

**Barnstable County**

*Actuarial Valuation and Review of Other Postemployment  
Benefits (OPEB) as of June 30, 2010  
In Accordance with GASB Statements Number 43 and 45*

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*October 6, 2011*

*Mr. E. Mark Zielinski  
County Administrator and Director of Finance/Treasurer  
Barnstable County  
Superior Court House  
3195 Main Street  
P.O. Box 427  
Barnstable, MA 02630*

*Dear Mark:*

*We are pleased to submit our third actuarial valuation report of postemployment welfare benefits for certain towns and districts in Barnstable County as of June 30, 2010 under GASB Statements Number 43 and 45. It establishes the liabilities of the postemployment welfare benefit plan in accordance with GASB Statements Number 43 and 45 for the fiscal years beginning July 1, 2011 and July 1, 2012 and summarizes the actuarial data.*

*This report is based on information received from the employers and their vendors. The actuarial projections were based on the assumptions and methods described in Exhibit I and on the plan of benefits as summarized in Exhibit II.*

*We look forward to discussing this material with you at your convenience.*

*Sincerely,  
THE SEGAL COMPANY*

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

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## SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GAS

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### PURPOSE

This report presents the results of our actuarial valuation of the postemployment welfare benefit program for certain towns, school districts and other member units in Barnstable County as of June 30, 2010. The results are in accordance with the Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of postemployment welfare benefits over participants' active working lifetimes. The accounting standard supplements cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (*i.e.*, a pay-as-you-go basis).

### HIGHLIGHTS OF THE VALUATION

The GASB statements provide the method for selecting the investment return assumption (discount rate). If the benefits are funded, the discount rate should be based on the estimated long-term investment yield on the investments expected to be used to finance the payment of benefits. If financing is on a pay-as-you-go basis, the discount rate should be based on the expected yield on the assets of the employer.

For units that are not funding these benefits, we have used a 5.00% discount rate (referred to as the pay-as-you-go interest rate). For illustrative purposes, we have also shown what the obligations would be on a fully funded basis, assuming an interest rate of 8.25%.

The Towns of Barnstable and Wellfleet have set up qualified trusts. As of June 30, 2010, the amount in the trust for Wellfleet was \$50,196. Because Wellfleet has not adopted a long-term funding policy, we have used the pay-as-you-go discount rate of 5% to determine the obligations. The Town of Barnstable has and has adopted a long-term funding policy

and made a contribution of \$710,448 in fiscal 2011. For the Town of Barnstable we are assuming a partially funded discount rate of 5.25%. While a few other Towns have also set up qualified trusts, they have not adopted a funding policy or made any contributions that would allow for a partially funded discount rate.

The GASB statements allow the use of one of six funding methods to determine the actuarial liabilities. We have used the same cost method as used in the prior valuation.

To determine the amortization payment on the unfunded actuarial accrued liability (UAAL), an amortization period and amortization method must be selected. We have used a 30-year open amortization of the UAAL (the maximum permitted by the GASB statements), with payments increasing at 4.5% year. The GASB statements allow for either an open or closed amortization period. In open amortization, the period is reset to the initial value every year and the UAAL is reamortized, while under a closed amortization, the remaining period decreases and the UAAL is eventually "paid off."

To be considered a funded plan, the "contribution in relation to the ARC" must equal the ARC. For example, if the ARC is \$345,000, and the employer pays benefits to retirees of \$95,000, then an additional contribution of the difference, or approximately \$250,000 will need to be added to an OPEB trust fund during the fiscal year ending June 30, 2011.

Page 2 of each unit's individual results shows a funding schedule using the 8.25% funding assumption and a 30-year closed amortization. This is an illustration of how each unit's assets and liabilities would increase if the unit were to fund the "additional funding" amount shown on the schedule.

**SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GAS**

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Page 3 is a similar illustration of how the pay-as-you-go liabilities and the ARC will change over time.

If the benefits are funded in the future, assets set aside to fund OPEB liabilities would have to be held in a trust or equivalent arrangement, through which assets are accumulated and benefits are paid as they come due. Employer contributions to the trust will be irrevocable, trust assets will be dedicated to providing benefits to retirees and their spouses in accordance with the terms of the plan, and trust assets will be legally protected from creditors of the employer.

GASB guidelines prohibit the offset of OPEB obligations by the future value of Medicare Part D subsidies. Therefore, these calculations do not include an estimate for retiree prescription drug plan federal subsidies that the Employer may be eligible to receive for plan years beginning in 2006.

Employer decisions regarding plan design, cost sharing between the Employer and its retirees, actuarial cost method, amortization techniques, and integration with Medicare are just some of the decisions that affect the magnitude of OPEB obligations. We are available to assist you with any investigation of such options you may wish to undertake.

The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 creates a temporary reinsurance program for eligible health care coverage for pre-Medicare retirees over age 55. The program will reimburse the plan sponsor for 80% of the retiree claims between \$15,000 and \$90,000. Due to the short nature of this program, the limited financing, and uncertainty of qualifying and receiving payment (the program will be on a first come first served basis until financing runs out), we have not reflected the value of this program in the

valuation. Additional provisions of these Acts that may affect retiree health benefits in the future have not been reflected.

Pages 4 and 5 of each unit's individual results include the Required Supplemental Information for each unit's financial statements. Please note that the historical information shown is from each unit's financial statements, if available, or from a prior valuation report, if the financial statements were not provided.

## SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GAS

### ACCOUNTING REQUIREMENTS

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement Number 45 -- *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Under these statements, all state and local governmental entities that provide other post employment benefits (OPEB) are required to report the cost of these benefits on their financial statements.

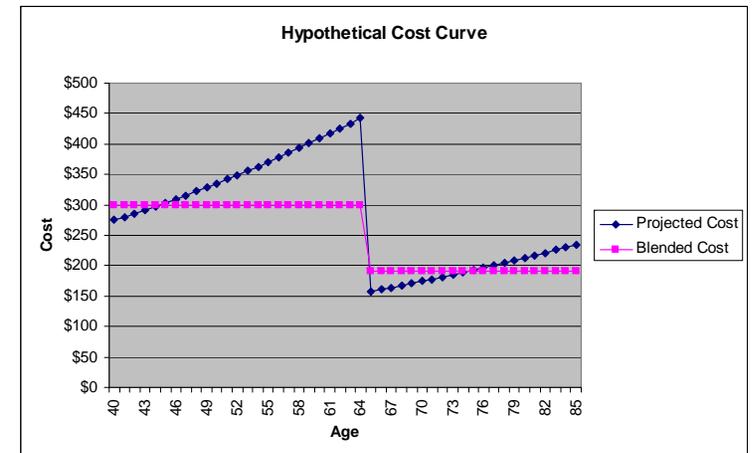
The statements cover postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. These benefits, referred to as OPEB, are typically financed on a pay-as-you-go basis. The new standard introduces an accrual-basis accounting requirement; thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also introduce a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. This amount is then discounted to determine the actuarial present value of the total projected benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made and any difference is reported as the net OPEB obligation (NOO). In addition, required supplementary information (RSI) must be reported, including historical information about the UAAL and the progress in funding the Plan.

The benefits valued in this report are limited to those described in Exhibits II, III and IV of Section 3.

The following graph illustrates why a significant accounting obligation may exist even though the retiree contributes most or all of the blended premium cost of the plan. The average cost for retirees is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.



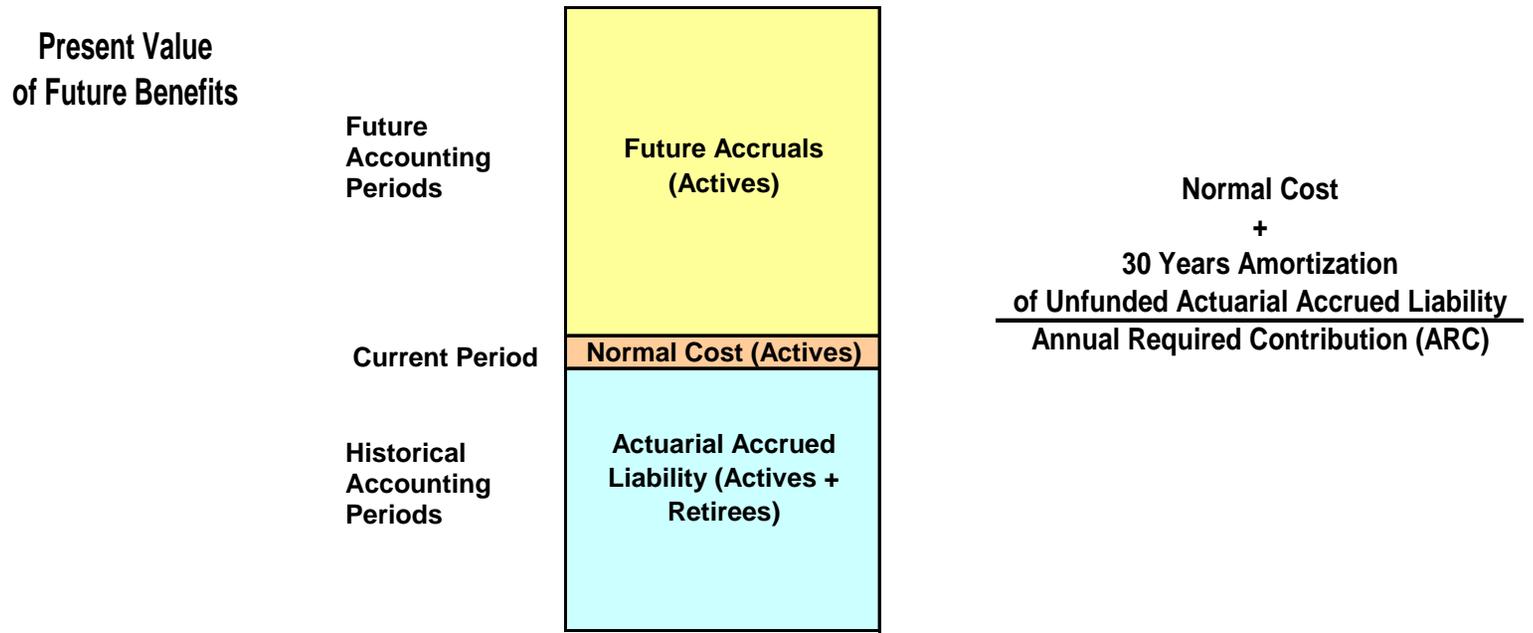
**SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GASB**

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This graph shows how the actuarial present value of the total projected benefits (APB) is broken down and allocated to various accounting periods.

The exact breakdown depends on the actuarial cost method and amortization methods selected by the employer.

**GASB 43/45 Measurement**



$$\text{Net OPEB Obligation} = \text{ARC}_1 + \text{ARC}_2 + \text{ARC}_3 + \dots - \text{Contribution}_1 - \text{Contribution}_2 - \text{Contribution}_3 - \dots$$

## SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GASB

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Actuarial computations under GASB statements are for purposes of fulfilling certain welfare plan accounting requirements. The calculations shown in this report have been made on a basis consistent with our understanding of GASB. Determinations for purposes other than meeting the financial accounting requirements of GASB may differ significantly from the results reported here.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short term volatility in accrued liabilities and the actuarial value of assets, if any.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GASB**

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**DEFINITIONS OF TERMS**

The following list defines certain technical terms for the convenience of the reader:

**Assumptions or Actuarial Assumptions:**

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Actuarial Present Value of Total Projected Benefits (APB):**

Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

**Normal Cost:**

The amount of contributions required to fund the benefit allocated to the current year of service.

**Actuarial Accrued Liability For Actives:**

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

**Actuarial Accrued Liability For Retirees:**

The single sum value of lifetime benefits to existing retirees. This sum takes account of life expectancies appropriate to the ages of the retirees and of the interest which the sum is expected to earn before it is entirely paid out in benefits.

**Actuarial Value of Assets (AVA):**

The value of assets used by the actuary in the valuation. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.

**Funded Ratio:**

The ratio AVA/AAL.

**SECTION 1: Introduction for Barnstable County June 30, 2010 Measurement under GASB**

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<b>Unfunded Actuarial Accrued Liability (UAAL):</b>	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
<b>Amortization of the Unfunded Actuarial Accrued Liability:</b>	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
<b>Investment Return (discount rate):</b>	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.
<b>Covered Payroll:</b>	Annual reported salaries for all active participants on the valuation date.
<b>ARC as a Percentage of Covered Payroll:</b>	The ratio of the annual required contribution to covered payroll.
<b>Health Care Cost Trend Rates:</b>	The annual rate of increase in net claims costs per individual benefiting from the Plan.
<b>Annual Required Contribution (ARC):</b>	The ARC is equal to the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.
<b>Net OPEB Obligation (NOO):</b>	The NOO is the cumulative difference between the ARC and actual contributions made. If the plan is not funded, the actual contribution would be equal to the annual benefit payments less retiree contributions. There are additional adjustments in the NOO calculations to adjust for timing differences between cash and accrual accounting, and to prevent double counting of OPEB plan costs.

October 6, 2011

**ACTUARIAL CERTIFICATION**

This is to certify that The Segal Company has conducted an actuarial valuation of certain benefit obligations of the other postemployment benefit programs for certain towns, school districts and other member units in Barnstable County as of June 30, 2010, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Number 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the employers and on participant, claims, premium and expense data provided by the employers or from vendors employed by the employers.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination or adequacy of funding an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statements Number 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein.



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



Howard Atkinson, Jr., ASA, MAAA, FCA  
Vice President and Health Actuary

**SECTION 2: Valuation Results for the June 30, 2010 Measurement under GASB**

**SUMMARY OF VALUATION RESULTS  
TOWN OF NANTUCKET**

*The key results and significant assumptions for the current year are shown on a funded basis and a pay-as-you-go basis.*

	<b>Funded (8.25% interest rate)</b>	<b>Pay-as-you-go (5.00% interest rate)</b>
<b>Actuarial Accrued Liability by Participant Category</b>		
1. Current retirees, beneficiaries and dependents	\$26,416,366	\$36,908,491
2. Current active members	<u>25,231,112</u>	<u>45,344,877</u>
3. Total as of July 1, 2010: (1) + (2)	\$51,647,478	\$82,253,368
4. Actuarial value of assets as of July 1, 2010	<u>0</u>	0
5. Unfunded actuarial accrued liability (UAAL) as of July 1, 2010: (3) - (4)	\$51,647,478	\$82,253,368
<b>Annual Required Contribution for Fiscal Year Ending June 30, 2011</b>		
6. Normal cost as of July 1, 2010	\$1,263,624	\$2,607,257
7. Adjustment for timing	<u>51,092</u>	<u>64,386</u>
8. Normal cost adjusted for timing: (6) + (7)	\$1,314,716	\$2,671,643
9. 30-year amortization of the unfunded actuarial accrued liability (UAAL) increasing at 4.50% per year	2,741,010	2,935,759
10. Adjustment for timing	<u>110,826</u>	<u>72,499</u>
11. Amortization payment adjusted for timing: (9) + (10)	\$2,851,836	\$3,008,258
12. Total Annual Required Contribution (ARC): (8) + (11)	4,166,552	5,679,901
13. Projected benefit payments for fiscal year ending June 30, 2011	\$2,200,575	\$2,200,575

*Note: Adjustment for timing assumes payment in the middle of the year.*

**SECTION 2: Valuation Results for the June 30, 2010 Measurement under GASB**

**FUNDING SCHEDULE**

**30-Years Closed (8.25% interest rate, amortization payments increasing at 4.50%)**

**TOWN OF NANTUCKET**

(1) Fiscal Year Ending June 30	(2) Projected Benefit Payments	(3) Normal Cost with Interest	(4) Amortization of UAAL	(5) Total Funding Requirement: (3) + (4)	(6) Additional Funding: (5) - (2)	(7) Assets at End of Year	(8) AAL at End of Year	(9) UAAL at End of Year: (8) - (7)
2011	\$2,200,575	\$1,314,716	\$2,851,836	\$4,166,552	\$1,965,977	\$2,045,467	\$54,986,717	\$52,941,250
2012	2,534,070	1,380,451	2,980,169	4,360,620	1,826,550	4,114,620	58,322,859	54,208,239
2013	2,865,067	1,449,474	3,114,276	4,563,750	1,698,683	6,221,441	61,661,666	55,440,225
2014	3,130,152	1,521,948	3,254,419	4,776,367	1,646,215	8,447,486	65,075,525	56,628,039
2015	3,470,551	1,598,045	3,400,867	4,998,912	1,528,361	10,734,560	68,496,039	57,761,479
2016	3,781,432	1,677,947	3,553,907	5,231,854	1,450,422	13,129,227	71,958,428	58,829,201
2017	4,081,418	1,761,845	3,713,832	5,475,677	1,394,259	15,663,021	75,481,639	59,818,618
2018	4,312,083	1,849,937	3,880,955	5,730,892	1,418,809	18,431,396	79,147,177	60,715,781
2019	4,503,354	1,942,434	4,055,598	5,998,032	1,494,678	21,507,097	83,012,354	61,505,257
2020	4,858,230	2,039,555	4,238,100	6,277,655	1,419,425	24,758,249	86,928,232	62,169,983
2021	5,076,398	2,141,533	4,428,814	6,570,347	1,493,949	28,355,158	91,046,282	62,691,124
2022	5,330,218	2,248,610	4,628,111	6,876,721	1,546,503	32,303,490	95,351,394	63,047,904
2023	5,596,729	2,361,040	4,836,376	7,197,416	1,600,687	36,633,935	99,851,368	63,217,433
2024	5,876,565	2,479,092	5,054,013	7,533,105	1,656,540	41,379,753	104,554,264	63,174,511
2025	6,170,393	2,603,047	5,281,443	7,884,490	1,714,097	46,576,985	109,468,407	62,891,422
2026	6,478,913	2,733,199	5,519,108	8,252,307	1,773,394	52,264,683	114,602,388	62,337,705
2027	6,802,859	2,869,859	5,767,468	8,637,327	1,834,468	58,485,160	119,965,064	61,479,904
2028	7,143,002	3,013,352	6,027,004	9,040,356	1,897,354	65,284,255	125,565,559	60,281,304
2029	7,500,152	3,164,020	6,298,219	9,462,239	1,962,087	72,711,625	131,413,265	58,701,640
2030	7,875,159	3,322,221	6,581,639	9,903,860	2,028,701	80,821,061	137,517,833	56,696,772
2032	8,682,363	3,662,748	7,187,314	10,850,062	2,167,699	99,324,010	150,537,463	51,213,453
2033	9,116,481	3,845,886	7,510,744	11,356,630	2,240,149	109,848,965	157,473,104	47,624,139
2034	9,572,306	4,038,180	7,848,727	11,886,907	2,314,601	121,319,691	164,706,750	43,387,059
2035	10,050,921	4,240,089	8,201,920	12,442,009	2,391,088	133,816,332	172,249,278	38,432,946
2036	10,553,467	4,452,093	8,571,006	13,023,099	2,469,632	147,425,665	180,111,776	32,686,111
2037	11,081,140	4,674,698	8,956,701	13,631,399	2,550,259	162,241,655	188,305,526	26,063,871
2038	11,635,197	4,908,433	9,359,753	14,268,186	2,632,989	178,366,039	196,841,987	18,475,948
2039	12,216,957	5,153,855	9,780,942	14,934,797	2,717,840	195,908,966	205,732,769	9,823,803
2040	12,827,805	5,411,547	10,221,084	15,632,631	2,804,826	214,989,688	214,989,688	-

*Note: Adjustment for timing assumes payment in the middle of the year.*

**SECTION 2: Valuation Results for the June 30, 2010 Measurement under GASB**

**PROJECTION OF THE ANNUAL REQUIRED CONTRIBUTION  
30-Years Open (5% interest rate, amortization payments increasing at 4.50%)**

**TOWN OF NANTUCKET**

(1) Fiscal Year Ending June 30	(2) Projected Benefit Payments	(3) Normal Cost with Interest	(4) Amortization of UAAL	(5) ARC: (3) + (4)	(6) Additional Funding	(7) Assets at End of Year	(8) AAL at End of Year	(9) UAAL at End of Year: (8) - (7)
2011	\$2,200,575	\$2,671,643	\$3,008,258	\$5,679,901	\$0	\$0	\$86,848,737	\$86,848,737
2012	2,534,070	2,805,225	3,176,325	5,981,550	-	-	91,469,025	91,469,025
2013	2,865,067	2,945,486	3,345,303	6,290,789	-	-	96,124,881	96,124,881
2014	3,130,152	3,092,760	3,515,582	6,608,342	-	-	100,892,810	100,892,810
2015	3,470,551	3,247,398	3,689,960	6,937,358	-	-	105,708,787	105,708,787
2016	3,781,432	3,409,768	3,866,095	7,275,863	-	-	110,613,385	110,613,385
2017	4,081,418	3,580,257	4,045,471	7,625,728	-	-	115,630,516	115,630,516
2018	4,312,083	3,759,269	4,228,963	7,988,232	-	-	120,845,577	120,845,577
2019	4,503,354	3,947,233	4,419,694	8,366,927	-	-	126,318,001	126,318,001
2020	4,858,230	4,144,595	4,619,837	8,764,432	-	-	131,902,642	131,902,642
2021	5,076,398	4,351,824	4,824,085	9,175,909	-	-	137,755,307	137,755,307
2022	5,330,218	4,569,416	5,038,135	9,607,551	-	-	143,863,482	143,863,482
2023	5,596,729	4,797,886	5,261,529	10,059,415	-	-	150,238,086	150,238,086
2024	5,876,565	5,037,781	5,494,668	10,532,449	-	-	156,890,492	156,890,492
2025	6,170,393	5,289,670	5,737,967	11,027,637	-	-	163,832,544	163,832,544
2026	6,478,913	5,554,153	5,991,859	11,546,012	-	-	171,076,574	171,076,574
2027	6,802,859	5,831,861	6,256,796	12,088,657	-	-	178,635,425	178,635,425
2028	7,143,002	6,123,454	6,533,246	12,656,700	-	-	186,522,471	186,522,471
2029	7,500,152	6,429,627	6,821,700	13,251,327	-	-	194,751,632	194,751,632
2030	7,875,159	6,751,108	7,122,665	13,873,773	-	-	203,337,404	203,337,404
2031	8,268,917	7,088,663	7,436,673	14,525,336	-	-	212,294,873	212,294,873
2032	8,682,363	7,443,096	7,764,276	15,207,372	-	-	221,639,746	221,639,746
2033	9,116,481	7,815,251	8,106,046	15,921,297	-	-	231,388,369	231,388,369
2034	9,572,306	8,206,014	8,462,583	16,668,597	-	-	241,557,755	241,557,755
2035	10,050,921	8,616,314	8,834,509	17,450,823	-	-	252,165,609	252,165,609
2036	10,553,467	9,047,130	9,222,471	18,269,601	-	-	263,230,354	263,230,354
2037	11,081,140	9,499,487	9,627,142	19,126,629	-	-	274,771,159	274,771,159
2038	11,635,197	9,974,461	10,049,225	20,023,686	-	-	286,807,969	286,807,969
2039	12,216,957	10,473,184	10,489,448	20,962,632	-	-	299,361,531	299,361,531
2040	12,827,805	10,996,843	10,948,571	21,945,414	-	-	312,453,431	312,453,431

*Note: Adjustment for timing assumes payment in the middle of the year.*

**SECTION 2: Valuation Results for the June 30, 2010 Measurement under GASB**

**TOWN OF NANTUCKET**

**Required Supplementary Information, Pay-As-You-Go Assumptions (5.00%)**

**CHART 1**

**Schedule of Employer Contributions**

<b>Fiscal Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2009	\$10,745,000	\$2,534,000	23.6%
2010	11,184,000	2,587,000	23.1
2011	5,905,581	2,200,575	37.3
2012	6,256,976	2,534,070	40.5

**CHART 2**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets* (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b) – (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) – (a) / (c)]</b>
6/30/2007	\$0	\$104,980,000	\$104,980,000	0.0%	N/A	N/A
6/30/2009	0	127,923,000	127,923,000	0.0	N/A	N/A
6/30/2010	0	82,253,368	82,253,368	0.0	N/A	N/A

Note: Employer should provide covered payroll amount.

**CHART 3**

**Net OPEB Obligation (NOO)**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Required Contribution (a)</b>	<b>Interest on Existing NOO (b)</b>	<b>ARC Adjustment (c)</b>	<b>Annual OPEB Cost (a) + (b) + (c) (d)</b>	<b>Actual Contribution Amount (e)</b>	<b>Net Increase in NOO (d) - (e) (f)</b>	<b>NOO as of Following Date (g)</b>
2009	\$10,745,000	\$0	\$0	\$10,745,000	\$2,534,000	\$8,211,000	\$8,211,000
2010	10,647,000	537,000	0	11,184,000	2,587,000	8,597,000	16,808,000
2011	5,679,901	840,400	(614,720)	5,905,581	2,200,575	3,705,006	20,513,006
2012	5,981,550	1,025,650	(750,224)	6,256,976	2,534,070	3,722,906	24,235,912

**SECTION 2: Valuation Results for the June 30, 2010 Measurement under GASB**

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**TOWN OF NANTUCKET**

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**CHART 4**

**Required Supplementary Information**

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<b>Valuation date</b>	June 30, 2010
<b>Actuarial cost method</b>	Projected Unit Credit
<b>Amortization method</b>	Amortization payments increasing at 4.5%
<b>Amortization period</b>	30 years open
<b>Asset valuation method</b>	Market value
<b>Actuarial assumptions:</b>	
Investment rate of return	5.00%, pay-as-you-go scenario
Medical/drug cost trend rate	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year.
Dental	None
Part B reimbursement and/or penalties	6%
Inflation rate	4.50%
<b>Plan membership:</b>	
Current retirees, beneficiaries, and dependents	213
Current active members	<u>474</u>
Total	687

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**SECTION 2: Valuation Results for the June 30, 2010 Measurement under GASB**

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**TOWN OF NANTUCKET**

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**Summary of Participant Data**

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*This exhibit summarizes the participant data used for the current valuation.*

**Active employees covered for medical benefits as of June 30, 2010**

Number of employees	
Male	181
Female	<u>293</u>
Total	474
Average age	45.4
Average service	10.0

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**Retired employees, spouses and beneficiaries covered for medical benefits as of June 30, 2010**

Number of individuals	213
Average age	67.8

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**EXHIBIT I**

**Actuarial Assumptions and Actuarial Cost Method**

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**Data:** Detailed census data, claims experience, premium rates, and summary plan descriptions for postemployment welfare benefits were provided by the employers.

**Actuarial Cost Method:** Projected Unit Credit or Entry Age Normal

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**Per Capita Cost Development:**

**CCMHG Retirees**

*Medical and Drug Costs*

Per capita claims costs were based on the approved funding rates (for self-funded plans) or insured premium rates (for fully insured plans) charged by the Cape Cod Municipal Health Group to the member units for the period July 1, 2011 through June 30, 2012. (The Blue Cross Blue Shield Medicare HMO Blue plan renews on January 1, so the costs for this plan were based on the calendar year 2011 premium rates).

Premiums were combined by taking a weighted average based on the number of participants in each plan, and were then trended to the midpoint of the valuation year at assumed trend rates.

For experience-rated plans (i.e., all plans except for Medicare Advantage plans), actuarial factors were then applied to the premium to estimate individual retiree and spouse costs by age and by gender. The Medicare Advantage plans (Blue Cross Blue Shield Medicare HMO Blue, Tufts Medicare Preferred HMO and Tufts Medicare Preferred Supplement Prime plans) are community rated and thus were not adjusted to reflect the age and gender of the enrolled population.

*Dental*

Per capita claims costs were based on the Delta Dental funding rates charged by the CCMHG to the member units for the period July 1, 2011 through June 30, 2012.

**Town of Bourne (Non-Teachers)**

*Medical and Prescription Drug*

Per capita claims costs were based on actual paid claim experience furnished by the Town and its carrier, Blue Cross Blue Shield of Massachusetts, for the period January 1, 2009 through December 31, 2010. Claims were separated by plan year and plan design, then adjusted as follows:

- actual large claims were replaced by the *expected* amount of large claims using the stop loss premiums to smooth out random fluctuations in experience.
- total claims were divided by the number of adult members to yield a per capita claim,
- the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
- the per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year and a manual rate based on national data were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Per capita claims costs for the Town's Blue MedicareRx Prescription Drug Plan for Medicare-eligible retirees were based on the average premium rates for the plan as of January 1, 2010 and January 1, 2011.

*Dental*

Per capita costs were based on actual paid claim experience furnished by the Town and its carrier, Blue Cross Blue Shield of Massachusetts, for the period January 1, 2009 through December 31, 2010. Claims were separated by plan year and adjusted as described above to yield a weighted average per capita claims cost.

**Town of Nantucket**

*Medical and Prescription Drug*

Per capita claims costs were based on actual paid claim experience furnished by the Town and its carrier, Blue Cross Blue Shield of Massachusetts, for the period January 1, 2009 through December 31, 2010. Claims were separated by plan year and plan design, then adjusted as follows:

- actual large claims were replaced by the *expected* amount of large claims using the stop loss premiums to smooth out random fluctuations in experience.
- total claims were divided by the number of adult members to yield a per capita claim,
- the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
- the per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year and a manual rate based on national data were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Per capita claims costs for the Town's Medex III for Medicare-eligible retirees were based on the premium rate for the plan as of July 1, 2010.

**Retired GIC Teachers from the Towns of Barnstable, Bourne, Eastham and Upper Cape Cod RTS**

*Medical and Prescription Drug*

Per capita claims costs for retired teachers participating in the Group Insurance Commission's (GIC) Retired Municipal Teachers plans were taken from the Commonwealth of Massachusetts Postemployment Benefits Other than Pensions Actuarial Valuation as of January 1, 2009. The costs shown in the valuation report were trended to the midpoint of the valuation year at assumed trend rates.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>Measurement Date:</b>	June 30, 2010
<b>Discount Rate:</b>	8.25% funding and 5.00% pay-as-you-go

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**Preretirement Mortality Rates:**

<i>Healthy (Excluding-Falmouth)</i>	RP-2000 Employee Mortality Table projected 10 years with Scale AA (gender distinct)
<i>Healthy (Falmouth)</i>	RP-2000 Employee Mortality Table (gender distinct)

**Postretirement Mortality Rates:**

<i>Healthy (Excluding Falmouth)</i>	RP-2000 Healthy Annuitant Mortality Table projected 10 years with Scale AA (gender distinct)
<i>Healthy (Falmouth)</i>	RP-2000 Healthy Annuitant Mortality Table (gender distinct)
<i>Disabled (Non-Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table projected 10 years with Scale AA (gender distinct) set forward 2 years
<i>Disabled (Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table set forward 3 years for males
<i>Disabled (Falmouth)</i>	RP-2000 Healthy Annuitant Mortality Table set forward 2 years (gender distinct)

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Termination Rates before Retirement: Groups 1 and 2 (excluding Teachers and Falmouth) - Rate per year (%)**

Age	Mortality		Disability
	Male	Female	
20	0.03	0.02	0.01
25	0.03	0.02	0.02
30	0.04	0.02	0.03
35	0.07	0.04	0.06
40	0.10	0.06	0.10
45	0.13	0.10	0.15
50	0.18	0.14	0.19
55	0.25	0.23	0.24
60	0.42	0.37	0.28

*Note: 55% of the rates shown represent accidental disability and death.*

**Group 4 (excluding Teachers and Falmouth) – Rate per year (%)**

Age	Mortality		Disability
	Male	Female	
20	0.03	0.02	0.10
25	0.03	0.02	0.20
30	0.04	0.02	0.30
35	0.07	0.04	0.30
40	0.10	0.06	0.30
45	0.13	0.10	1.00
50	0.18	0.14	1.25
55	0.25	0.23	1.20
60	0.42	0.37	0.85

*Note: 90% of the rates shown represent accidental disability and death.*

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Termination Rates before Retirement (continued):**

Age	Teachers - Rate (%)		Disability
	Mortality		
	Male	Female	
20	0.03	0.02	0.00
25	0.03	0.02	0.01
30	0.04	0.02	0.01
35	0.07	0.04	0.01
40	0.10	0.06	0.01
45	0.13	0.10	0.03
50	0.18	0.14	0.05
55	0.25	0.23	0.08
60	0.42	0.37	0.10

*Notes: 35% of the disability rates shown represent accidental disability.  
55% of the death rates shown represent accidental death.*

Age	Groups 1 and 2 (Falmouth) – Rate (%)		Disability
	Mortality		
	Male	Female	
20	0.03	0.02	0.02
25	0.04	0.02	0.02
30	0.04	0.03	0.03
35	0.08	0.05	0.06
40	0.11	0.07	0.10
45	0.15	0.11	0.15
50	0.21	0.17	0.19
55	0.30	0.25	0.24
60	0.49	0.39	0.28

*Note: 55% of the disability rates shown represent accidental disability and death.*

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>Age</b>	<b>Group 4 (Falmouth) – Rate (%)</b>		<b>Disability</b>
	<b>Mortality</b>		
	<b>Male</b>	<b>Female</b>	
20	0.03	0.02	0.00
25	0.04	0.02	0.20
30	0.04	0.03	0.30
35	0.08	0.05	0.30
40	0.11	0.07	0.30
45	0.15	0.11	1.00
50	0.21	0.17	1.25
55	0.30	0.25	1.20
60	0.49	0.39	0.85

*Note: 90% of the Group 4 disability rates represent accidental disability and death.*

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Withdrawal Rates:**

Years of Service	Rate per year (%)		Group 4
	Groups 1 and 2 (excluding Teachers)	Years of Service	
0	15.0	0 – 10	1.5
1	12.0	11+	0.0
2	10.0		
3	9.0		
4	8.0		
5	7.6		
6	7.5		
7	6.7		
8	6.3		
9	5.9		
10	5.4		
11	5.0		
12	4.6		
13	4.1		
14	3.7		
15	3.3		
16 – 20	2.0		
21 – 29	1.0		
30+	0.0		

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Teachers – Withdrawal Rate (%)**

Age	0 – 4 Years of Service		5 – 9 Years of Service		10+ Years of Service	
	Male	Female	Male	Female	Male	Female
20	12.0	10.0	4.5	9.0	1.0	5.0
30	11.4	12.0	4.5	9.0	1.0	5.0
40	9.7	11.0	5.4	6.5	1.7	2.9
50	10.0	8.2	4.8	4.2	2.2	2.1

Previous assumption:

**Teachers – Rate (%)**

Age	0 – 4 Years of Service		5 – 9 Years of Service		10+ Years of Service	
	Male	Female	Male	Female	Male	Female
20	9.0	6.0	4.0	9.0	1.0	4.0
30	10.8	11.6	4.3	9.0	1.0	4.0
40	9.3	11.4	4.9	7.0	1.5	3.1
50	5.9	6.8	4.2	4.5	1.9	1.9

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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Retirement Rates:	All Groups (excluding Teachers) – Rate per year (%)			
	Age	Groups 1 and 2		Group 4
		Male	Female	
	45 - 49	--	--	1.0
	50 – 51	1.0	1.5	2.0
	52	1.0	2.0	2.0
	53	1.0	2.5	5.0
	54	2.0	2.5	7.5
	55	2.0	5.5	15.0
	56 – 57	2.5	6.5	10.0
	58	5.0	6.5	10.0
	59	6.5	6.5	15.0
	60	12.0	5.0	20.0
	61	20.0	13.0	20.0
	62	30.0	15.0	25.0
	63	25.0	12.5	25.0
	64	22.0	18.0	30.0
	65	40.0	15.0	100.0
	66 - 67	25.0	20.0	--
	68	30.0	25.0	--
	69	30.0	20.0	--
	70	100.0	100.0	--

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Teachers - Rate per year (%)**  
**Years of Service**

<b>Age</b>	<b>Less than 20</b>		<b>20 – 29</b>		<b>30 or more</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
50 – 53	0.0	0.0	1.0	1.5	2.0	2.0
54	0.0	0.0	1.0	1.5	2.0	2.0
55	3.0	2.0	3.0	3.0	6.0	6.0
56	8.0	2.0	5.0	3.0	20.0	15.0
57	15.0	8.0	8.0	7.0	35.0	30.0
58	15.0	10.0	10.0	7.0	50.0	35.0
59	20.0	15.0	20.0	11.0	50.0	35.0
60	15.0	20.0	20.0	16.0	50.0	35.0
61	30.0	20.0	25.0	20.0	50.0	35.0
62	20.0	25.0	30.0	30.0	40.0	35.0
63	30.0	24.0	30.0	30.0	40.0	40.0
64	40.0	20.0	30.0	30.0	50.0	30.0
65	40.0	30.0	40.0	30.0	50.0	35.0
66	40.0	30.0	30.0	30.0	50.0	35.0
67	40.0	30.0	30.0	30.0	50.0	35.0
68	40.0	30.0	30.0	30.0	50.0	30.0
69	40.0	30.0	30.0	30.0	50.0	30.0
70	100.0	100.0	100.0	100.0	100.0	100.0

**Dependents:**

Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives. For future retirees who elect to continue their health coverage at retirement, 65% were assumed to have an eligible spouse who also opts for health coverage at that time.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

**Per Capita Health Costs:**

2010 – 2011 medical and prescription drug claims costs are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

**CCMHG**

Age	Non-Medicare Plans				Medicare Supplement			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	\$7,798	\$9,782	\$4,836	7,301	N/A	N/A	N/A	N/A
50	9,255	10,541	6,464	8,464	N/A	N/A	N/A	N/A
55	10,991	11,347	8,650	9,797	N/A	N/A	N/A	N/A
60	13,053	12,231	11,580	11,362	N/A	N/A	N/A	N/A
65	15,502	13,176	15,502	13,176	\$4,353	\$3,700	\$4,353	\$3,700
70	17,967	14,200	17,967	14,200	5,045	3,987	5,045	3,987
75	19,362	15,285	19,362	15,285	5,437	4,292	5,437	4,292
80	20,850	16,478	20,850	16,478	5,855	4,627	5,855	4,627

**Bourne (Non-Teachers)**

Age	Non-Medicare Plans				Medicare Supplement			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	\$7,022	\$8,809	\$4,356	\$6,576	N/A	N/A	N/A	N/A
50	8,335	9,493	5,822	7,623	N/A	N/A	N/A	N/A
55	9,898	10,219	7,790	8,823	N/A	N/A	N/A	N/A
60	11,755	11,015	10,429	10,233	N/A	N/A	N/A	N/A
65	13,961	11,867	13,961	11,867	\$1,929	\$1,640	\$1,929	\$1,640
70	16,181	12,788	16,181	12,788	2,236	1,767	2,236	1,767
75	17,437	13,766	17,437	13,766	2,409	1,902	2,409	1,902
80	18,778	14,841	18,778	14,841	2,595	2,051	2,595	2,051

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

**Nantucket**

Age	Non-Medicare Plans				Medicare Supplement			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	\$7,834	\$9,827	\$4,859	\$7,335	N/A	N/A	N/A	N/A
50	9,298	10,590	6,494	8,503	N/A	N/A	N/A	N/A
55	11,042	11,400	8,690	9,843	N/A	N/A	N/A	N/A
60	13,113	12,288	11,634	11,416	N/A	N/A	N/A	N/A
65	15,574	13,238	15,574	13,238	\$3,133	\$2,663	\$3,133	\$2,663
70	18,050	14,266	18,050	14,266	3,631	2,870	3,631	2,870
75	19,452	15,356	19,452	15,356	3,913	3,089	3,913	3,089
80	20,947	16,555	20,947	16,555	4,214	3,330	4,214	3,330

**GIC Plans**

**Retired on or before June 1, 1990**

Age	Indemnity				HMO			
	Non-Medicare Eligible		Medicare Eligible		Non-Medicare Eligible		Medicare Eligible	
	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse
45	\$7,114	\$6,829	N/A	N/A	\$4,504	\$4,338	N/A	N/A
50	8,368	8,033	N/A	N/A	5,298	5,103	N/A	N/A
55	9,843	9,449	N/A	N/A	6,233	6,003	N/A	N/A
60	11,747	11,276	N/A	N/A	7,438	7,163	N/A	N/A
65	14,451	13,881	\$2,837	\$2,837	9,147	8,814	\$2,221	\$2,221
70	16,681	16,026	3,274	3,274	10,556	10,174	2,563	2,563
75	18,794	18,062	3,685	3,685	11,888	11,461	2,884	2,884
80	20,567	19,775	4,030	4,030	13,005	12,543	3,152	3,152

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

Retired after June 1, 1990								
Age	Indemnity				HMO			
	Non-Medicare Eligible		Medicare Eligible		Non-Medicare Eligible		Medicare Eligible	
	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse
45	\$6,823	\$6,441	N/A	N/A	\$4,331	\$4,081	N/A	N/A
50	8,026	7,576	N/A	N/A	5,095	4,800	N/A	N/A
55	9,440	8,911	N/A	N/A	5,993	5,647	N/A	N/A
60	11,265	10,634	N/A	N/A	7,151	6,739	N/A	N/A
65	13,868	13,101	\$2,676	\$2,676	8,798	8,300	\$2,087	\$2,087
70	16,013	15,131	3,087	3,087	10,156	9,584	2,409	2,409
75	18,047	17,059	3,476	3,476	11,441	10,801	2,711	2,711
80	19,758	18,687	3,801	3,801	12,521	11,827	2,963	2,963

**Medicare Advantage:** \$2,983

**Medicare Rx (Bourne):** \$2,490

**Annual Dental Cost:**

*CCMHG* \$544

*Bourne* \$363

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Health Care Cost Trend Rates:**

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that must be applied to that year’s cost to yield the next year’s projected cost.

<b>Year Ending June 30</b>	<b>Medical/Drug</b>	<b>Dental</b>
2011	10.00%	5.00%
2012	9.25%	5.00%
2013	8.50%	5.00%
2014	7.75%	5.00%
2015	7.00%	5.00%
2016	6.25%	5.00%
2017	5.50%	5.00%
2018 & later	5.00%	5.00%

**Retiree Contribution Increase Rate:**

Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend. Retiree contributions for dental are assumed to increase with dental trend.

**Participation and Coverage Election:**

100% of active employees with coverage are assumed to elect retiree coverage.  
 100% of retirees over age 65 are assumed to remain in their current medical plan for life and continue dental and life insurance coverage, if elected.  
 50% of future retirees with medical coverage are assumed to have life insurance coverage, and 90% are assumed to have dental benefits if the retirees are eligible for those benefits according to unit.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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*Barnstable Fire District, Bourne  
Water District, Buzzard's Bay  
Water District, Cape Cod  
Regional Transit Authority,  
COMM Fire District and  
Cotuit Fire District*

For future retirees and current retirees under age 65, 100% are assumed to enroll in a Medicare Supplement plan upon reaching age 65.

*Dennis-Yarmouth Regional School  
District, Upper Cape Cod Regional  
School District, Towns of Mashpee  
and Orleans:*

For future retirees hired prior to 1986 and current retirees under age 65, 95% are assumed to be eligible for Medicare and are assumed to enroll in the Medicare Supplement Plan upon reaching age 65, 5% are assumed to be ineligible and to remain enrolled in a non-Medicare plan. For future retirees hired in 1986 or later, 100% are assumed to enroll in a Medicare Supplement plan upon reaching age 65.

*Barnstable County, Towns  
of Bourne, Dennis, Eastham,  
Falmouth, Harwich, Sandwich  
and Wellfleet:*

For future retirees hired prior to 1986 and current retirees under age 65, 90% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare Supplement plan upon reaching age 65, and 10% are assumed to be ineligible for, or elect out of, Medicare and remain enrolled in a non-Medicare plan. For future retirees hired in 1986 or later, 100% are assumed to enroll in a Medicare Supplement plan upon reaching age 65.

*Towns of Barnstable and Chatham:*

For future retirees hired prior to 1986 and current retirees under age 65, 80% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare Supplement Plan upon reaching age 65, 5% are assumed to be eligible for Medicare and enroll in a Medicare Advantage Plan and 15% are assumed to be ineligible for or elect out of Medicare and remain enrolled in a non-Medicare plan. For future retirees hired in 1986 or later, for Town of Barnstable, 95% are assumed to enroll in a Medicare Supplement plan and 5% are assumed to enroll in a Medicare Advantage plan upon reaching age 65. For future retirees hired in 1986 or later for Town of Chatham, same percentages as shown above.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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*Hyannis Fire District,  
Towns of Provincetown and  
Truro:*

For all future retirees and current retirees under age 65, 50% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare Supplement plan upon reaching age 65, and 50% are assumed to be ineligible for or elect out of Medicare and remain enrolled in a non-Medicare plan.

*Town of Nantucket:*

For future retirees hired prior to 1986 and current retirees under age 65, 70% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare Supplement plan upon reaching age 65, and 30% are assumed to be ineligible for or elect out of Medicare and remain enrolled in a non-Medicare plan. For future retirees hired in 1986 or later, 100% are assumed to enroll in a Medicare Supplement plan upon reaching age 65.

*Nauset Regional School District,  
Towns of Brewster and Yarmouth:*

For all future retirees and current retirees under age 65, 95% are assumed to enroll in a Medicare Supplement plan upon reaching age 65 and 5% are assumed to enroll in a Medicare Advantage plan.

*Bourne Recreation Authority and  
Sandwich Water District:*

For future retirees and current retirees under age 65, 100% are assumed to be ineligible for or opt out of Medicare and are assumed to enroll in a non-Medicare plan upon reaching age 65.

*Dennis Water District,  
Mashpee Water District:*

For future retirees hired prior to 1986 and current retirees under age 65, 50% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare Supplement plan upon reaching age 65, and 50% are assumed to be ineligible for or elect out of Medicare and remain enrolled in a non-Medicare plan. For future retirees hired in 1986 or later, 100% are assumed to enroll in a Medicare Supplement plan upon reaching age 65.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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*Towns of Barnstable, Bourne, and Eastham and Upper Cape Cod RTS (retired teachers):*

All future and current retired teachers under 65 are assumed to elect a GIC indemnity plan upon retirement. For future retirees hired prior to 1986 and current retirees under the age of 65 (excluding Upper Cape Cod RTS), 90% are assumed to be eligible for Medicare and 10% are assumed to be ineligible and remain in a non-Medicare GIC indemnity plan upon reaching age 65. For future retirees hired in 1986 or later(excluding Upper Care Cod RTS), 100% are assumed to be eligible for Medicare and enroll in a GIC indemnity plan on reaching age 65. For all future and current retirees for Upper Cape Cod RTS, 100% are assumed to be eligible for Medicare and enroll in a GIC indemnity plan on reaching age 65.

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<b>Plan Design:</b>	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit II.
<b>Administrative Expenses:</b>	Administrative expenses for self-insured plans were assumed to increase at 3.5%. Administrative expenses for insured plans were assumed to be included in the fully insured premium rates.
<b>Annual Maximum Benefits:</b>	No increase in the annual maximum benefit levels was assumed.
<b>Lifetime Maximum Benefits:</b>	No information was available regarding accumulations toward lifetime maximum benefits and no such accumulations were assumed.
<b>Missing Participant Data:</b>	A missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.
<b>Health Care Reform Assumption:</b>	The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 creates a temporary reinsurance program for eligible health care coverage for pre-Medicare retirees over age 55. The program will reimburse the plan sponsor for 80% of the retiree claims between \$15,000 and \$90,000. Due to the short nature of this program, the limited financing, and uncertainty of qualifying and receiving payment (the program will be on a first come first served basis until financing runs out), we have not reflected the value of this program in the valuation. Additional provisions of these Acts that may affect retiree health benefits in the future have not been reflected.

**Assumption Changes  
Since Prior Valuation:**

Per capita health care costs and administrative expenses for CCMHG and Town of Bourne were recalculated based on more recent data.

Per capita health costs for GIC retirees were updated based on the Commonwealth of Massachusetts Postemployment Benefits Other than Pensions Actuarial Valuation as of January 1, 2009.

Medical/drug trend assumption was changed from 9.00% in 2009 decreasing by 0.75% per year to 5.25% in 2014 and by 0.25% to 5.00% by 2015 to 10.00% in 2011 decreasing by 0.75% per year to 5.50% in 2017 and by 0.50% to 5.00% by 2018.

The plan election assumption upon reaching age 65 was revised for Barnstable County, Barnstable Fire District, Bourne Water District, Dennis Water District, Dennis-Yarmouth RDS, Mashpee Water District, Nauset RSD, Upper Cape Cod RTS, and Towns of Barnstable, Chatham, Dennis, Mashpee, Orleans, Sandwich, Wellfleet and Yarmouth as described above.

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**EXHIBIT II**

**Summary of Plan (for employers participating in Cape Cod Municipal Health Group)**

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This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

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**Eligibility:** The following groups of retirees receiving a pension from the Barnstable County Retirement System, the Falmouth Retirement System, or the Massachusetts Teachers Retirement System are eligible for postretirement medical benefits:

**Group 1 (including Teachers):**

- > Retirees with at least 10 years of creditable service are eligible at age 55;
- > Retirees with at least 20 years of creditable service are eligible at any age.

**Group 4:**

- > Retirees with at least 10 years of creditable service are eligible at age 45;
- > Retirees with at least 20 years of creditable service are eligible at any age.

**Disability:** Retirees on Ordinary (non-job-related) or Accidental (job-related) Disability Retirement are eligible at any age. Ordinary disability retirement requires 10 years of creditable service.

**Pre-Retirement Death:** Surviving spouse is eligible.

**Post-Retirement Death:** Surviving spouse is eligible.

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**Benefit Types:** Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered through the Cape Cod Municipal Health Group (CCMHG) provided by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Plan and Tufts Health Plan. The CCMHG also provides contributory and voluntary dental coverage through Delta Dental.

**Duration of Coverage:** Lifetime.

**Dependent Benefits:** Medical, prescription drug, and dental.

**Dependent Coverage:** Benefits are payable to a spouse for their lifetime, regardless of when the retiree dies.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

**Contribution rates:**

CCMHG current premium rates and employer contribution percentages are summarized below:

	Subscribers			<i>Retirees Age 65 and over*</i>	Monthly Cost (eff. 7/1/2011)
	Active	Retired	Total		
<b><u>Non-Medicare Plans</u></b>					
BCBS Blue Care Elect Preferred PPO					
Individual	565	324	889	96	\$792.00
2-person	27	1	28	0	\$1,584.00
Family	922	242	1164	33	\$1,985.00
BCBS Master Health Plus					
Individual	125	60	185	25	\$1,135.00
2-person	2	0	2	0	\$2,268.00
Family	152	31	183	10	\$2,844.00
BCBS Master Health/Master Medical					
Individual	27	36	63	13	\$1,070.00
2-person	1	0	1	0	\$2,137.00
Family	23	17	40	5	\$2,709.00
BCBS Network Blue HMO					
Individual	638	72	710	23	\$664.00
2-person	57	1	58	0	\$1,328.00
Family	1071	66	1137	7	\$1,780.00
Harvard Pilgrim EPO					
Individual	490	92	582	29	\$614.00
2-person	30	1	31	0	\$1,644.00
Family	958	79	1037	12	\$1,644.00
Harvard Pilgrim PPO					
Individual	72	23	95	3	\$675.00
2-person	3	0	3	0	\$1,790.00
Family	123	12	135	2	\$1,790.00
BCBS Blue Care Elect Preferred Rate Saver					
Individual	2	3	5	0	\$673.00
2-person	0	1	1	0	\$1,346.00
Family	7	5	12	0	\$1,687.00
BCBS Network Blue HMO Rate Saver					
Individual	6	0	6	0	\$564.00
2-person	0	0	0	0	\$1,128.00
Family	6	1	7	0	\$1,513.00

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

	Subscribers			Retirees Age 65 and over*	Monthly Cost (eff. 7/1/2011)
	Active	Retired	Total		
<b><u>Non-Medicare Plans (continued)</u></b>					
Harvard Pilgrim EPO Rate Saver					
Individual	9	2	11	0	\$522.00
Family	13	4	17	0	\$1,397.00
Harvard Pilgrim PPO Rate Saver					
Individual	2	0	2	0	\$580.00
Family	4	1	5	0	\$1,520.00
Totals	5,335	1,074	6,409	258	
<b><u>Medicare Plans</u></b> (eff. 7/1/2011)					
BCBS Carveout A**	0	3	3	3	N/A
BCBS Managed Blue for Seniors***	0	16	16	16	\$395.00
BCBS Medex 3 Standard	0	55	55	55	\$388.00
BCBS Medex 3 Enhanced	1	1272	1273	1272	\$440.00
Harvard Pilgrim Medicare Enhance	1	202	203	202	\$460.75
Tufts Medicare Preferred Supp***	0	4	4	4	\$309.00
Totals	2	1,552	1,554	1,552	
<b><u>Medicare Advantage Plans</u></b> (eff. 7/1/2010)					
BCBS Medicare HMO Blue****	0	6	6	6	\$357.89
Tufts Medicare Preferred	0	21	21	21	\$207.00
Totals	0	27	27	27	
<b><u>Dental Blue Premier</u></b> (eff. 7/1/2011)					
Individual					\$34.00
Family					\$96.00

\* 258 of 1,826 over-65 retirees (or 8%) are in a non-Medicare plan

\*\* Enrollment in plan is frozen

\*\*\* Premium rate is as of July 1, 2010

\*\*\*\* Premium rate is as of January 1, 2011

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

Unit	Employer Contribution Percentage						Dental	Life Insurance	Retiree Life Insurance Benefit	
	Medical				Dental	Life Insurance				Retiree Life Insurance Benefit
	Retirees and Spouses		Surviving Spouses							
	Under Age 65	Age 65 and Over	Under Age 65	Age 65 and Over						
Barnstable County	75%	75%	75%	75%	75%	75%	75%	\$10,000		
Barnstable Fire District	80%	80%	80%	80%	80%	80%	80%	\$10,000		
Bourne Recreation Authority	75%	75%	0%	0%	75%	75%	75%	\$5,000		
Bourne Water District	75%	75%	50%	50%	75%	75%	75%	\$5,000		
Buzzards Bay Water District	75%	75%	75%	75%	75%	75%	75%	\$5,000		
CC Regional Transit Authority	0%	0%	0%	0%	0%	None	None	None		
C.O.M.M. Fire District	70%	80%	70%	80%	80%	80%	80%	\$1,000		
Cotuit Fire District	75%	75%	0%	0%	75%	75%	75%	\$2,000		
Dennis Water District	75%	75%	50%	50%	75%	75%	75%	\$5,000		
Dennis-Yarmouth Regional School District	60%	60%	0%	0%	60%	60%	60%	\$1,000		
Hyannis Fire District	95%	95%	95%	95%	95%	95%	95%	\$5,000		
Mashpee Water District	75%	75%	75%	75%	75%	50%	50%	\$5,000		
Nauset Regional School District	50%	50%	50%	50%	0%	0%	0%	\$2,000		
Sandwich Water District	90%	90%	90%	90%	90%	90%	90%	\$2,000		
Town of Barnstable	50%	50%	0%	0%	None	50%	50%	\$2,000		
Town of Bourne	75%	75%	0%	0%	75%	50%	50%	\$5,000		
Town of Brewster	50%	50%	50%	50%	0%	50%	50%	\$1,000		
Town of Chatham	50%	50%	50%	50%	50%	50%	50%	\$5,000		
Town of Dennis	60%	60%	50%	50%	60%	60%	60%	\$2,000		
Town of Eastham	65%	65%	65%	65%	65%	50%	50%	\$5,000		
Town of Falmouth	65%	50%	65%	50%	0%	50%	50%	\$1,000		
Town of Harwich	75%	75%	75%	75%	0%	75%	75%	\$2,000		
Town of Mashpee	75%	75%	75%	75%	0%	75%	75%	\$4,000		
Town of Nantucket	80%-90%	90%	80%-90%	90%	0%	None	None	None		
Town of Orleans	75%	75%	0%	0%	0%	75%	75%	\$2,000		
Town of Provincetown	80%	80%	0%	0%	None	50%	50%	\$1,000		
Town of Sandwich	75%	75%	50%	50%	75%	75%	75%	\$2,000		
Town of Truro	65%	65%	0%	0%	0%	65%	65%	\$1,000		
Town of Wellfleet	50%	50%	50%	50%	0%	50%	50%	\$5,000		
Town of Yarmouth	50%	50%	50%	50%	0%	50%	50%	\$5,000		
Upper Cape Cod Regional Technical School	70%	70%	70%	70%	None	50%	50%	\$10,000		

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

**Benefit Descriptions:**

<b>BCBS Blue Care Elect Preferred PPO</b>	<b>Legacy Plan</b>		<b>RateSaver Plan</b>	
<b>Medical</b>	<b>In-Network</b>	<b>Out-of-Network</b>	<b>In-Network</b>	<b>Out-of-Network</b>
<i>Annual Deductible*</i>	None	\$250/\$500	None	\$250/\$500
<i>Coinsurance</i>	100%	80%	100%	80%
<i>Physicians Office Visit</i>	\$10 copay	Coinsurance & deductible	\$20 copay	Coinsurance & deductible
<i>Emergency Room</i>	\$50 copay	\$50 copay	\$75 copay	\$75 copay
<i>Coinsurance Maximum</i>	None	\$1,000/\$2,000	None	\$1,000/\$2,000
<b>Prescription Drugs</b>				
<i>Retail Copay**</i>	\$5/\$15/\$30		\$15/\$30/\$50	
<i>Mail Copay**</i>	\$5/\$15/\$30		\$30/\$60/\$100	

<b>BCBS Master Health Plus</b>	
<b>Medical</b>	
<i>Annual Deductible</i>	None
<i>Coinsurance</i>	100%
<i>Physicians Office Visit</i>	\$10 copay
<i>Emergency Room</i>	\$25 copay
<i>Maximum Out-Of-Pocket Expense</i>	None
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$5/\$15/\$30
<i>Mail Copay</i>	\$5/\$15/\$30

\* Deductibles and coinsurance or copay maximums are listed as individual/family.

\*\* Prescription drug copays are listed as generic/brand or generic/preferred brand/non-preferred brand.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

<b>BCBS Master Health/Master Medical</b>	
<b>Medical</b>	
<i>Annual Deductible</i>	\$50 per member
<i>Coinsurance</i>	100% for most services
<i>Physicians Office Visit</i>	80% coinsurance
<i>Emergency Room Copay</i>	Covered in full
<i>Maximum Out-Of-Pocket Expense</i>	None
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	80% coinsurance
<i>Mail Copay</i>	\$5/\$15/\$30

<b>BCBS Network Blue HMO</b>	<b>Legacy Plan</b>	<b>RateSaver Plan</b>
<b>Medical</b>		
<i>Annual Deductible</i>	None	None
<i>Coinsurance</i>	100%	100%
<i>Physicians Office Visit</i>	\$10 copay	\$20 copay
<i>Emergency Room</i>	\$25 copay	\$75 copay
<i>Maximum Out-Of-Pocket Expense</i>	None	None
<b>Prescription Drugs</b>		
<i>Retail Copay</i>	\$5/\$15/\$30	\$15/\$30/\$50
<i>Mail Copay</i>	\$5/\$15/\$30	\$30/\$60/\$100

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

<b>Harvard Pilgrim EPO</b>	<b>Legacy Plan</b>	<b>RateSaver Plan</b>
<b>Medical</b>		
<i>Annual Deductible</i>	None	None
<i>Coinsurance</i>	100%	100%
<i>Physicians Office Visit</i>	\$10 copay	\$20 copay (\$40 for specialists)
<i>Emergency Room</i>	\$30 copay	\$75 copay
<i>Maximum Out-Of-Pocket Expense</i>	None	None
<b>Prescription Drugs</b>		
<i>Retail Copay</i>	\$5/\$10/\$25	\$15/\$30/\$50
<i>Mail Copay</i>	\$10/\$20/\$75	\$30/\$60/\$150

<b>Harvard Pilgrim PPO</b>	<b>Legacy Plan</b>		<b>RateSaver Plan</b>	
<b>Medical</b>	<b>In-Network</b>	<b>Out-of-Network</b>	<b>In-Network</b>	<b>Out-of-Network</b>
<i>Annual Deductible</i>	None	\$250/\$500	None	\$250/\$500
<i>Coinsurance</i>	100%	80%	100%	80%
<i>Physicians Office Visit</i>	\$10 copay	Coinsurance & deductible	\$20 copay (\$40 for specialists)	Coinsurance & deductible
<i>Emergency Room</i>	\$30 copay	\$30 copay	\$100 copay	\$100 copay
<i>Coinsurance Maximum</i>	None	\$1,500/\$3,000	None	\$1,500/\$3,000
<b>Prescription Drugs</b>				
<i>Retail Copay</i>	\$5/\$10/\$25		\$15/\$30/\$50	
<i>Mail Copay</i>	\$10/\$20/\$75		\$30/\$60/\$150	

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>BCBS Master Medical Carveout A</b>	<i>(frozen enrollment)</i>
<b>Medical</b>	
<i>Annual Deductible</i>	\$50 per member
<i>Coinsurance</i>	100% for most services
<i>Physicians Office Visit</i>	80% coinsurance
<i>Emergency Room</i>	Covered in full
<i>Maximum Out-Of-Pocket Expense</i>	None
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	80% coinsurance
<i>Mail Copay</i>	\$5/\$15/\$30
<b>BCBS Managed Blue for Seniors</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full
<i>Office Visits</i>	\$10 copay
<i>Emergency Room</i>	\$50 copay
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	25%/50%/75% for a <u>60</u> -day supply
<i>Mail Copay</i>	\$5/\$30/\$50

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>BCBS Medex 3 Standard</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full
<i>Office Visits</i>	Not covered
<i>Emergency Room</i>	Covered in full
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	Full coverage/20% copayment after a \$50 calendar year deductible
<i>Mail Copay</i>	\$2/\$15
<b>BCBS Medex 3 Enhanced</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full
<i>Office Visits</i>	Covered in full
<i>Emergency Room</i>	Covered in full
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	Full coverage/20% copayment after a \$50 calendar year deductible
<i>Mail Copay</i>	\$2/\$15

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>Harvard Pilgrim Medicare Enhance</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full
<i>Office Visits</i>	\$5 copay
<i>Emergency Room</i>	\$30 copay
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$5/\$10/\$25
<i>Mail Copay</i>	\$10/\$20/\$75
<b>BCBS Medicare HMO Blue</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	\$150 copay per day up to \$750 per calendar year
<i>Office Visits</i>	\$15 copay
<i>Emergency Room</i>	\$50 copay
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$10/\$25/\$45
<i>Mail Copay</i>	\$20/\$50/\$90
<i>Catastrophic Coverage</i>	The greater of 5% of \$2.50 generic/\$6.30 brand after \$4,550 in out-of-pocket drug expenses

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>Tufts Medicare Preferred PFFS</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full after \$300 deductible
<i>Office Visits</i>	\$10 copay to PCP/\$15 copay to specialist
<i>Emergency Room</i>	\$50 copay
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$10/\$25/\$50
<i>Mail Copay</i>	\$20/\$50/\$100
<i>Catastrophic Coverage</i>	The greater of 5% or \$2.50 generic/\$6.30 brand after \$4,550 in out-of-pocket drug expenses

<b>Tufts Medicare Prime Supplement Plan</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full after \$300 deductible
<i>Office Visits</i>	\$15 copay
<i>Emergency Room</i>	\$50 copay
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$10/\$20/\$35
<i>Mail Copay</i>	\$20/\$40/\$70

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>Delta Dental Premier</b>	<b>Coverage</b>	<b>Benefit Maximum</b>
<b>Preventative Benefits</b>	No deductible	\$1,000 per calendar year
<i>Diagnostic/Preventative</i>	Covered in full	
<b>Basic and Major Benefits</b>	\$50/\$100 deductible	\$1,000 per calendar year
<i>Restorative/Periodontics/Endodontics</i>	80% coverage	
<i>Prosthodontics/Major Restorative</i>	50% coverage	
<b>Orthodontic Benefits</b>	Covered at 50%	\$1,000 per lifetime

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**EXHIBIT III**

**Summary of Plan (for Town of Bourne)**

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This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

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<b>Eligibility:</b>	<p>The following groups of retirees receiving a pension from the Barnstable County Retirement System, or the Massachusetts Teachers Retirement System are eligible for postretirement medical benefits:</p> <p><b>Group 1 (including Teachers):</b></p> <ul style="list-style-type: none"><li>&gt; Retirees with at least 10 years of creditable service are eligible at age 55;</li><li>&gt; Retirees with at least 20 years of creditable service are eligible at any age.</li></ul> <p><b>Group 4:</b></p> <ul style="list-style-type: none"><li>&gt; Retirees with at least 10 years of creditable service are eligible at age 45;</li><li>&gt; Retirees with at least 20 years of creditable service are eligible at any age.</li></ul> <p><b>Disability:</b> Retirees on Ordinary (non-job-related) or Accidental (job-related) Disability Retirement are eligible at any age. Ordinary disability retirement requires 10 years of creditable service.</p> <p><b>Pre-Retirement Death:</b> Surviving spouse is eligible.</p> <p><b>Post-Retirement Death:</b> Surviving spouse is eligible.</p>
<b>Benefit Types:</b>	Medical, prescription drug and dental benefits are provided to all eligible retirees through a variety of plans provided by Blue Cross Blue Shield of Massachusetts.
<b>Duration of Coverage:</b>	Lifetime.
<b>Dependent Benefits:</b>	Medical, prescription drug, and dental.
<b>Dependent Coverage:</b>	Benefits are payable to a spouse for their lifetime, regardless of when the retiree dies.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Contribution rates:**

Current premium rates are summarized below:

	<b>Subscribers</b>			<i>Retirees Age 65 and over*</i>	<b>Monthly Cost (eff. 7/1/2011)</b>
	<b>Active</b>	<b>Retired</b>	<b>Total</b>		
<b><u>Non-Medicare Plans</u></b>					
BCBS Blue Care Elect Preferred PPO					
Individual	68	28	96	1	\$748.00
Family	167	22	189	5	\$1,796.00
BCBS Master Health Plus					
Individual	2	0	2	0	\$897.00
Family	4	0	4	0	\$2,157.00
BCBS Network Blue HMO					
Individual	52	1	53	0	\$639.00
Family	98	0	98	0	\$1,533.00
Totals	391	51	442	6	
<b><u>Medicare Plans</u></b>					
BCBS Medex II/Blue Medicare Rx					
	1	78	78	78	\$379.90
Totals	1	78	78	78	
Dental Blue					
Individual					\$32.20
Family					\$86.25

\* 6 of 81 over-65 retirees (or 4%) are in a non-Medicare plan

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

**Benefit Descriptions (Town of Bourne):**

<b>BCBS Blue Care Elect Preferred PPO</b>	<b>In-Network</b>	<b>Out-of-Network</b>
<b>Medical</b>		
<i>Annual Deductible</i>	None	\$250/\$500
<i>Coinsurance</i>	100%	80%
<i>Physicians Office Visit</i>	\$10 copay	Coinsurance & deductible
<i>Emergency Room</i>	\$75 copay	\$75 copay
<i>Coinsurance Maximum</i>	None	\$1,000/\$2,000
<b>Prescription Drugs</b>		
<i>Retail Copay</i>	\$10/\$20/\$35	Not covered
<i>Mail Copay</i>	\$10/\$20/\$35	Not covered

<b>BCBS Network Blue New England</b>	
<b>Medical</b>	
<i>Annual Deductible</i>	None
<i>Coinsurance</i>	100%
<i>Physicians Office Visit</i>	\$10 copay
<i>Emergency Room</i>	\$75 copay
<i>Maximum Out-Of-Pocket Expense</i>	None
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$10/\$20/\$35
<i>Mail Copay</i>	\$10/\$20/\$35

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

<b>BCBS Medex 2/Blue MedicareRx</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full
<i>Office Visits</i>	Covered in full
<i>Emergency Room</i>	Covered in full
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$5/\$10/\$25
<i>Mail Copay</i>	\$10/\$20/\$50
<i>Catastrophic Coverage</i>	The greater of 5% or \$2.50 generic/\$6.30 brand after \$4,550 in out-of-pocket drug expenses

<b>Dental Blue</b>	<b>Coverage</b>	<b>Benefit Maximum</b>
<b>Preventative Benefits</b>	No deductible	\$1,500 calendar year maximum
<i>Diagnostic/Preventative</i>	Covered in full	
<b>Basic and Major Benefits</b>	\$50/\$150 deductible	
<i>Restorative/Periodontics/Endodontics</i>	55% coverage	
<i>Prosthodontics/Major Restorative</i>	50% coverage	
<b>Orthodontic Benefits</b>	Covered at 50%	\$1,000 per lifetime

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**EXHIBIT IV**

**Summary of Plan (for Town of Nantucket)**

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This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

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<b>Eligibility:</b>	<p>The following groups of retirees receiving a pension from the Barnstable County Retirement System, or the Massachusetts Teachers Retirement System are eligible for postretirement medical benefits:</p> <p><b>Group 1 (including Teachers):</b></p> <ul style="list-style-type: none"><li>➤ Retirees with at least 10 years of creditable service are eligible at age 55;</li><li>➤ Retirees with at least 20 years of creditable service are eligible at any age.</li></ul> <p><b>Group 4:</b></p> <ul style="list-style-type: none"><li>➤ Retirees with at least 10 years of creditable service are eligible at age 45;</li><li>➤ Retirees with at least 20 years of creditable service are eligible at any age.</li></ul> <p><b>Disability:</b> Retirees on Ordinary (non-job-related) or Accidental (job-related) Disability Retirement are eligible at any age. Ordinary disability retirement requires 10 years of creditable service.</p> <p><b>Pre-Retirement Death:</b> Surviving spouse is eligible.</p> <p><b>Post-Retirement Death:</b> Surviving spouse is eligible.</p>
<b>Benefit Types:</b>	Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans provided by Blue Cross Blue Shield of Massachusetts.
<b>Duration of Coverage:</b>	Lifetime.
<b>Dependent Benefits:</b>	Medical and prescription drug.
<b>Dependent Coverage:</b>	Benefits are payable to a spouse for their lifetime, regardless of when the retiree dies.

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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**Contribution rates:**

Current premium rates are summarized below:

	Subscribers			<i>Retirees Age 65 and over*</i>	Monthly Cost (eff. 7/1/2011)
	Active	Retired	Total		
<b><u>Non-Medicare Plans</u></b>					
BCBS Blue Care Elect Preferred PPO					
Individual	68	9	77	2	\$610.20
Family	139	8	147	3	\$1,298.70
BCBS Master Medical					
Individual	96	62	158	31	\$780.00
Family	171	41	212	10	\$1,698.00
Totals	474	120	594	46	
<b><u>Medicare Plans</u></b>					
BCBS Medex 3	1	70	70	70	\$515.16
Totals	1	70	70	70	

\* 46 of 92 over-65 retirees (or 25%) are in a non-Medicare plan

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

**Benefit Descriptions (Town of Nantucket):**

<b>BCBS Blue Care Elect Preferred PPO</b>	<b>In-Network</b>	<b>Out-of-Network</b>
<b>Medical</b>		
<i>Annual Deductible</i>	None	\$250/\$500
<i>Coinsurance</i>	100%	80%
<i>Physicians Office Visit</i>	\$15 copay	Coinsurance & deductible
<i>Emergency Room</i>	\$25 copay	\$25 copay
<i>Coinsurance Maximum</i>	None	\$1,000/\$2,000
<b>Prescription Drugs</b>		
<i>Retail Copay</i>		\$10/\$20/\$35
<i>Mail Copay</i>		\$10/\$20/\$35
<b>BCBS Master Medical</b>		
<b>Medical</b>		
<i>Annual Deductible</i>		\$50/\$100
<i>Coinsurance</i>		80%
<i>Physicians Office Visit</i>		Coinsurance & deductible
<i>Emergency Room</i>		None
<i>Maximum Out-Of-Pocket Expense</i>		None
<b>Prescription Drugs</b>		
<i>Retail Copay</i>		20% copay up to coinsurance maximum of \$200/\$400, then covered in full
<i>Mail Copay</i>		Not covered

**SECTION 3: Supporting Information for the Barnstable County June 30, 2010 Measurement under GASB**

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<b>BCBS Medex 3</b>	
<b>Medical</b>	
<i>Hospital Inpatient</i>	Covered in full
<i>Office Visits</i>	Covered in full
<i>Emergency Room</i>	Covered in full
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	Full coverage/20% copayment after a \$50 calendar year deductible
<i>Mail Copay</i>	\$2/\$15

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**SECTION 4: Supplemental Information by Department for the June 30, 2010 Measurement under GASB**

**DEPARTMENT RESULTS – TOWN OF NANTUCKET**

**PROJECTED UNIT CREDIT, PAY-AS-YOU-GO ASSUMPTIONS (5.00%)**

	<b>Airport</b>	<b>County</b>	<b>Our Island Home</b>	<b>Sewer</b>	<b>Town</b>	<b>Water</b>	<b>Total</b>
<b>Actuarial Accrued Liability by Participant Category</b>							
1. Current retirees, beneficiaries and dependents	\$2,774,642	\$37,404	\$3,429,549	\$647,796	\$28,886,931	\$1,132,169	\$36,908,491
2. Current active members	<u>3,408,858</u>	<u>45,954</u>	<u>4,213,461</u>	<u>795,866</u>	<u>35,489,783</u>	<u>1,390,955</u>	<u>45,344,877</u>
3. Total as of July 1, 2010: (1) + (2)	\$6,183,500	\$83,358	\$7,643,010	\$1,443,662	\$64,376,714	\$2,523,124	\$82,253,368
4. Actuarial value of assets as of July 1, 2010	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5. Unfunded actuarial accrued liability (UAAL) as of July 1, 2010: (3) - (4)	\$6,183,500	\$83,358	\$7,643,010	\$1,443,662	\$64,376,714	\$2,523,124	\$82,253,368
<b>Annual Required Contribution for Fiscal Year Ending June 30, 2011</b>							
6. Normal cost as of July 1, 2010	\$171,536	\$10,020	\$231,866	\$66,948	\$2,107,037	\$19,850	\$2,607,257
7. Adjustment for timing	<u>4,236</u>	<u>247</u>	<u>5,726</u>	<u>1,653</u>	<u>52,034</u>	<u>490</u>	<u>64,386</u>
8. Normal cost adjusted for timing: (6) + (7)	\$175,772	\$10,267	\$237,592	\$68,601	\$2,159,071	\$20,340	\$2,671,643
9. 30-year amortization of the unfunded actuarial accrued liability (UAAL) increasing at 4.5% per year	220,699	2,975	272,792	51,527	2,297,712	90,054	2,935,759
10. Adjustment for timing	<u>5,450</u>	<u>73</u>	<u>6,737</u>	<u>1,272</u>	<u>56,743</u>	<u>2,224</u>	<u>72,499</u>
11. Amortization payment adjusted for timing: (9) + (10)	\$226,149	\$3,048	\$279,529	\$52,799	\$2,354,455	\$92,278	\$3,008,258
12. Total Annual Required Contribution (ARC): (8) + (11)	401,921	13,315	517,121	121,400	4,513,526	112,618	5,679,901
13. Projected benefit payments for fiscal year ending June 30, 2011	\$169,052	\$2,056	\$211,389	\$36,797	\$1,699,502	\$81,779	\$2,200,575

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.  
Retiree obligation allocated in proportion to active obligation.*