

April 25, 2018

Personal and Confidential

Mr. Christopher Holak
Town Accountant
Town of Wenham
138 Main Street
Wenham, MA 01984

Re: GASB 74 and 75 - Summary of Results

Dear Mr. Holak:

The purpose of this letter is to summarize our actuarial valuation of the Town of Wenham Other Postemployment Benefits Plan (the "Plan") for the Reporting Date and fiscal year ending June 30, 2018 with a Valuation Date of June 30, 2017 and a Measurement Date of June 30, 2017 in accordance with Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

What caused plan liabilities to change from FY 16 to FY 18?

Plan experience was in line with expectation - for the year ending on the Measurement Date of June 30, 2017, the Plan saw an experience loss of \$118,520 or 2.68%. This was mainly due to the addition of actives with service who were not reflected on the prior valuation. This was mostly offset by premiums increasing by less than the expected to increase 10% increase over the two-year period. The actuarial experience loss is amortized into the net OPEB expense over time until fully recognized.

Over the two year period, the Total OPEB Liability ("TOL") went from \$5,059,967 as of June 30, 2015 to \$4,845,052 as of June 30, 2017 for a decrease of \$214,915. The Net OPEB Expense was \$234,960 for the fiscal year June 30, 2018. As this is the first year using GASB 75 methodology, there is no baseline for comparison. For a 30-year projection of future costs and liabilities refer to Exhibit C of our GASB 75 report.

If you or your auditors have questions on this report, feel free to give us a call.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Elmore', is written over a light gray horizontal line.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & Actuary