due to changes in assumptions that increased the liability by $4,043,398. Much of this increase was due a decrease in the discount rate from 6.40% to 5.88%. This decrease in turn was due to the lower bond rate of 2.45%. Under the Town's contribution policy of a 30-year open amortization of the unfunded liability the plan is projected to be insolvent in 2065.

Plan Provisions

Retirees can continue the same medical coverage they had (including family coverage) as active employees. Retirees (if hired before April 1, 2016) receive a subsidy based on their years of service for their post-retirement medical insurance. Employees must attain retirement eligibility in their respective pension plan.

There is no subsidy for dependents.

Deferred retirements are not allowed to elect coverage at the time of retirement.

Surviving Spouses are permitted to stay in the plan but receive no subsidy.

There is no subsidy for participants hired on or after 04/01/2016.

Section I. Executive Summary

Three grandfathered LODA disabled participants have their state premiums covered by the Town

Demographic Data

Demographic data as of July 1, 2020 was provided to us by the Town of Leesburg. This data included current medical coverage for current employees and retirees.

Although we have not audited this data, we have no reason to believe that it is inaccurate.

Claims Data

The claims assumption is based on age adjusted premiums. We received premiums for FYE 2021 from the Town.

Cadillac Tax Repeal

On December 21, 2019 the Cadillac Tax provision of the ACA was repealed. We removed the impact of this tax from the long- term trend model.

COVID19

Because the net impact of COVID-19 on investment return, health costs and changes in turnover and retirement behavior is not possible to estimate at this time we have made no adjustments to any of the assumptions selected before the COVID19 pandemic.

Demographic Assumptions

Turnover and retirement assumptions mirror those used for the State of Virginia Retirement System.

Section V details the assumptions for electing coverage.

Mortality Assumption

The Society of Actuaries (SOA) recently published the first public plans mortality study. The Study analyzed general employees, public safety and teachers experience separately. We updated the mortality assumption to that recommended by the SOA study for general employees and the public safety table for sworn officers and the most recently released mortality improvement (MP2019) scale. This is a generational mortality improvement table. Since this is an OPEB valuation we used the head count weighted version of the table.

The prior mortality assumption was very dated (based on 1990 to 1994 private sector experience) with mortality improvement projected to 2027. This was not a generational mortality improvement scale.

Section I. Executive Summary

Other Economic Assumptions

The expected rate of return of 7.0% on trust assets was selected by the investment consultants.

The medical trend assumption is based on the updated Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The updated SOA Model was released in April 2010 and updated September 2019. The following assumptions were used as input variables into this model:

Rate of Inflation	2.5%
Rate of Growth in Real Income / GNP per capita	1.0%
Extra Trend due to Technology and other factors	1.1%
Health Share of GDP Resistance Point	20.0%
Year for Limiting Cost Growth to GNP Growth	2050

Other Economic Assumptions

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. 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.

Payroll is assumed to increase at 3.0% per annum. This assumption is used to determine the level percentage of payroll amortization factor.

Actuarial Certification

In preparing the valuation we relied on demographic and claims data provided by the Town of Leesburg. We reviewed the data for reasonableness but did not audit the data. The actuarial methods and assumptions used in this report comply with the actuarial standards of practice promulgated by the American Academy of Actuaries.

The valuation was completed using both proprietary and third-party models (software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

Future medical care cost increase rates are unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems and emerging technologies. The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Model inputs will be updated periodically based on the best estimate of the economy at that time. Small changes in the model inputs can results in actuarial losses or gains of 5 to 15 percent of liabilities.

Kevin Binder and Tom Vicente are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Section II. Actuarially Determined Contribution

FYE 2021 Actuarially Determined Contribution (ADC)

Below is a summary of the calculation of the Plan's ADC under the current provisions as July 1, 2020 (FYE 2021)

	FYE 2021
1) Discount Rate	7.00%
2) Actuarial Accrued Liability	
a. Actives	$13,391,827
b. Retirees in Pay Status	$ 8,979,783
c. Total	$22,371,610
3) Plan Assets	$13,890,587
4) Amortization of Unfunded Accrued Liability	
a. Unfunded Accrued Liability	$ 8,481,023
b. Amortization Period (years)	30
c. Amortization Factor (rounded)	18.22
d. Amortization Amount	$ 465,000
5) Actuarially Determined Contribution	
a. Normal Cost	$ 360,000
b. Amortization of Unfunded Liability	$ 465,000
c. Total ADC (as of Beginning of Year)	$ 825,000
6) Expected Benefit Payments (pay go cost)	$ 704,000
7) Net Trust Contribution (5 – 6)	$ 121,000

Section III. Summary of Principal Plan Provisions

General Eligibility Rules

Eligible participants are assumed to be employees or former employees of the Town of Leesburg. Participants must meet the retirement eligibility of the Virginia Retirement System which are:

Retirement Eligibility

On July 1, 2010, the Virginia Retirement System (VRS) implemented a new benefit structure for members. VRS Plan 1 is for employees hired prior to July 1, 2010 AND who have 5 years of vested service from January 1, 2013, or previous VRS members who did not take a refund of employee contributions. VRS Plan 2 is for employees hired on or after July 1, 2010 OR who do not have 5 years of vested service from January 1, 2013. The table below summarizes the requirements for service retirement from VRS.

VRS Plan 1 (Employees hired before July 1, 2010) – earlier of

- Age 65 with 5 Years of Service (Normal Retirement)
- Age 50 with 30 Years of Service (Normal Retirement)
- Age 55 with 5 Years of Service (Early Retirement)
- Age 50 with 10 Years of Service (Early Retirement)

VRS Plan 2 (Employees hired on or after July 1, 2010) – earlier of

- Social Security Normal Retirement Age with 5 Years of Service (Normal Retirement)
- Age plus Years of Service equal 90 (Normal Retirement)
- Age 60 with 5 years of VRS service (Early Retirement)

VRS Enhanced Benefits for Eligible Political Subdivision Hazardous Duty Employees (Plan 1 and 2)

- Age 60 with 5 years of VRS service (Normal Retirement)
- Age 50 with 25 years of VRS service (Normal Retirement)
- Age 50 with 5 years of VRS service (Early Retirement)

Hybrid Retirement Plan (Employees with membership date on or after January 1, 2014; plus VRS Plan 1 and VRS Plan 2 members who opted out during the special election window in 2014)

The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. The retirement eligibility conditions for the defined benefit portion of the Hybrid Plan are the same as VRS Plan 2.

Disability Eligibility

There are no special provisions for disability, but disabled retirees are eligible for benefits like every retiree.

Section III. Summary of Principal Plan Provisions

General Eligibility Rules

Spouse
Spouses of participants are allowed access to the plan but receive no subsidy from the Town of Leesburg.

Beneficiary
A surviving spouse of a retired eligible Town employee may continue to participate in the Town's health insurance program entirely at his/her own expense until he/she remarries or is eligible to convert to Medicare coverage.

Deferred Retirements
Deferred retirements are not allowed to elect coverage at the time of retirement.

Underlying Plan Description

The Medical Plan pre-Medicare retirees is the Key Advantage 250, PPO Plan. Medicare eligible retirees must enroll in Medicare Part A and Part B to receive supplemental coverage. The plan offers both in and out of network coverage with higher copayments for out of network providers.

	Deductible In-Network	Out of Network
One Person	$250	$500
Family	$500	$1,000

Copayments for representative services are as follows:

	In-Network	Out of Network
Primary Care Physician	$20	30%
Specialty Physician	$35	30%
Diagnostic Tests	20%	30%
Emergency Room Visits	$350	30%
Inpatient Hospital Facility	$400	30%
Outpatient Facility	$150	30%

	Maximum Out of Pocket In-Network	Out of Network
One Person	$3,000	$5,000
Family	$6,000	$10,000

There is also a 4-tiered copayment for prescription drugs.

Tier	Pharmacy	Mail Order
1	$10	$20
2	$30	$60
3	$45	$90
4	$55	$110

Section III. Summary of Principal Plan Provisions

Employer Share of Premium

The retiree contribution depends on the years of service and date of retirement.

Participants who retired on or before December 31, 2002

Retirees who have at least 20 years of service with the Town receive a contribution amount equal to 100% of the retiree only medical premium for the plan the retiree has elected. The retiree must pay 100% of the spouse cost of coverage if the retiree elects to cover a spouse. The contribution lasts for the lifetime of the retiree. The Town's contribution will increase at the rate as the premium cost increases.

Participants who retire after December 31, 2002

The retiree share of the premium depends upon years of service at retirement.

Year of Service at Retirement	Percent of Premium Paid by Town
Less Than 10	-
10 to 14	25%
15 to 19	50%
20 or more	90%

Participants hired on or after April 1, 2016

Participants hired on or after April 1, 2016 are allowed access to the plan but receive no subsidy for the participant or spouse.

LODA Retirees

Three grandfathered LODA retirees are eligible to have their state premium covered by the town.

For pre 65 retirees, the premium is currently $979 a month for an individual and $2,321 for employee plus+1.

For post 65 retirees the monthly premium is $283 a month and require special eligibility.

Changes Since the Prior Valuation

None.

Section IV. Valuation Data

Counts – Employees and Retirees with Health Insurance

The following table summarizes the counts, ages and coverage as of 7/1/2020, for the population with health insurance:

(1)	Number of Participants	
	(a) Active Employees	
	(i) Pre 4/1/2016 hires	221
	(ii) Post 4/1/2016 hires	126
	(b) Retirees	
	(i) Pre Age 65[1].	38
	(ii) Post Age 65	35
(2)	Active Statistics of Pre 4/1/2016 Hires	
	(a) Average Age	48.13
	(b) Average Service	14.91
(3)	Active Statistics of Post 4/1/2016 Hires	
	(a) Average Age	36.78
	(b) Average Service	1.96
(4)	Inactive Statistics – Average Age	
	a) Pre Age 65	57.39
	b) Post Age 65	70.49

[1] Includes 3 disabled participants in the VRS LODA plan.

Section IV. Valuation Data

Active Age - Service Distribution – All Actives

Shown below is a distribution based on age and service of all active participants eligible for the plan.

	Years of Service as of 7/01/2020								
Age	**< 1**	**01-04**	**05-09**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 25	4	7	0	0	0	0	0	0	11
25 – 29	3	28	8	0	0	0	0	0	39
30 – 34	4	25	6	2	1	0	0	0	38
35 – 39	2	19	9	15	3	0	0	0	48
40 – 44	1	9	9	9	8	3	0	0	39
45 – 49	0	11	7	8	10	8	1	0	45
50 - 54	2	8	3	7	9	8	4	2	43
55 - 59	0	6	2	6	12	9	2	3	40
60 - 64	1	5	4	5	7	4	4	6	36
65 +	1	1	1	2	2	1	0	0	8
Totals	**18**	**119**	**49**	**54**	**52**	**33**	**11**	**11**	**347**

The following table shows averages in total for the above participants.

	Averages
Age:	44.01
Service:	10.21

Section IV. Valuation Data

Active Age - Service Distribution - Active Participants Hired before 4/1/2016

Shown below is a distribution based on age and service of all active participants hired on or before 4/1/2016 who are eligible for the plan.

	Years of Service as of 7/01/2020								
Age	**< 1**	**01-04**	**05-09**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 25	0	0	0	0	0	0	0	0	0
25 – 29	0	4	8	0	0	0	0	0	12
30 – 34	0	1	6	2	1	0	0	0	10
35 – 39	0	1	9	15	3	0	0	0	28
40 – 44	0	1	9	9	8	3	0	0	30
45 – 49	0	2	7	8	10	8	1	0	36
50 - 54	0	1	3	7	9	8	4	2	34
55 - 59	0	0	2	6	12	9	2	3	34
60 - 64	0	1	4	5	7	4	4	6	31
65 +	0	0	1	2	2	1	0	0	6
Totals	**0**	**11**	**49**	**54**	**52**	**33**	**11**	**11**	**221**

The following table shows averages in total for the above participants.

	Averages
Age:	48.13
Service:	14.91

Section IV. Valuation Data

Active Age - Service Distribution - Active Participants Hired after 4/1/2016

Shown below is a distribution based on age and service of all active participants hired on or after 4/1/2016 who are eligible for the plan.

	Years of Service as of 7/01/2020								
Age	**< 1**	**01-04**	**05-09**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 25	4	7	0	0	0	0	0	0	11
25 – 29	3	24	0	0	0	0	0	0	27
30 – 34	4	24	0	0	0	0	0	0	28
35 – 39	2	18	0	0	0	0	0	0	20
40 – 44	1	8	0	0	0	0	0	0	9
45 – 49	0	9	0	0	0	0	0	0	9
50 - 54	2	7	0	0	0	0	0	0	9
55 - 59	0	6	0	0	0	0	0	0	6
60 - 64	1	4	0	0	0	0	0	0	5
65 +	1	1	0	0	0	0	0	0	2
Totals	**18**	**108**	**0**	**0**	**0**	**0**	**0**	**0**	**126**

The following table shows averages in total for the above participants.

	Averages
Age:	36.78
Service:	1.96

Section V. Valuation Methods and Assumptions

Valuation/Measurement Date

For FYE 2021 ADC, the measurement date is June 30, 2020.
For FYE 2020 GASB 74 and 75 statements the measurement date is June 30, 2020.

Cost Method

This valuation uses the entry age normal funding method calculated on an individual basis with level percentage of payroll.

ADC Calculation Date

This valuation calculates the Actuarially Determined Contribution as of the beginning of the fiscal year.

Funding Policy and Amortization Method

The funding policy is to contribute the Actuarial Determined Contribution. The unfunded actuarial accrued liability (UAAL) is amortized over an open 30-year period.

Coverage Status and Age of Spouse

Actual coverage status is used; females are assumed to be 3 years younger than their male spouse. Employees with individual coverage are assumed to elect individual coverage in retirement; those with spouse/family coverage are assumed to continue this coverage at retirement.

Election Rate

The election rate depends on the subsidy received, as follows:

Subsidy	Election Rate
100%	100%
50%	50%
25%	35%
0%	0%

These rates were selected by the Town based on recent Town experience and assumptions of surrounding jurisdictions with similar plan benefits.

Eligibility rate for post 65 benefit for LODA Disabled Participants:

20%

Section V. Valuation Methods and Assumptions

Interest Assumptions

Expected Rate of Return	7.00%
Payroll Growth	3.00%
June 30, 2020 Bond Rate	2.45%
Blended GASB75 Discount Rate	5.88%

The expected rate of return and payroll growth were selected by the Town based on recent Town experience. The bond rate are the Fidelity Municipal AA rates as of June 30, 2020.

Long Term Medical Trend Assumption

Medical and Prescription Drug	Pre-Medicare
2020	4.70%
2021	4.90%
2022	5.10%
2023	5.20%
2024	5.11%
2025	5.02%
2026	4.93%
2027	4.84%
2028	4.75%
2030	4.66%
2035	4.41%
2040	4.32%
2045	3.89%
2050+	3.53%

Section V. Valuation Methods and Assumptions

Decrement Timing

Decrements are assumed to occur in the middle of the year.

Decrement Assumptions

Below is a summary of decrements used in this valuation. Sample Retirement, Disability, and Termination rates are illustrated in the tables below.

Mortality Decrements – General	
Healthy	Pre-Retirement: Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP-2019 Mortality Improvement Scale
	Post-Retirement: Pub-2010 General Retirees Headcount-Weighted Mortality Projected with Fully Generational MP-2019 Mortality Improvement Scale
Disabled	Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP-2019 Mortality Improvement Scale

Mortality Decrements – Special Risk	
Healthy	Pre-Retirement: Pub-2010 Safety Employees Headcount-Weighted Mortality Projected with Fully Generational MP-2019 Mortality Improvement Scale
	*Post-Retirement: Pub-2010 Safety Retirees Headcount-Weighted Mortality Projected with Fully Generational MP-2019 Mortality Improvement Scale
Disabled	Pub-2010 Safety Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP-2019 Mortality Improvement Scale

*we did not receive Sworn/Non-sworn information for *retirees*. We assumed anyone in a special risk division, is a sworn employee.

Disability

	General Employees		
Age	Male	Female	Police Employees
25	0.01%	0.01%	0.00%
30	0.06%	0.02%	0.03%
35	0.11%	0.05%	0.07%
40	0.14%	0.13%	0.11%
45	0.19%	0.27%	0.29%
50	0.31%	0.45%	0.38%
55	0.51%	0.70%	0.48%
60	0.82%	0.55%	0.64%
65	0.56%	0.27%	0.00%

Section V. Valuation Methods and Assumptions

Termination of Employment

Termination - General Employees

	Years of Service – Male		
Age	0 – 2	3 - 9	10 +
25	23.5%	14.0%	0.0%
30	21.0%	12.5%	6.0%
35	18.5%	10.5%	5.5%
40	16.5%	9.0%	4.0%
45	15.5%	8.0%	3.0%
50	13.0%	6.5%	2.5%
55	12.0%	6.5%	1.0%
60	12.0%	7.0%	1.0%

	Years of Service - Female		
Age	0 – 2	3 - 9	10 +
25	25.5%	16.5%	0.0%
30	22.0%	14.0%	6.0%
35	19.0%	11.5%	6.0%
40	16.5%	10.0%	4.5%
45	15.0%	8.0%	3.5%
50	13.5%	7.0%	3.0%
55	12.5%	6.5%	0.0%
60	12.0%	7.0%	0.0%

Termination - Public Safety Employees

	Years of Service – Male		
Age	0 - 2	3 - 9	10 +
25	13.0%	8.5%	0.0%
30	11.0%	7.5%	5.0%
35	11.0%	7.0%	3.8%
40	10.0%	6.0%	2.8%
45	13.0%	6.0%	2.4%
50	11.0%	6.0%	3.2%
55	15.0%	8.0%	0.5%
60	11.0%	10.0%	0.5%

	Years of Service - Female		
Age	0 – 2	3 - 9	10 +
25	13.0%	10.0%	0.0%
30	12.0%	8.0%	4.5%
35	14.0%	8.0%	4.5%
40	14.0%	7.0%	3.5%
45	12.0%	6.0%	3.5%
50	12.0%	6.0%	3.5%
55	12.0%	5.0%	0.5%
60	12.0%	5.0%	0.5%

Section V. Valuation Methods and Assumptions

Decrement Assumptions

Retirement - General Employees Hired < 07/01/2010 (Male)

	Years of Service			
Age	<5	5-9	10-29	>29
50	0.00%	0.00%	5.00%	9.00%
55	0.00%	5.00%	5.00%	14.00%
60	0.00%	6.00%	6.00%	11.00%
61	0.00%	10.00%	10.00%	25.00%
62	0.00%	17.00%	17.00%	35.00%
63	0.00%	15.00%	15.00%	25.00%
64	0.00%	15.00%	15.00%	27.00%
65	0.00%	33.00%	33.00%	33.00%
66	0.00%	33.00%	33.00%	33.00%
67	0.00%	20.00%	20.00%	20.00%
68	0.00%	20.00%	20.00%	20.00%
69	0.00%	20.00%	20.00%	20.00%
70	0.00%	100.00%	100.00%	100.00%

Retirement - General Employees Hired < 07/01/2010 (Female)

	Years of Service			
Age	<5	5-9	10-29	>29
50	0.00%	0.00%	4.00%	8.00%
55	0.00%	5.50%	5.50%	11.50%
60	0.00%	7.50%	7.50%	13.00%
61	0.00%	7.50%	7.50%	17.50%
62	0.00%	17.00%	17.00%	25.00%
63	0.00%	13.00%	13.00%	25.00%
64	0.00%	13.00%	13.00%	17.50%
65	0.00%	40.00%	40.00%	40.00%
66	0.00%	40.00%	40.00%	40.00%
67	0.00%	25.00%	25.00%	25.00%
68	0.00%	25.00%	25.00%	25.00%
69	0.00%	25.00%	25.00%	25.00%
70	0.00%	100.00%	100.00%	100.00%

Section V. Valuation Methods and Assumptions

Decrement Assumptions

Retirement - General Employees Hired >= 07/01/2010 (Male)

	Years of Service							
Age	0-4	5-25	26	27	28	29	30	31
55	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
59	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.00%
60	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	11.00%	11.00%
61	0.00%	10.00%	10.00%	10.00%	10.00%	25.00%	25.00%	25.00%
62	0.00%	17.00%	17.00%	17.00%	35.00%	35.00%	35.00%	35.00%
63	0.00%	15.00%	15.00%	25.00%	25.00%	25.00%	25.00%	25.00%
64	0.00%	15.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
65	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
66	0.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%
67	0.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
68	0.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
69	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
70	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Retirement - General Employees Hired >= 07/01/2010 (Female)

	Years of Service							
Age	0-4	5-25	26	27	28	29	30	31
55	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
59	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.50%
60	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	13.00%	13.00%
61	0.00%	7.50%	7.50%	7.50%	7.50%	17.50%	17.50%	17.50%
62	0.00%	17.00%	17.00%	17.00%	25.00%	25.00%	25.00%	25.00%
63	0.00%	13.00%	13.00%	25.00%	25.00%	25.00%	25.00%	25.00%
64	0.00%	13.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
65	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
66	0.00%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%
67	0.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
68	0.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
69	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
70	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section V. Valuation Methods and Assumptions

Decrement Assumptions

Retirement - Public Safety Employees

	Years of Service		
Age	<5	5-24	>24
50	0.00%	8.50%	25.00%
55	0.00%	8.50%	17.50%
56	0.00%	8.50%	16.50%
57	0.00%	8.50%	18.50%
58	0.00%	9.50%	19.00%
59	0.00%	11.50%	28.50%
60	0.00%	35.00%	35.00%
61	0.00%	35.00%	35.00%
62	0.00%	50.00%	50.00%
63	0.00%	50.00%	50.00%
64	0.00%	50.00%	50.00%
65	0.00%	100.00%	100.00%

Claims Assumption

The claims costs are based on age adjusted premiums.

The following Charts show Explicit Costs (based on published rates), Total Medical Cost, and Total Drug Cost. The explicit and total cost is shown for single and family coverage.

Fiscal Year 2021 Per Capita Costs		
	Single	Family
1. Explicit Costs		
a. Pre-Medicare	$ 8,713	$17,612
b. Medicare Age	$ 5,958	$11,917
2. Total Medical Costs		
Under 50	$7,899	$15,966
a. Age 50-54	$9,833	$19,875
b. Age 55-59	$12,106	$24,469
c. Age 60-64	$14,866	$30,046
d. Age 65-69	$5,541	$11,083
e. Age 70-74	$6,198	$12,396
f. Age 75-79	$6,617	$13,235
g. Age 80-84	$6,833	$13,666
h. Age 85+	$6,702	$13,403

Section V. Valuation Methods and Assumptions

Changes since prior valuation

The mortality rate was updated to the recent public sector mortality tables released by the SOA

The election rate was updated to reflect the current election rates.

The long-term medical trend was updated to be based on the Society of Actuaries long term trend model. The table was not adjusted for the Cadillac tax since it was recently repealed by Congress.

Section VI. Expected Benefit Payments

Plan Year Ending 6/30	Total Benefit Payment
2021	$704,000
2022	$805,000
2023	$923,000
2024	$1,062,000
2025	$1,147,000
2026	$1,235,000
2027	$1,334,000
2028	$1,451,000
2029	$1,528,000
2030	$1,647,000
2031	$1,745,000

Please note:

- *The expected benefit payment stream shown above assumes that the covered population is a closed group, i.e. there are no new entrants or re-entrants.*
- *The Plan's actual benefit payments may be greater or lesser than the amounts shown, depending on actual demographic experience and claims experience.*
- *Includes implicit subsidies.*

Section VII. GASB 74/75 Disclosure

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2019 for FYE 2019	$21,777,126	$12,861,776	$8,915,350
Changes for the Year			
Service Cost	289,793		289,793
Interest	1,372,800		1,372,800
Changes of Benefit Terms	0		0
Experience Losses/(Gains)	(789,486)		(789,486)
Trust Contribution - Employer		569,478	(569,478)
Net Investment Income		853,811	(853,811)
Changes in Assumptions	4,043,398		4,043,398
Benefit Payments (net of retiree contributions)	(394,478)	(394,478)	0
Administrative Expense		0	0
Net Changes	4,522,027	1,028,811	3,493,216
Balance as of June 30, 2020 for FYE 2020	**$26,299,153**	**$13,890,587**	**$12,408,566**
Funded status		52.82%	

Section VII. GASB 74/75 Disclosure

OPEB Expense - Required by GASB 75

1. Service Cost	$	289,793
2. Interest		1,372,800
3. Projected Earnings on OPEB Trust		(906,449)
4. OPEB Administrative Expense		0
5. Changes in Benefit Terms		0
6. Differences Between Expected and Actual Earnings		
In Current Fiscal Year Recognized in Current Year		10,528
From Past Years Recognized in Current Year		(12,135)
Total		(1,607)
7. Differences Between Expected and Actual Experience		
In Current Fiscal Year Recognized in Current Year		(87,721)
From Past Years Recognized in Current Year		(147,239)
Total		(234,960)
8. Changes in Assumptions		
In Current Fiscal Year Recognized in Current Year		449,266
From Past Years Recognized in Current Year		(136,873)
Total		312,393
9. Total OPEB Expense	**$**	**831,970**

Section VII. GASB 74/75 Disclosure

Sensitivity of Total and Net OPEB Liability - Required by both GASB 74 and GASB 75

The following table presents Leesburg's Total and Net OPEB liability. We also present the Total and Net OPEB liability if it is calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease	Discount Rate	1% Increase
Discount Rate	**4.88%**	**5.88%**	**6.88%**
Total OPEB Liability	$30,716,530	$26,299,153	$22,749,341
Net OPEB Liability/(Asset)	$16,825,943	$12,408,566	$8,858,754

The following table presents Leesburg's Total and Net OPEB liability. We also present the Total and Net OPEB liability if it is calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease	Medical Trend	1% Increase
Ultimate Trend	**2.53%**	**3.53%**	**4.53%**
Total OPEB Liability	$22,429,246	$26,299,153	$31,197,817
Net OPEB Liability/(Asset)	$8,538,659	$12,408,566	$17,307,230

Section VII. GASB 74/75 Disclosure

Deferred Inflows/Outflows of Resources Related to OPEB - Required by GASB 75

For the fiscal year ended June 30, 2020, Leesburg recognized an OPEB expense of $831,970. At June 30, 2020, Leesburg reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,585,199
Changes of assumptions	4,094,176	1,249,846
Net difference between projected and actual earnings on OPEB plan investments	28,765	-
Employer contribution subsequent to measurement date	N/A	
Total	**$ 4,122,941**	**$ 2,835,045**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Fiscal Year ended June 30:	
2021	$ 75,826
2022	75,825
2023	98,887
2024	87,959
2025	77,433
Thereafter	871,966

Section VII. GASB 74/75 Disclosure

Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

In conformity with paragraph 86b of Statement 75, the effects of differences between projected and actual earnings on OPEB plan investments are recognized in collective OPEB expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period. The following table illustrates the application of this requirement.

Year	Differences between Projected and Actual Earnings on OPEB Plan Investments	Recognition Period (Years)	Increase (Decrease) in OPEB Expense Arising from the Recognition of Differences between Projected and Actual Earnings on OPEB Plan Investments								
			2016	2017	2018	2019	2020	2021	2022	2023	2024
2016	$ -	5	$ -	-	-	-	-				
2017	-	5		$ -	-	-	-	-			
2018	(115,311)	5			$ (23,062)	(23,062)	(23,062)	(23,062)	(23,063)		
2019	54,634	5				$ 10,927	10,927	10,927	10,927	10,926	
2020	52,638	5					$ 10,528	10,528	10,528	10,528	10,526
Net increase (decrease) in OPEB expense			**$ -**	**$ -**	**$ (23,062)**	**$ (12,135)**	**$ (1,607)**	**$ (1,607)**	**$ (1,608)**	**$ 21,454**	**$ 10,526**

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Investment Earnings Less than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in OPEB Expense Through June 30, 2020 (c)	Balances at June 30, 2020	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2016	$ -	$ -	$ -	$ -	$ -
2017	-	-	-	-	-
2018	-	115,311	69,186	-	46,125
2019	54,634	-	21,854	32,780	-
2020	52,638	-	10,528	42,110	-
				$ 74,890	$ 46,125

Section VII. GASB 74/75 Disclosure

Schedule of Differences between Expected and Actual Experience

In conformity with paragraph 86a of Statement 75, the effects of differences between expected and actual experience are recognized in collective OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees), determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

			Increase (Decrease) in OPEB Expense Arising from the Recognition of Differences between Expected and Actual Experience												
Year	Differences between Expected and Actual Experience	Recognition Period (Years)	Prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Thereafter
Prior			$ -	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	1		$ -											
2016	-	1			$ -										
2017	-	1				$ -									
2018	(1,325,151)	9					$ (147,239)	(147,239)	(147,239)	(147,239)	(147,239)	(147,239)	(147,239)	(147,239)	(147,239)
2019	-	9						$ -	-	-	-	-	-	-	-
2020	(789,486)	9							$ (87,721)	(87,721)	(87,721)	(87,721)	(87,721)	(87,721)	(263,160)
Net increase (decrease) in OPEB expense			**$ -**	**$ -**	**$ -**	**$ -**	**$ (147,239)**	**$ (147,239)**	**$ (234,960)**	**$ (234,960)**	**$ (234,960)**	**$ (234,960)**	**$ (234,960)**	**$ (234,960)**	**$ (410,399)**

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Expected and Actual Experience

Year	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in OPEB Expense Through June 30, 2020 (c)	Balances at June 30, 2020 Deferred Outflows of Resources (a) - (c)	Balances at June 30, 2020 Deferred Inflows of Resources (b) - (c)
Prior	$ -	$ -	$ -	$ -	$ -
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	1,325,151	441,717	-	883,434
2019	-	-	-	-	-
2020	-	789,486	87,721	-	701,765
				$ -	$ 1,585,199

Section VII. GASB 74/75 Disclosure

Schedule of Changes of Assumptions

In conformity with paragraph 86a of Statement 75, the effects of changes of assumptions should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees), determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

			Increase (Decrease) in OPEB Expense Arising from the Effects of Changes of Assumptions													
Year	Changes of Assumptions	Recognition Period (Years)	Prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Thereafter
Prior	$ -		$ -	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	1		$ -											
2016	-	1			$ -										
2017	-	1				$ -									
2018	(1,874,770)	9					$ (208,308)	(208,308)	(208,308)	(208,308)	(208,308)	(208,308)	(208,308)	(208,308)	(208,306)
2019	642,914	9						$ 71,435	71,435	71,435	71,435	71,435	71,435	71,435	142,869
2020	4,043,398	9							$ 449,266	449,266	449,266	449,266	449,266	449,266	1,347,802
Net increase (decrease) in OPEB expense			**$ -**	**$ -**	**$ -**	**$ -**	**$ (208,308)**	**$ (136,873)**	**$ 312,393**	**$ 312,393**	**$ 312,393**	**$ 312,393**	**$ 312,393**	**$ 312,393**	**$ 1,282,365**

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Changes of Assumptions

Year	Increases in the Total OPEB Liability (a)	Decreases in the Total OPEB Liability (b)	Amounts Recognized in OPEB Expense Through June 30, 2020 (c)	Balances at June 30, 2020 Deferred Outflows of Resources (a) - (c)	Balances at June 30, 2020 Deferred Inflows of Resources (b) - (c)
Prior	$ -	$ -	$ -	$ -	$ -
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	1,874,770	624,924	-	1,249,846
2019	642,914	-	142,870	500,044	-
2020	4,043,398	-	449,266	3,594,132	-
				$ 4,094,176	$ 1,249,846

Section VII. GASB 74/75 Disclosure

Schedule of Changes in the Total Liability and Related Ratios - Required by both GASB 74 and GASB 75

Changes in Employer's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years

Disclosure for fiscal year ending:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Measurement Date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Total OPEB liability										
Service Cost	$ 289,793	$ 412,508	$ 400,493	$ 388,828						
Interest Cost	1,372,800	1,288,983	1,362,031	1,284,585						
Changes in Benefit Terms	-									
Differences Between Expected and Actual Experience	(789,486)	-	(1,325,151)	-						
Changes of Assumptions	4,043,398	642,914	(1,874,770)	-		Information for FYE 2016				
Benefit Payments	(394,478)	(590,275)	(500,009)	(350,446)		and earlier is not available				
Net Change in Total OPEB Liability	4,522,027	1,754,130	(1,937,406)	1,322,967						
Total OPEB liability - Beginning of Year	21,777,126	20,022,996	21,960,402	20,637,435						
Total OPEB Liability - End of Year	26,299,153	21,777,126	20,022,996	21,960,402						

Plan Fiduciary Net Position
Last 10 Fiscal Years

Disclosure for fiscal year ending:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Measurement Date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Contributions - Employer	$ 569,478	$ 765,275	$ 825,009	$ 675,446						
Net Investment Income	853,811	781,063	871,302	1,106,629						
Benefit Payments (net of retiree contributions)	(394,478)	(590,275)	(500,009)	(350,446)		Information for FYE 2016				
Administrative Expense	-	(55,703)	(53,107)	(32,007)		and earlier is not available				
Net Change in Fiduciary Net Position	1,028,811	900,360	1,143,195	1,399,622						
Fiduciary Net Position - Beginning of Year	12,861,776	11,961,416	10,818,221	9,418,599						
Fiduciary Net Position - End of Year	13,890,587	12,861,776	11,961,416	10,818,221						
Net OPEB Liability	12,408,566	8,915,350	8,061,580	11,142,181						
Fiduciary Net Position as a % of Total OPEB Liability	52.82%	59.10%	59.70%	49.30%						
Covered-Employee Payroll[1]		$ 18,430,633	$ 23,652,124	$ 20,250,454						
Net OPEB Liability as a % of Payroll[1]		48.40%	34.10%	55.00%						
Expected Average Remaining Service Years of All Participants	9	9	9	0						
		.		not disclosed						

Notes to Schedule:

Benefit changes:

None.

Changes of assumptions:

The discount rate was changed as follows ==>	5.88%	6.40%	6.21%
The medical trend was updated to the latest model released by the SOA and excludes the impact of the Cadillac Tax			
The mortality assumption was updated to the latest experience study on public sector employees and retirees released by the SOA			
The election rate was lowered for anyone not receiving 100% subsidy			

1/ Because this OPEB plan does not depend on salary, we do not have salary information.

Section VII. GASB 74/75 Disclosure

Schedule of Changes in the Actuarially Determined Contribution and Related Ratios - Required by both GASB 74 and GASB 75

Schedule of Employer Contributions
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 550,092	$ 550,092	$ 983,426	$ 625,000						
Contributions in relation to the actuarially determined contribution	569,478	765,275	825,009	675,446			Information for FYE 2016 and earlier is not available			
Contribution deficiency (excess)	$ (19,386)	$ (215,183)	$ 158,417	$ (50,446)						

Covered-employee payroll[1]

Contributions as a percentage of covered employee payroll[1]

Notes to Schedule

Benefit changes	None.
Valuation date	The FYE 2020 actuarially determined contribution (ADC) is assumed to be equal to the FY 2019 ADC which was calculated as of 7/1/2019 and is based on data as of 7/1/2018. The contribution in relation to the ADC represents contributions made for the period July 1, 2019 - June 30, 2020

Changes of assumptions

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30 years Open
Asset valuation method	Market value of assets
Investment rate of return	7.00%
Payroll growth rate	Not disclosesd
Inflation	2.75%
Healthcare cost trend rate	4.25%

1/ Because this OPEB plan does not depend on salary, we do not have salary information.

Table 1 - Projection of Employer Contributions

Fiscal Year Ending	Projected Contributions		
	Total Employer Contribution (a)	Contributions For Future Employees (b)	Contributions For Current Participants (c) = (a) - (b)
2021	$ 883,000	$ -	$ 883,000
2022	$ 868,000	$ -	$ 868,000
2023	$ 853,000	$ -	$ 853,000
2024	$ 836,000	$ -	$ 836,000
2025	$ 824,000	$ -	$ 824,000
2026	$ 810,000	$ -	$ 810,000
2027	$ 796,000	$ -	$ 796,000
2028	$ 784,000	$ -	$ 784,000
2029	$ 773,000	$ -	$ 773,000
2030	$ 762,000	$ -	$ 762,000
2031	$ 749,000	$ -	$ 749,000
2032	$ 736,000	$ -	$ 736,000
2033	$ 727,000	$ -	$ 727,000
2034	$ 715,000	$ -	$ 715,000
2035	$ 701,000	$ -	$ 701,000
2036	$ 690,000	$ -	$ 690,000
2037	$ 678,000	$ -	$ 678,000
2038	$ 670,000	$ -	$ 670,000

Note: Years subsequent to 2038 have been omitted from this table.

Section VIII. Accounting Discount Rate Determination

Town of Leesburg

For the June 30, 2020 Measurement Date

Table 2-Projection of OPEB Plan's Fiduciary Net Position

Fiscal Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Contributions For Current Participants[1] (b)	Projected Benefit Payments (c)	Projected Investment Earnings (d)	Projected Ending Fiduciary Net Position[2] (e)
2021	$ 13,890,587	$ 883,000	$ 704,000	$ 978,500	$ 15,048,087
2022	$ 15,048,087	$ 868,000	$ 802,000	$ 1,055,637	$ 16,169,724
2023	$ 16,169,724	$ 853,000	$ 918,000	$ 1,129,644	$ 17,234,368
2024	$ 17,234,368	$ 836,000	$ 1,053,000	$ 1,198,939	$ 18,216,308
2025	$ 18,216,308	$ 824,000	$ 1,138,000	$ 1,264,337	$ 19,166,645
2026	$ 19,166,645	$ 810,000	$ 1,223,000	$ 1,327,455	$ 20,081,100
2027	$ 20,081,100	$ 796,000	$ 1,318,000	$ 1,387,716	$ 20,946,816
2028	$ 20,946,816	$ 784,000	$ 1,433,000	$ 1,443,946	$ 21,741,762
2029	$ 21,741,762	$ 773,000	$ 1,509,000	$ 1,496,599	$ 22,502,361
2030	$ 22,502,361	$ 762,000	$ 1,627,000	$ 1,545,402	$ 23,182,763
2031	$ 23,182,763	$ 749,000	$ 1,724,000	$ 1,589,246	$ 23,797,009
2032	$ 23,797,009	$ 736,000	$ 1,805,000	$ 1,629,008	$ 24,357,017
2033	$ 24,357,017	$ 727,000	$ 1,922,000	$ 1,663,874	$ 24,825,891
2034	$ 24,825,891	$ 715,000	$ 2,002,000	$ 1,693,529	$ 25,232,420
2035	$ 25,232,420	$ 701,000	$ 2,092,000	$ 1,718,408	$ 25,559,828
2036	$ 25,559,828	$ 690,000	$ 2,187,000	$ 1,737,679	$ 25,800,507
2037	$ 25,800,507	$ 678,000	$ 2,268,000	$ 1,751,327	$ 25,961,834
2038	$ 25,961,834	$ 670,000	$ 2,374,000	$ 1,758,697	$ 26,016,531
2039	$ 26,016,531	$ 661,000	$ 2,522,000	$ 1,757,124	$ 25,912,654
2040	$ 25,912,654	$ 653,000	$ 2,588,000	$ 1,747,306	$ 25,724,961
2041	$ 25,724,961	$ 646,000	$ 2,666,000	$ 1,731,243	$ 25,436,204
2042	$ 25,436,204	$ 640,000	$ 2,787,000	$ 1,706,660	$ 24,995,864
2043	$ 24,995,864	$ 632,000	$ 2,945,000	$ 1,670,125	$ 24,352,988

Note: Years subsequent to 2043 have been omitted from the table.

[1] From Table 1, Column (c)

[2] (e) = (a) + (b) - (c) + (d)

Section VIII. Accounting Discount Rate Determination

Town of Leesburg

For the June 30, 2020 Measurement Date

Table 3- Actuarial Value of Projected Benefit Payments

Fiscal Year Ending	Projected Beginning Fiduciary Net Position[1] (a)	Projected Benefit Payments (b)	"Funded" Portion of Benefit Payments (c)	"Unfunded" Portion of Benefit Payments (d)	Present Value of "Funded" Benefit Payments[2] (e)	Present Value of "Unfunded" Benefit Payments[3] (f)	Present Value of Benefit Payments Using the Single Discount Rate[4] (g)
2021	$ 13,890,587	$ 704,000	$ 704,000	$ -	$ 680,582	$ -	$ 684,158
2022	$ 15,048,087	$ 802,000	$ 802,000	$ -	$ 724,601	$ -	$ 736,081
2023	$ 16,169,724	$ 918,000	$ 918,000	$ -	$ 775,146	$ -	$ 795,722
2024	$ 17,234,368	$ 1,053,000	$ 1,053,000	$ -	$ 830,970	$ -	$ 862,014
2025	$ 18,216,308	$ 1,138,000	$ 1,138,000	$ -	$ 839,296	$ -	$ 879,824
2064	$ 3,054,969	$ 1,964,000	$ 1,964,000	$ -	$ 103,502	$ -	$ 163,278
2065	$ 1,959,256	$ 1,879,000	$ 1,879,000	$ -	$ 92,544	$ -	$ 147,530
2066	$ 880,974	$ 1,792,000	$ -	$ 1,792,000	$ -	$ 595,722	$ 132,879
2067	$ -	$ 1,704,000	$ -	$ 1,704,000	$ -	$ 552,921	$ 119,332
2101	$ -	$ 6,000	$ -	$ 6,000	$ -	$ 855	$ 60
2102	$ -	$ 4,000	$ -	$ 4,000	$ -	$ 556	$ 38
2103	$ -	$ 3,000	$ -	$ 3,000	$ -	$ 407	$ 27
Total					$ 24,447,179 +	$ 5,841,603 =	$ 30,288,782

Note: Years 2026-2063, 2068-2100, and 2104+ have been omitted from this table but included in the totals.

Note: 5.88% was selected so that the Present Value of Benefits (column (g)) would equal the sum of columns (e) and (f).

[1] From Table 2, Column (a)

[2] (e) = (c) / (1 + 7%)^(year-2020-0.5)

[3] (f) = (d) / (1 + 2.45%)^(year-2020-0.5)

[4] (g) = (b) / (1 + 5.885%)^(year-2020-0.5)

Section IX. Glossary

Actuarial Accrued Liability
The portion of the Present Value of Benefits allocated to prior service.

Actuarial Determined Contribution (ADC):
A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Covered Group:
Plan members included in an actuarial valuation.

Discount Rate:
The rate used to adjust a series of future payments to reflect the time value of money.

Election Rate:
The percentage of retiring employees assumed to elect coverage.

Employer's Contributions:
Contributions to the irrevocable trust, as well as subsidies for retiree health insurance paid from general revenue.

Entry Age Normal Funding Method:
A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit.

Funded Ratio:
The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

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

Implicit Subsidy:
The additional value of coverage due to the higher cost of health insurance for retirees than the blended employee/retiree premium.

Section IX. Glossary

Level Percentage of Projected Payroll Amortization Method:
Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level. This method can not be used if the plan is closed to new entrants.

Measurement Date:
A day selected by the local government from the last day of the prior fiscal year to the last day of the current fiscal year. The measurement date is not necessarily the same date as the valuation date.

Normal Cost or Normal Actuarial Cost:
That portion of the Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

OPEB Plan:
An OPEB plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

Other Post-Employment Benefits:
Post-employment benefits other than pension benefits. Other post-employment benefits (OPEB) include post-employment healthcare benefits, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Pay-as-you-go (PAYGO):
A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Payroll Growth Rate:
An actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

Section IX. Glossary

Plan Liabilities:
Obligations payable by the plan at the reporting date, including, primarily, benefits and refunds due and payable to plan members and beneficiaries, and accrued investment and administrative expenses. Plan liabilities do not include actuarial accrued liabilities for benefits that are not due and payable at the reporting date.

Plan Members:
The individuals covered by the terms of an OPEB plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

Post-Employment:
The period between termination of employment and retirement as well as the period after retirement.

Post-Employment Healthcare Benefits:
Medical, dental, vision, and other health-related benefits provided to terminated or retired employees and their dependents and beneficiaries.

Present Value of Benefits:
The PVB is the estimated amount needed to provide all future OPEB benefits for current participants. There is no provision for future hires.

Select and Ultimate Rates:
Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% are select rates, and 7% is the ultimate rate.

Service Cost:
That portion of the Actuarial Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Valuation Date:
The as-of date for employee census data. Under GASB 75, the valuation date must be within 30 months of the last day of the fiscal year.

Appendix. The Actuarial Valuation Process

Step 1 – Determining the Present Value of Benefits

The first step of the actuarial valuation process is to determine the Present Value of Benefits (PVB). The PVB represents the estimated amount needed to provide all future OPEB benefits.

For a retiree it is based on the following assumptions:

- The current cost of medical benefits
- How fast medical costs will increase (medical trend)
- Mortality

For an employee it *also* considers the following assumptions:

- How many employees will leave before becoming eligible for the benefit
- At what age will employees retire
- What percentage of eligible retirees will elect coverage
- What percent of eligible retirees will have spouse coverage

Based on these assumptions, the actuary estimates a payment stream for each year in the future.

The streams of payments are discounted to the valuation date using a discount rate. The discount rate is similar to the rate of return you would expect to earn on funds in a bank or other investment vehicle. The sum of the discounted payment stream is the PVB.

Step 2 – The Actuarial Funding Method

If the entire present value of benefits was deposited into a trust when every new employee was hired, there would be (in the absence of actuarial losses caused by experience different than that assumed) no cost after the first year. The goal of an actuarial funding method is to spread the present value of benefits throughout the employee's career.

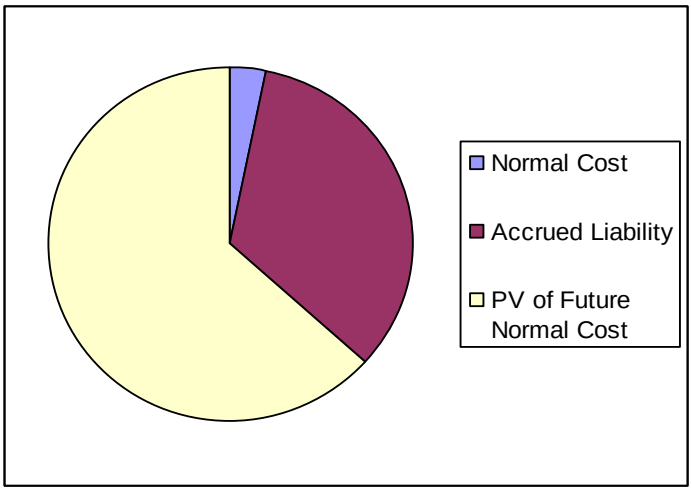
Accordingly, the second step of an actuarial valuation is to divide the Present Value of Benefits into three components:

- The normal cost (the liability accrual for the year)
- The accrued liability (the liability amount allocated for past service)
- The present value of future normal costs (the liability amount allocated to the future)

Appendix. The Actuarial Valuation Process

Step 2 – The Actuarial Funding Method

The following chart illustrates the 3 components of the Present Value of Benefits:



For a retired employee, the present value of benefits equals the accrued liability.

Under the GASB 45 accounting standard we typically used the Projected Unit Credit Actuarial Funding method. The GASB 75 accounting standard requires the use of the Entry Age Normal Actuarial Funding Method.

The Projected Unit Credit (PUC) Actuarial Funding Method

The PUC method allocates the present value of benefits by the service at valuation date divided by the service at retirement. So, for an employee with 10 years of service who is expected to retire in 20 years with 30 years of service, the actuarial accrued liability would be one third (10 divided by 30) of the present value of benefits.

The Entry Age Normal (EAN) Actuarial Funding Method

The goal of the EAN method is that the annual accrual (or normal cost) be a level percent of pay throughout an employee's career. This method requires a salary increase assumption. The normal cost percentage is equal to the present value of benefits divided by the present value of future salary determined when the employee was hired. The actuarial accrued liability is equal to the present value of benefits minus the normal cost percentage times the present value of future salaries at the valuation date.

While it depends upon the discount rate and the salary increase assumption generally the EAN method has a higher actuarial accrued liability than the PUC Method