



Town of Wellesley Contributory Retirement System

**Governmental Accounting Standards Board
(GASB) Statements No. 67 and 68
Accounting Valuation Report
as of December 31, 2018**

This report has been prepared at the request of the Town of Wellesley Contributory Retirement Board to assist the Board and the member units in preparing their financial report for their liabilities associated with the Town of Wellesley Contributory Retirement System. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Town of Wellesley Contributory Retirement Board and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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August 19, 2019

Retirement Board
Town of Wellesley Contributory Retirement System
Town Hall
525 Washington Street
Wellesley, MA 02482

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board (GASB) Statements No. 67 and 68 Accounting Valuation as of December 31, 2018 for the Town of Wellesley Contributory Retirement System, a cost-sharing multiple employer defined benefit pension plan. It contains the actuarial information that will need to be disclosed in order to comply with GASB 67 and 68. Except as otherwise noted, please refer to the Town of Wellesley Contributory Retirement System Actuarial Valuation Report as of January 1, 2019, dated August 13, 2019, for the data, assumptions and plan of benefits underlying these calculations.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the Board and the member units in preparing their financial report for their liabilities associated with the Town of Wellesley Contributory Retirement System. The census and financial information on which our calculations were based were provided by the staff of the Town of Wellesley Contributory Retirement System. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. 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; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Kathleen A. Riley, FSA, MAAA, EA. She is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of her knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in her opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Town of Wellesley Contributory Retirement System.

Benefits, Compensation and HR Consulting. Member of The Segal Group. Offices throughout the United States and Canada

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:



Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary



Lisa VanDemark, FSA, MAAA, EA
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Section 1: Actuarial Valuation Summary

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards Board (GASB) Statements No. 67 and 68 as of December 31, 2018. This report is based on the Town of Wellesley Contributory Retirement System Actuarial Valuation and Review as of January 1, 2019, dated August 13, 2019, which reflects:

- The benefit provisions of Massachusetts General Law Chapter 32;
- The characteristics of covered active participants, inactive participants, and retired participants and beneficiaries as of December 31, 2018;
- The assets of the System as of December 31, 2018;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues

The following key findings were the result of this actuarial valuation:

- The Net Pension Liability (NPL) is equal to the difference between the Total Pension Liability (TPL) and the Plan's Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis. The NPL increased from \$44.2 million as of December 31, 2017 to \$61.5 million as of December 31, 2018 and the Plan's Fiduciary Net Position as a percent of the TPL decreased from 81.29% to 75.33%.
- The NPL measured as of December 31, 2018 and December 31, 2017 was determined based upon the results of the actuarial valuations as of January 1, 2019 and January 1, 2017, respectively.
- The discount rate used to measure the TPL and NPL as of December 31, 2018 and December 31, 2017 was 6.625%.

Important Information about Actuarial Valuations

In order to prepare an actuarial valuation, Segal Consulting (“Segal”) relies on a number of input items. These include:

Plan of Benefits:	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant Data:	An actuarial valuation for a plan is based on data provided to the actuary by the Town of Wellesley Contributory Retirement System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the Town of Wellesley Contributory Retirement System. The Town of Wellesley Contributory Retirement System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial Assumptions:	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results ,that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of the Town of Wellesley Contributory Retirement System to assist the Board and the member units in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report may include actuarial results that are not rounded, but that does not imply precision.
- If the Town of Wellesley Contributory Retirement System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the Town of Wellesley Contributory Retirement System, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Town of Wellesley Contributory Retirement System.



Section 2: GASB Information

Exhibit 1 – Net Pension Liability

	December 31, 2018	December 31, 2017
Components of the Net Pension Liability		
Total Pension Liability	\$249,486,960	\$236,431,841
Plan Fiduciary Net Position	187,948,599	192,197,253
Net Pension Liability	61,538,361	44,234,588
Plan Fiduciary Net Position as a percentage of the Total Pension Liability*	75.33%	81.29%

* These funded percentages are not necessarily appropriate for assessing the sufficiency of System assets to cover the estimated cost of settling the System's benefit obligation or the need for or the amount of future contributions.

Actuarial assumptions. The total pension liability as of December 31, 2018 was measured by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation:	2.75%
Salary Increases:	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service for Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.
Net Investment Return:	6.625%
Cost of Living Adjustment:	3.00% of first \$17,000 in 2019 and 2.75% of first \$18,000 in 2020 and later
Mortality Rates:	<i>Pre-Retirement:</i> RP-2014 Blue Collar Employee Mortality Table set forward one year for female participants projected generationally with Scale MP-2016 <i>Healthy Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for female participants projected generationally with Scale MP-2016 <i>Disabled Retiree:</i> RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB from 2015

Target Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.00%	6.16%
International developed markets equity	13.00%	6.69%
International emerging markets equity	5.00%	9.47%
Core fixed income	15.00%	1.89%
High-yield fixed income	8.00%	4.00%
Real estate	10.00%	4.58%
Commodities	4.00%	4.77%
Hedge fund, GTAA, Risk parity	11.00%	3.68%
Private equity	<u>13.00%</u>	10.00%
Total	100.00%	

Note: Some asset classes included in the pension plan's target asset allocation have been combined.

Discount rate. The discount rate used to measure the Total Pension Liability (TPL) was 6.625% as of December 31, 2018 and December 31, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2018 and December 31, 2017.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability (NPL) of the Town of Wellesley Contributory Retirement System as of December 31, 2018 calculated using the discount rate of 6.625%, as well as what the Town of Wellesley Contributory Retirement System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.625%) or 1-percentage-point higher (7.625%) than the current rate.

Net Pension Liability	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
Town of Wellesley Contributory Retirement System's net pension liability as of December 31, 2018	\$92,163,863	\$61,538,361	\$35,919,705

Exhibit 2 – Schedule of Changes in Net Pension Liability – Last Two Fiscal Years

	December 31, 2018	December 31, 2017
Total Pension Liability		
Service cost	\$6,304,678	\$6,056,541
Interest	15,690,719	14,872,702
Change of benefit terms	0	2,765,608
Differences between expected and actual experience	2,850,684	0
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	<u>-11,790,962</u>	<u>-11,400,176</u>
Net change in Total Pension Liability	\$13,055,119	\$12,294,675
Total Pension Liability – beginning	<u>236,431,841</u>	<u>224,137,166</u>
Total Pension Liability – ending	\$249,486,960	\$236,431,841
Plan Fiduciary Net Position		
Contributions – employer	\$8,371,229	\$7,874,297
Contributions – employee	3,916,604	3,734,439
Net investment income	<u>-4,521,052</u>	27,879,098
Benefit payments, including refunds of member contributions	<u>-11,790,962</u>	<u>-11,400,176</u>
Administrative expense	<u>-224,473</u>	<u>-243,555</u>
Net change in Plan Fiduciary Net Position	<u>-\$4,248,654</u>	\$27,844,103
Plan Fiduciary Net Position – beginning	<u>192,197,253</u>	<u>164,353,150</u>
Plan Fiduciary Net Position – ending	\$187,948,599	\$192,197,253
Net Pension Liability – ending	61,538,361	44,234,588
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.33%	81.29%
Covered employee payroll ¹	\$39,169,350	\$38,226,711
Plan Net Pension Liability as percentage of covered employee payroll	157.11%	115.72%

¹ Covered employee payroll for 2018 and 2017 as estimated in the January 1, 2019 and January 1, 2017 funding valuation reports, respectively.

Notes to Schedule:

Changes in Actuarial Assumptions:	<p>The following changes were effective January 1, 2017:</p> <ul style="list-style-type: none">• The investment return assumption was decreased from 6.75% to 6.625%.• The mortality assumption was changed from the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB to the RP-2014 Blue Collar Employee and Healthy Annuitant Tables set forward one year for females projected generationally with Scale MP-2016.• The mortality assumption for disabled participants was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB set forward 3 years for males to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB from 2015.• The administrative expense assumption was increased from \$250,000 to \$275,000.• The inflation rate was lowered from 3.50% to 2.75%.• The Cost of Living Adjustment (COLA) assumption was changed from a 3.00% increase on the first \$15,000 of retirement allowance to a 2.75% increase on the first \$15,000 of retirement allowance.
Changes in Plan Provisions:	<p>The following change was reflected January 1, 2018:</p> <ul style="list-style-type: none">• As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased to \$16,000 effective July 1, 2018, \$17,000 effective July 1, 2019 and to \$18,000 effective July 1, 2020.

Exhibit 3 – Schedule of Contributions – Last Five Fiscal Years

Year Ended December 31	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	\$7,040,036	\$7,070,467	-\$30,431	\$35,228,283	20.07%
2015	7,285,897	7,304,832	-18,935	35,929,727	20.31%
2016	7,562,273	7,562,273	0	36,836,364	20.53%
2017	7,835,775	7,874,297	-38,522	38,226,711	20.60%
2018	8,349,999	8,371,229	-21,230	39,169,350	21.37%

Notes to Schedule:

Valuation date:	Actuarial Determined Contribution for 2018 was determined with the January 1, 2017 actuarial valuation.
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level payments on the 2010 ERI liability and 3.5% increasing payments on the remaining unfunded liability.
Remaining amortization period:	As of July 1, 2017, 5 years for the 2010 ERI liability and 13 years for the remaining unfunded liability.
Asset valuation method:	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period with a fresh start as of January 1, 2015. Asset value is adjusted as necessary to be within 20% of the market value.
Actuarial assumptions:	
• Investment rate of return	6.625%
• Discount rate	6.625%
• Wage inflation rate	2.75%
• Projected salary increases	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service for Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.
• Cost of living adjustments	2.75% of first \$15,000 increasing to \$16,000 effective July 1, 2018, \$17,000 effective July 1, 2019 and \$18,000 effective July 1, 2020.
Plan membership:	
• Retired participants and beneficiaries receiving benefits	403
• Inactive participants entitled to a return of their employee contributions	199
• Inactive participants with a vested right to a deferred or immediate benefit	12
• Active participants	702
• Total	1,316

¹ The Actuarially Determined Contribution for 2018 is based on the results of the January 1, 2017 actuarial valuation.

The Actuarially Determined Contributions for 2017 and 2016 are based on the results of the January 1, 2015 actuarial valuation.

The Actuarially Determined Contributions for 2015 and 2014 are based on the results of the January 1, 2013 actuarial valuation.

Exhibit 4 – Pension Expense

Reporting Date for Employer under GASB 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GASB 68	December 31, 2018	December 31, 2017
Components of Pension Expense		
Service cost	\$6,304,678	\$6,056,541
Interest on the Total Pension Liability	15,690,719	14,872,702
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Expensed portion of current-period benefit changes	0	2,765,608
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	475,114	0
Expensed portion of current-period changes of assumptions or other inputs	0	0
Member contributions	-3,916,604	-3,734,439
Projected earnings on plan investments	-12,742,091	-10,887,237
Expensed portion of current-period differences between actual and projected earnings on plan investments	3,452,627	-3,398,372
Administrative expense	224,473	243,555
Recognition of beginning of year deferred outflows of resources as pension expense	3,951,682	3,951,683
Recognition of beginning of year deferred inflows of resources as pension expense	<u>-5,107,977</u>	<u>-1,709,604</u>
Pension Expense	\$8,332,621	\$8,160,437

Deferred Outflows of Resources and Deferred Inflows of Resources

Reporting Date for Employer under GASB 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GASB 68	December 31, 2018	December 31, 2017
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$2,174,037	\$543,106
Changes of assumptions or other inputs	2,825,517	4,946,701
Net difference between projected and actual earnings on pension plan investments	5,068,480	0
Difference between expected and actual experience in the Total Pension Liability	<u>2,375,570</u>	<u>0</u>
Total Deferred Outflows of Resources	\$12,443,604	\$5,489,807
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$2,174,037	\$543,106
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	0	10,650,126
Difference between expected and actual experience in the Total Pension Liability	<u>2,544,724</u>	<u>3,914,113</u>
Total Deferred Inflows of Resources	\$4,718,761	\$15,107,345
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2019	N/A	-\$1,156,295
2020	\$2,922,957	-1,004,786
2021	105,160	-3,822,583
2022	293,869	-3,633,874
2023	3,927,743	0
2024	475,114	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GASB 68

Exhibit 5 – Determination of Proportionate Share

Employer Name	Share of NPL as of January 1, 2018	Percent of NPL as of January 1, 2018	Share of NPL as of January 1, 2019	Percent of NPL as of January 1, 2019
Housing	\$377,406	0.853193%	\$478,915	0.778238%
Water	2,525,232	5.708727%	3,566,949	5.796301%
Light	4,059,497	9.177201%	5,625,088	9.140783%
School	9,021,931	20.395649%	10,636,640	17.284569%
Town of Wellesley	28,250,522	63.865230%	41,230,769	67.000109%
Grand Totals:	\$44,234,588	100.000000%	\$61,538,361	100.000000%

Note: NPL allocations for January 1, 2019 and January 1, 2018 are based on the results of the January 1, 2019 and January 1, 2017 actuarial valuations, respectively.

Exhibit 6 – Determination of Proportionate Share Amounts by Employer

Employer Name	2019 Share of Cost Allocator	Net Pension Liability	Covered Employee Payroll	Discount Rate Sensitivity		
				1% Decrease (5.625%) (4)	Current Discount Rate (6.625%) (5)	1% Increase (7.625%) (6)
Housing	0.778238%	\$478,915	\$378,521	\$717,254	\$478,915	\$279,541
Water	5.796301%	3,566,949	1,896,524	5,342,095	3,566,949	2,082,014
Light	9.140783%	5,625,088	2,356,382	8,424,499	5,625,088	3,283,342
School	17.284569%	10,636,640	10,381,428	15,930,126	10,636,640	6,208,566
Town of Wellesley	67.000109%	41,230,769	24,156,495	61,749,889	41,230,769	24,066,242
Grand Totals:	100.000000%	\$61,538,361	\$39,169,350	\$92,163,863	\$61,538,361	\$35,919,705

Employer Name	Schedule of Contributions					Pension Expense	
	Statutory Required Contribution (7)	Contributions In Relation to the Statutory Required Contribution (8)	Contribution Deficiency/ (Excess) (9)	Contributions as a Percentage of Covered Employee Payroll (10)	Proportionate Share of Plan Pension Expense (11)	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions (12)	Total Employer Pension Expense (13)
Housing	\$64,562	\$64,562	\$0	17.0564%	\$64,848	\$4,222	\$69,070
Water	409,372	409,372	0	21.5854%	482,984	-15,154	467,830
Light	804,239	804,239	0	34.1302%	761,667	18,075	779,742
School	1,776,980	1,798,210	-21,230	17.3214%	1,440,258	-180,184	1,260,074
Town of Wellesley	5,294,846	5,294,846	0	21.9189%	5,582,864	173,041	5,755,905
Grand Totals:	\$8,349,999	\$8,371,229	-\$21,230	21.3700%	\$8,332,621	\$0	\$8,332,621

Employer Name	Deferred Outflows of Resources				Deferred Inflows of Resources				
	Differences Between Expected and Actual Experience (14)	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments (15)	Changes of Assumptions (16)	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions (17)	Total Deferred Outflows of Resources (18)	Differences Between Expected and Actual Experience (19)	Changes of Assumptions (20)	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions (21)	Total Deferred Inflows of Resources (22)
Housing	\$18,488	\$39,445	\$21,989	\$50,796	\$130,718	\$19,804	\$0	\$52,320	\$72,124
Water	137,695	293,784	163,776	67,525	662,780	147,500	0	140,564	288,064
Light	217,146	463,299	258,274	126,686	1,065,405	232,608	0	50,976	283,584
School	410,607	876,065	448,378	488,622	2,263,672	439,845	0	1,508,537	1,948,382
Town of Wellesley	1,591,634	3,395,887	1,893,100	1,440,408	8,321,029	1,704,967	0	421,640	2,126,607
Grand Totals:	\$2,375,570	\$5,068,480	\$2,825,517	\$2,174,037	\$12,443,604	\$2,544,724	\$0	\$2,174,037	\$4,718,761

Employer Name	Deferred Inflows/(Outflows) Recognized In Future Pension Expense (Year Ended January 1)					
	2020 (23)	2021 (24)	2022 (25)	2023 (26)	2024 (27)	Thereafter (28)
Housing	\$26,970	\$5,040	\$6,988	\$22,723	-\$3,127	\$0
Water	154,269	-9,059	-5,866	212,613	22,759	0
Light	285,256	27,688	55,325	366,881	46,671	0
School	325,037	-162,006	-176,956	467,782	-138,567	0
Town of Wellesley	2,131,425	243,497	414,378	2,857,744	547,378	0
Grand Totals:	\$2,922,957	\$105,160	\$293,869	\$3,927,743	\$475,114	\$0

APPENDIX – GLOSSARY OF TERMS

Definitions of certain terms *as they are used in Statement 68*. The terms may have different meanings in other contexts.

Active Employees:	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual Contributions:	Cash contributions recognized as additions to a pension Plan Fiduciary Net Position.
Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension 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.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent Employer:	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent Multiple-Employer Defined Benefit Pension Plan (Agent Pension Plan):	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Allocated Insurance Contract:	A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Closed Period:	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability:	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective Pension Expense:	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions:	Additions to a pension Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Employer:	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered-Employee Payroll:	The payroll of employees that are provided with pensions through the pension plan.
Deferred Retirement Option Program (DROP):	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost 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 age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement Period:	The period between the prior and the current measurement dates.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

Non-Employer Contributing Entities:	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement 68, employees are not considered non-employer contributing entities.
Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single Employer:	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Special Funding Situations:	Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists: 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.