

VILLAGE OF MAMARONECK
RETIREE MEDICAL ACTUARIAL
VALUATION

REPORT ON COMPLIANCE WITH
GOVERNMENT ACCOUNTING STANDARDS BOARD
STATEMENT #75
ACCOUNTING AND FINANCIAL REPORTING BY THE EMPLOYER
FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED MAY 31, 2020

PREPARED BY DANZIGER & MARKHOFF LLP

PREPARED: August 2020

August 2020

Village of Mamaroneck
123 Mamaroneck Avenue
Mamaroneck, New York 10543

Dear Sir/Madam:

This report was prepared to provide management with the disclosures for the Village (the Employer) for GASB #75 for the fiscal year ended May 31, 2020.

Our results and accompanying disclosures reflect plan provisions in effect for the plan year ended May 31, 2020. For FYE 2020, a mid-cycle valuation was performed on the program, as permitted in accordance with GASB 75.

In conducting the valuation, we relied on information supplied to us by Village of Mamaroneck. This information included participant data, the terms of the written and unwritten plan, premium rates and other policies and practices of plan. We have relied on this information as accurate, and applied estimates as necessary.

GASB #75 requires results be presented on your financial statements based on actual rates as of your year-end (reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of May 31, 2020 is 2.63%. The Main valuation has been performed based on a 2.63% discount rate, with Sensitivity results at both 1.63% and 3.63%. Since there is no OPEB Trust, the Index will apply. [For 2019 Expense, the May 31, 2019 index of 3.05% applied.]

To the best of our knowledge and belief, this valuation was conducted in accordance with generally accepted actuarial principles and practices and in accordance with our understanding of GASB #75 and the implementation guidelines published by the Government Accounting Standards Board. The employer may modify the presentation of these disclosures as needed. I am an Enrolled Actuary who satisfies the Qualifications Standards for Actuaries of the AAA that became effective January 1, 2008.

Very truly yours,

A blue ink electronic signature of Edward A. Echeverria, written in a cursive style.

Edward A. Echeverria – Electronic Signature

Edward A. Echeverria, FCA, FSPA, MAAA, EA
Senior Actuary
DANZIGER & MARKHOFF LLP

Village of Mamaroneck
RETIREE HEALTH VALUATION UNDER GASB #75

Changes in Net OPEB Liability FYE 2020

	5/31/2020 rate	2.63% FYE 5/31/2020 Disclosures
Discount Rate (Proj.)	5/31/2019 rate	3.05% FYE 5/31/2020 Expense
Investment Return Rate (Proj.)	N/A; Index will apply	

	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balances at Beginning of Year	76,033,388	0	76,033,388
Change	3,600,614	0	3,600,614
Balances at End of Year	79,634,002	0	79,634,002

GASB #75 Expense for FYE 2019

Service Cost	2,223,608
Interest Cost	2,289,300
Experience & Assumption (Gain)/Loss Amort	344,414
Investment (Gain)/Loss Amort	0
GASB #75 Annual OPEB Cost Expense	4,857,322

Village of Mamaroneck
RETIREE HEALTH VALUATION UNDER GASB #75

Sensitivity - Discount Rate

	1% Decrease <u>1.63%</u>	Discount Rate <u>2.63%</u>	1% Increase <u>3.63%</u>
Net OPEB Liability 5/31/2020	91,479,543	79,634,002	67,788,461
GASB #75 Expense for FYE 2020	5,380,000	4,857,322	4,320,000

Sensitivity - Health Care Trend Rate

	1% Decrease <u>(7.0% decreasing to 4.0%)</u>	Healthcare Trend Rates <u>(8.0% decreasing to 5.0%)</u>	1% Increase <u>(9.0% decreasing to 6.0%)</u>
Net OPEB Liability 5/31/2020	65,577,609	79,634,002	96,510,364
Projected Expense for FYE 2020	4,310,000	4,857,322	5,540,000

NOTES

Have used a 2.63% discount rate, with sensitivity at 1.63% and 3.63%.

The S&P 20 AA Municipal Bond Index (an appropriate index for GASB #75 purposes) was 2.63% on 5/31/2020, the Measurement Date.

Due to the small OPEB Trust level (ZERO) vs. Liabilities, the plan is not projected to have a Plan Fiduciary Net position in excess of benefit payments for any year, so the 2.63% Municipal Bond Rate will apply.

Net OPEB Liability is the GASB #75 term now used for Unfunded Accrued Liability.

Membership Counts (at 5/31/2019)

	<u>Active</u>	<u>Retired</u>	<u>Total</u>
Total	139	112	251

Village of Mamaroneck
RETIREE HEALTH VALUATION UNDER GASB #75
Schedule of OPEB Related Deferred Outflows/(Inflows) of Resources
FYE 5/31/2020

<u>Initial Setup Year</u>	<u>Description</u>	<u>Original Deferred Outflow</u>	<u>Original Deferred Inflow</u>	<u>Amortization Period</u>	<u>Amortization</u>	<u>Current Deferred Outflow</u>	<u>Current Deferred Inflow</u>	
5/31/2019	Experience	1,374,474		7	196,353	981,768		
5/31/2020	Experience		3,938,185	7	(562,598)		3,375,587	2yrs amort
5/31/2020	Assumption Change	4,974,610		7	710,659	4,263,951		
	Totals				344,414	5,245,719	3,375,587	

Summary of Deferred Outflows of Resources and inflows of Resources Related to OPEB from the Following Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$981,768	\$3,375,587
Changes of assumptions	4,263,951	0
Net difference between projected and actual earnings of OPEB plan investments	0	0
Total	<u>\$5,245,719</u>	<u>\$3,375,587</u>

Amounts Recognized in OPEB Expense as Follows:

Year ended MAY 31:

2021	344,414
2022	344,414
2023	344,414
2024	344,414
2025	344,414
2026 (1yr)	148,061

Village of Mamaroneck
Required Supplementary Information
Schedule of Changes In the Net OPEB Liability and Related Ratios
FYE 5/31/2020

	<u>2020</u>	<u>2019</u>	
Total OPEB liability			
Service cost	\$ 2,223,608	\$ 2,036,271	
Interest	2,289,300	2,180,204	
Changes of benefit terms	-	-	
Difference between expected and actual experience	(3,938,185)	1,374,474	
Changes in assumptions	4,974,610	-	
Benefit payments -	(1,948,719)	(2,079,300)	
Net change in total OPEB liability	3,600,614	3,511,649	
Total OPEB liability - beginning	76,033,388	72,521,739	
Total OPEB liability - ending (a)	<u>\$ 79,634,002</u>	<u>\$ 76,033,388</u>	
Plan Fiduciary net position			
Contributions - employer	1,948,719	\$ 2,079,300	
Net investment income	-	-	
Benefit payments	(1,948,719)	(2,079,300)	
Administrative expense	-	-	
Net change in plan fiduciary net position	-	-	
Plan fiduciary net position - beginning	-	-	
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	
District's net OPEB liability - ending (a) - (b)	<u>\$ 79,634,002</u>	<u>\$ 76,033,388</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	
Covered-employee payroll	\$ 16,124,029	\$ 15,288,199	
District's net OPEB liability as a percentage of covered - employee payroll	493.88%	497.33%	

Notes to Schedule:

Benefit changes - None

Village of Mamaroneck
Required Supplementary Information
Schedule of Contributions and Assumptions
FYE 5/31/2020

	2020	2019	
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Actuarial determined contribution [SC + 20 yr amort NOL]	\$ 7,357,902	\$ 6,930,108	
Contributions in relating to the actuarially determined contribution	1,948,719	2,079,300	
Contribution Excess/(deficiency)	\$ (5,409,183)	\$ (4,850,808)	
Covered-employee payroll	\$ 16,124,029	\$ 15,288,199	
Contributions as a percentage of covered-employee payroll	12.09%	13.60%	

Notes to Schedule:

Valuation date:	6/1/2019	6/1/2018
Census date:	5/31/2019	5/31/2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	N/A
Amortization period	N/A
Asset valuation method	Market
Inflation	3.00%
Healthcare cost trend rates	8% decreasing to 5% ultimate
Salary increases	3.00%
Retirement age	Rates from age 55/10 yrs, OR 20 Years
Mortality	RP 2014 w/ MP2016 projection
Investment rate of return	2.63% 3.05%

Other information:

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

RESULTS AND DISCLOSURES

DEVELOPMENT OF CHANGES IN OPEB LIABILITY, PLAN FIDUCIARY
NET POSITION, AND RELATED RATIOS
(THE LAST SIX YEARS ILLUSTRATED)

<u>Year</u> <u>Ended</u>	<u>GASB #75</u> <u>Net OPEB</u> <u>Liability</u>	<u>Regular</u> <u>Expense</u>	<u>Contributions</u> <u>plus Earnings</u>	<u>Change in</u> <u>Net OPEB</u> <u>Liability</u>
5/31/2015		\$4,260,000	\$1,470,000	\$2,790,000
5/31/2016		\$4,440,000	\$1,700,000	\$2,740,000
5/31/2017		\$5,040,000	\$1,730,000	\$3,310,000
5/31/2018		\$5,290,000	\$1,870,000	\$3,420,000
5/31/2019	\$76,033,388	\$4,412,828	\$2,079,300	\$3,511,649
5/31/2020	\$79,634,002	\$4,857,322	\$1,948,719	\$3,600,614

*Pre-FYE 2018 reflects GASB #45 OPEB Cost, etc., FYE 2018 Contributions
include projected OPEB Trust Earnings (N/A no OPEB Trust)*

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

RESULTS AND DISCLOSURES

DEVELOPMENT OF CHANGES IN OPEB LIABILITY, PLAN FIDUCIARY
NET POSITION, AND RELATED RATIOS

Actuarial	Fiduciary	Total	Net	Fiduciary		Net OPEB
Valuation	Net	OPEB	OPEB	Net Position		Liability
<u>Date</u>	<u>Position</u>	<u>Liability</u>	<u>Liability</u>	as a % of	Covered	as a % of
				<u>Total OPEB</u>	<u>Payroll</u>	<u>Covered</u>
				<u>Liability</u>		<u>Payroll</u>
6/1/2014	\$0	\$50.42M	\$50.42M	0.0%	\$13.98M	361%
6/1/2015	\$0	\$52.10M	\$52.10M	0.0%	\$14.05M	371%
6/1/2016	\$0	\$56.84M	\$56.84M	0.0%	\$14.51M	392%
6/1/2017	\$0	\$59.34M	\$59.34M	0.0%	\$14.51M	409%
6/1/2018	\$0	\$72.52M	\$72.52M	0.0%	\$15.29M	474%
6/1/2019	\$0	\$76.03M	\$76.03M	0.0%	\$16.12M	472%

*Pre-FYE 2018 reflects GASB #45 OPEB Cost, etc., FYE 2018 Contributions
include projected OPEB Trust Earnings (N/A no OPEB Trust)*

Village of Mamaroneck
Required Supplementary Information
Schedule of Investment Returns
FYE 5/31/2020



	<u>2020</u>	<u>2019</u>	
Annual money-weighted rate of return, net of investment expense	N/A	N/A	
	No OPEB Trust Index will apply for discount rate purposes		

Village of Mamaroneck
Required Supplementary Information
Investment Target Allocation
FYE 5/31/2020

<u>Asset Class</u>	<u>Target Allocation</u>
N/A, no OPEB Trust	

Village of Mamaroneck
Required Supplementary Information
Investment Rate of Return Assumption
FYE 5/31/2020

To value the 5/31/2020 Total OPEB Liability under GASB 75 the S&P Municipal Bond 20 year High Grade Bond index rate of 2.63% (5/29/2020; 5/31 was a Sunday) was utilized.
[For 2019 Expense, the index rate of 3.05% (5/31/2019) was utilized]

There is no OPEB Trust.

Village of Mamaroneck
Required Supplementary Information
Long-Term Expected REAL Rate of Return
FYE 5/31/2020

<u>Asset Class</u>	<u>Long-Term Expected REAL Rate of Return</u>
N/A, no OPEB Trust	

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

SUMMARY OF PLAN PROVISIONS

The following is a summary of the current major provisions of the retiree medical program.

1. MEDICAL BENEFITS

The Plan is a fully insured plan. Current medical retiree premium rates (NYSHIP) (2018) include:

- | | |
|----------------------------|-------------------------------|
| a) Pre-age 65 Individual: | Generally, \$1,015 per month. |
| b) Pre-age 65 Family: | Generally, \$2,348 per month. |
| c) Post-age 65 Individual: | Generally, \$444 per month. |
| d) Post-age 65 Family: | Generally, \$1,207 per month. |

For GASB #45/#75 purposes, the “community-rated” exception under ASOP 6 no longer applies. Therefore, adjustments to the premium rates to reflect the difference between the pre-age 65 active/retiree group (for which the current premium rates were based on) and the pre-age 65 retiree group, are now required.

2. MEDICARE PART B PREMIUMS - Paid by the Village at \$134.00/mo., as appropriate.

SUMMARY OF PLAN PROVISIONS

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

SUMMARY OF PLAN PROVISIONS

5. **FUNDING POLICY:**

The employer's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e., pay-as-you-go).

Current New York state law prohibits municipalities from pre-funding retiree medical benefit obligations in a Trust.

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

ACTUARIAL BASIS

ACTUARIAL FUNDING METHOD:

Entry Age Normal, level% pay

ACTUARIAL ASSUMPTIONS

- | | |
|--------------------|---|
| 1. Valuation Date: | 6/1/2019 (5/31/2020 disclosures) |
| 2. Discount Rate: | 3.05% per annum (for FY20 Expense)
2.63% per annum (disclosures*)
(1.63% and 3.63% are illustrated for sensitivity) |

*GASB #75 requires results be presented on your financial statements based on actual rates as of your year-end (reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of 5/31/2020 was 2.63%). Since the plan is not pre-funded, the Index will apply.

- | | |
|------------------|---|
| 3. Salary Scale: | 3% per annum (for EAN) |
| 4. Mortality: | RP-2014 mortality table with
MP-2016 projection. |
| 5. Withdrawal: | Sarasson T-5 Table. |
| 6. Disability: | N/A |

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

ACTUARIAL BASIS

7. Retirement:

The following table illustrates the retirement rates:

A) Non-Uniformed
(10 years of service required)

<u>Retirement Age</u>	<u>Retirement Rates</u>
55	10.0%
56	3.0%
57	3.0%
58	3.0%
59	3.0%
60	5.0%
61	5.0%
62	5.0%
63	5.0%
64	5.0%
65	100.0%

B) Police
(20 years of service required)

<u>Retirement Age (Svc)</u>	<u>Retirement Rates</u>
(20 th year of service)	50.0%
(21 st year, to age 54)	2.0%
55	10.0%
56	3.0%
57	3.0%
58	3.0%
59	3.0%
60	5.0%
61	5.0%
62	5.0%
63	5.0%
64	5.0%
65	100.0%

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

ACTUARIAL BASIS

8. Health Care Cost
Trend Rate:

The following table illustrates the assumed health care trend rate for each future year:

<u>Year</u>	<u>Assumed Increase</u>
1	8.0%
2	7.5%
3	7.0%
4	6.5%
5	6.0%
6	5.5%
7+	5.0%

9. Marital - Actives: Wife is assumed to be same age as the husband. 70% of males and 50% of females are assumed married.
10. Participation Rate: 100% of eligible retirees expected to participate.
11. Inflation Rate: 3.0% per annum.
12. Assumed Sick Days at Retirement for Actives: 200 Days

ASSET VALUATION METHOD: Market value.

AMORTIZATION BASIS: For experience gains/losses, over the average expected future working lifetime of the whole group.
For assumption change gains/losses, over the average expected future working lifetime of the whole group.

VILLAGE OF MAMARONECK
RETIREE HEALTH VALUATION UNDER GASB #75

RESULTS AND DISCLOSURES
RESULTS BY CATEGORY
FYE 5/31/2020

	<u>POLICE</u>	<u>CSEA</u>	<u>Total</u>
Total OPEB Liability BOY	51,160,107	24,873,281	76,033,388
EOY assets	0	0	0
Net OPEB Liability BOY	51,160,107	24,873,281	76,033,388
 GASB 75 Expense	 3,035,826	 1,821,496	 4,857,322
Total OPEB Liability EOY	53,582,829	26,051,173	79,634,002
EOY assets	0	0	0
Net OPEB Liability EOY	53,582,829	26,051,173	79,634,002