

Town of Westford Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2021

As of the Measurement Date:
June 30, 2023

For the Reporting Date:
June 30, 2023

Delivered August 9, 2023



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August 9, 2023

Personal and Confidential

Mr. Dan O'Donnell
Budget Director
Town of Westford
55 Main Street
Westford, MA 01886

Dear Mr. O'Donnell:

We have performed an actuarial valuation of the Town of Westford Other Postemployment Benefits Plan for the Reporting Date & Fiscal Year Ending June 30, 2023 with a Measurement Date of June 30, 2023 and a Valuation Date of July 1, 2021. The figures presented in this report reflect the adoption, by the Town of Westford, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

The financial results of the actuarial valuation are summarized in the report. The Executive Summaries highlight the results of the valuation. Additional information summarizing census data, actuarial assumptions, claim rates and the methodology for developing them, as well as a glossary of selected terms used in this study, is also included in the report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are reasonable, reflecting the experience of the plan and reasonable expectations and, in combination, represent our best estimate of the anticipated experience under the plan.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,

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

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



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ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Westford other postemployment benefit programs with a Valuation Date of July 1, 2021 with a Measurement Date of June 30, 2023 for the Reporting Date & Fiscal Year Ending June 30, 2023 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

The actuarial data is based on the plan benefits verified by the Town and on participant claims or premium data provided by the Town and/or vendors employed by the Town.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may yield results significantly different than those reported here. As such, additional determinations may be needed for other purposes including determining the benefit security at termination and/or adequacy of the funding of an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion represents the information necessary to comply with GASB Statements Number 74 and 75 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 meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the Town are reasonably related to the experience and expectations of the postemployment benefits programs.

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

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

EXECUTIVE SUMMARY

How did plan liabilities change from FY 22 to FY 23?

Plan Experience

For the year ending on the Measurement Date of June 30, 2023, there was no plan experience because this was an interim valuation.

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change increased disclosed liabilities by approximately \$880 thousand, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.48% to 5.42% increasing the disclosed liability by approximately \$880 thousand.

It is important to remember that actuarial assumptions or changes in such do not impact the actual cost of the Plan. Rather, they impact the timing of the recognition of such costs.

Investment Experience

- ✓ During the period investments earned approximately \$530 thousand more than expected.

Changes in Benefit Terms

- ✓ To the best of our knowledge there have been no material changes in benefit terms that would impact the figures shown in this report.

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.68 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 68.59% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 9.00% increase in fiscal year 2023 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (5.42%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.13% as of June 30, 2023.
- ✓ Current Asset Level – The Town had \$13,017,229 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town is expected to contribute annually the service cost of employees hired after January 1, 2012.
- ✓ Investment Policy – The Town is expected to earn 5.56% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Low Default Risk Obligation Measure (LDRM)

For purposes of this LDRM, we have used a discount rate of 4.13% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDRM Total OPEB Liability is \$145.5 million vs. the \$120.1 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$25 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

Medicare Buy-In

The Town currently has 17 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

Recently, some of our clients have seen substantial cost savings by “buying into” Medicare for retirees who would otherwise be ineligible. To buy into Medicare the Town would need to pay the Medicare Part A premium and the Medicare Part A and B penalties. While the cost to buy into Medicare is significant, it is likely still far less than the cost of the claims that the associated retirees are expected to incur. You may wish to review their Medicare eligibility to see if they are already eligible for Medicare or if a “buy-in” is appropriate as this could yield a reduction in your OPEB annual costs and disclosed liabilities. If you are in this situation, we encourage you to talk to your healthcare consultant to see if this might be viable.

EXECUTIVE SUMMARY

Key Plan Metrics

While an actuarial valuation under GASB 74/75 can be very complex with many variables, we find it helpful to look at several key metrics (shown below) to better allow you to manage your plan.

Representative Plan Statistics		
Valuation Date	July 1, 2021	July 1, 2021
Measurement Date & Period Ending	June 30, 2023	June 30, 2022
Reporting Date/Fiscal Year End	June 30, 2023	June 30, 2022
Total OPEB Liability	120,063,845	113,216,300
Per Eligible Active Plan Participant	68,625	66,794
Per Retiree/Spouse Plan Participant	83,901	75,765
Total Annual Service Cost (Annual Benefit Accrual)	3,216,021	2,417,074
Per Eligible Active Plan Participant	3,235	2,432
Expected Employer Share of Retiree Costs	3,538,142	3,440,619
Per Retiree/Spouse Plan Participant	5,725	5,567
Net OPEB Liability as a % of Covered Payroll	154.45%	152.52%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

With the growth of medical care costs over time, the nominal accrued liabilities ("TOL") and benefit payments can appear daunting. However, it is important to remember that a dollar paid in the future is worth less than a dollar paid today.

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2023	680	120,063,845	116,566,840	3,538,142	3,435,089
June 30, 2028	790	148,148,880	124,072,355	5,502,695	4,608,420
June 30, 2033	890	175,674,446	126,910,958	8,136,234	5,877,789
June 30, 2038	937	203,576,970	126,862,437	9,538,966	5,944,368
June 30, 2043	939	234,172,745	125,879,390	11,294,586	6,071,397
June 30, 2048	919	272,967,681	126,573,674	12,520,427	5,805,656
June 30, 2053	903	322,323,352	128,925,197	14,165,097	5,665,857

EXECUTIVE SUMMARY

Continuing OPEB Disclosures

In addition to pension benefits, municipal entities may provide retired employees with healthcare and life insurance benefits. The portion of the cost of such benefit paid by these entities is generally provided on a pay-as-you-go basis.

The pay-as-you-go costs to the Town for such benefits for the most recent years is as follows:

<u>Fiscal Year Ending</u>	<u>Cost</u>
June 30, 2024 (Projected)	3,972,143
June 30, 2023	3,538,142
June 30, 2022	3,440,619
June 30, 2021	3,169,596
June 30, 2020	2,965,571
June 30, 2019	2,485,694

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2023 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$107,046,616 assuming a discount rate of 5.42%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute annually the service cost of employees hired after January 1, 2012. The balance of this fund as of June 30, 2023 was \$13,017,229. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Westford
Assuming Funding - 5.42% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2021	July 1, 2021
For the Measurement Period ending on the Measurement Date of:	June 30, 2023	June 30, 2022
For the Reporting Period & Fiscal Year ending on:	June 30, 2023	June 30, 2022
I. Total OPEB Liability		
A. Actives	68,212,833	66,393,400
B. Retirees/Disabled	<u>51,851,012</u>	<u>46,822,900</u>
C. Total	120,063,845	113,216,300
II. Fiduciary Net Position [Plan Assets]	13,017,229	10,583,134
III. Net OPEB Liability (Asset) [I. - II.]	107,046,616	102,633,166
IV. Funded Ratio [II. / I.]	10.84%	9.35%
V. Number of Eligible Participants		
A. Actives	994	994
B. Retirees/Disabled & Dependents	<u>618</u>	<u>618</u>
C. Total	1,612	1,612
VI. Service Cost	3,216,021	2,417,074
VII. Financial Statement Expense/(Income)	13,787,330	7,687,198
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(1,271,745)	(948,446)
IX. Deferred Inflow of Resources	(5,160,700)	(6,480,920)
X. Deferred Outflow of Resources	23,202,087	29,086,312
XI. Money Weighted Rate of Return	10.18%	(6.75%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	5.56%	5.67%
XIV. Crossover Year	2075	2073
XV. Discount Rate	5.42%	5.48%

PRINCIPAL RESULTS OF THE VALUATION

Town of Westford Plan Liabilities as of the June 30, 2023 Measurement Date

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Recreation Enterprise Employees and Retirees	Total
I. Total OPEB Liability								
A. Actives	5,639,464	52,345,870	4,678,228	3,966,681	1,041,706	174,843	366,041	68,212,833
B. Retirees/Disabled	<u>9,698,206</u>	<u>37,323,326</u>	<u>1,581,374</u>	<u>2,180,403</u>	<u>1,004,184</u>	<u>0</u>	<u>63,519</u>	<u>51,851,012</u>
C. Total	15,337,670	89,669,196	6,259,602	6,147,084	2,045,890	174,843	429,560	120,063,845
II. Fiduciary Net Position [Plan Assets]	1,536,303	8,981,745	626,995	615,725	1,195,921	17,513	43,027	13,017,229
III. Net OPEB Liability (Asset) [I. - II.]	13,801,367	80,687,451	5,632,607	5,531,359	849,969	157,330	386,533	107,046,616
For the Reporting Date and Fiscal Year Ending June 30, 2023								
IV. Service Cost	105,357	2,625,019	231,814	153,190	35,250	21,889	43,502	3,216,021
V. Financial Statement Expense/(Income)	1,205,060	10,770,471	804,202	710,879	173,902	38,822	83,994	13,787,330
VI. Employer Share of Costs	(775,617)	(2,564,815)	(66,450)	(56,933)	(70,512)	0	(3,815)	(3,538,142)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(165,726)	(968,882)	(67,635)	(66,420)	3,448	(1,889)	(4,641)	(1,271,745)
VIII. Total Employer Contribution [VI. + VII.]	(941,343)	(3,533,697)	(134,085)	(123,353)	(67,064)	(1,889)	(8,456)	(4,809,887)

PRINCIPAL RESULTS OF THE VALUATION
CURRENT FUNDING POLICY (OPEN GROUP)

Funding - 5.42% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 5.56% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			Measurement Date	with an expected 5.56% return									
2023	June 30, 2023	120,063,845	13,017,229	107,046,616	10.84%	3,216,021	3,538,142	1,271,745	4,809,887	3,538,142	0	1,271,745	
2024	June 30, 2024	125,616,287	15,133,691	110,482,596	12.05%	3,379,261	3,972,143	1,355,530	5,327,673	3,972,143	0	1,355,530	
2025	June 30, 2025	131,196,580	17,561,289	113,635,291	13.39%	3,494,788	4,365,911	1,543,827	5,909,738	4,365,911	0	1,543,827	
2026	June 30, 2026	136,793,563	20,265,521	116,528,042	14.81%	3,600,362	4,767,472	1,681,705	6,449,177	4,767,472	0	1,681,705	
2027	June 30, 2027	142,424,748	23,274,285	119,150,463	16.34%	3,716,387	5,160,115	1,831,767	6,991,882	5,160,115	0	1,831,767	
2028	June 30, 2028	148,148,880	26,618,125	121,530,755	17.97%	3,852,345	5,502,695	1,995,077	7,497,772	5,502,695	0	1,995,077	
2029	June 30, 2029	153,763,310	30,330,471	123,432,839	19.73%	3,977,519	6,089,190	2,172,792	8,261,982	6,089,190	0	2,172,792	
2030	June 30, 2030	159,313,351	34,447,908	124,865,443	21.62%	4,104,042	6,584,712	2,366,173	8,950,885	6,584,712	0	2,366,173	
2031	June 30, 2031	164,902,611	39,010,457	125,892,154	23.66%	4,236,863	6,978,563	2,576,585	9,555,148	6,978,563	0	2,576,585	
2032	June 30, 2032	170,311,114	44,061,896	126,249,218	25.87%	4,366,903	7,563,920	2,805,519	10,369,439	7,563,920	0	2,805,519	
2033	June 30, 2033	175,674,446	49,650,104	126,024,342	28.26%	4,514,606	8,136,234	3,054,597	11,190,831	8,136,234	0	3,054,597	
2034	June 30, 2034	181,034,888	55,827,419	125,207,469	30.84%	4,668,638	8,313,912	3,325,569	11,639,481	8,313,912	0	3,325,569	
2035	June 30, 2035	186,539,971	62,651,053	123,888,918	33.59%	4,802,989	8,647,151	3,620,345	12,267,496	8,647,151	0	3,620,345	
2036	June 30, 2036	192,071,811	70,183,537	121,888,274	36.54%	4,965,821	8,983,401	3,941,007	12,924,408	8,983,401	0	3,941,007	
2037	June 30, 2037	197,931,373	78,493,183	119,438,190	39.66%	5,133,882	9,291,607	4,289,798	13,581,405	9,291,607	0	4,289,798	
2038	June 30, 2038	203,576,970	87,654,625	115,922,345	43.06%	5,306,605	9,538,966	4,669,174	14,208,140	9,538,966	0	4,669,174	
2039	June 30, 2039	209,089,976	97,749,383	111,340,593	46.75%	5,473,494	10,112,598	5,081,798	15,194,396	10,112,598	0	5,081,798	
2040	June 30, 2040	214,942,277	108,866,477	106,075,800	50.65%	5,661,160	10,390,298	5,530,558	15,920,856	10,390,298	0	5,530,558	
2041	June 30, 2041	220,968,544	121,103,106	99,865,438	54.81%	5,854,323	10,721,203	6,018,599	16,739,802	10,721,203	0	6,018,599	
2042	June 30, 2042	227,308,145	134,565,379	92,742,766	59.20%	6,059,808	11,084,642	6,549,332	17,633,974	11,084,642	0	6,549,332	
2043	June 30, 2043	234,172,745	149,369,112	84,803,633	63.79%	6,263,409	11,294,586	7,126,462	18,421,048	11,294,586	0	7,126,462	
2044	June 30, 2044	241,156,462	165,640,695	75,515,767	68.69%	6,485,614	11,508,457	7,754,015	19,262,472	11,508,457	0	7,754,015	
2045	June 30, 2045	248,548,905	183,518,042	65,030,863	73.84%	6,707,246	11,639,091	8,436,366	20,075,457	11,639,091	0	8,436,366	
2046	June 30, 2046	256,309,646	203,151,617	53,158,029	79.26%	6,943,961	11,980,930	9,178,267	21,159,197	11,980,930	0	9,178,267	
2047	June 30, 2047	264,433,844	224,705,552	39,728,292	84.98%	7,196,958	12,158,552	9,984,880	22,143,432	12,158,552	0	9,984,880	
2048	June 30, 2048	272,967,681	248,358,869	24,608,812	90.98%	7,451,958	12,520,427	10,861,814	23,382,241	12,520,427	0	10,861,814	
2049	June 30, 2049	281,804,602	274,306,793	7,497,809	97.34%	7,728,065	12,780,203	11,815,153	24,595,356	12,780,203	0	11,815,153	
2050	June 30, 2050	291,317,915	302,762,198	(11,444,283)	103.93%	8,001,384	13,062,692	12,851,508	25,914,200	13,062,692	0	12,851,508	
2051	June 30, 2051	301,020,215	314,432,414	(13,412,199)	104.46%	8,300,841	13,326,383	(5,025,542)	8,300,841	13,326,383	0	(5,025,542)	
2052	June 30, 2052	311,509,663	326,647,867	(15,138,204)	104.86%	8,603,764	13,730,167	(5,126,403)	8,603,764	13,730,167	0	(5,126,403)	
2053	June 30, 2053	322,323,352	339,425,647	(17,102,295)	105.31%	8,924,961	14,165,097	(5,240,136)	8,924,961	14,165,097	0	(5,240,136)	

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions require the following disclosures in the financial statements:

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2023	
Description	Amount
I. Service Cost	3,216,021
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	6,284,840
III. Deferred (Inflows)/Outflows from Plan Experience*	1,540,282
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	3,447,713
V. Projected Earnings on OPEB Plan Investments	(636,174)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(65,352)
VII. OPEB Plan Administrative Expense	0
VIII. Other Changes in Fiduciary Net Position	0
IX. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ ... + VII. + VIII.]	13,787,330
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	13,787,330

* Amortized over 6.68 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances for the June 30, 2022 Reporting Date	113,216,312	10,583,134	102,633,178
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]	113,216,312	10,583,134	102,633,178
Changes for the year:			
IV. Service Cost	3,216,021	0	3,216,021
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	6,284,840	0	6,284,840
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	884,814	0	884,814
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	1,162,350	(1,162,350)
X. Employer Contributions to Trust	0	4,809,887	(4,809,887)
XI. Benefit Payments Withdrawn from Trust	0	(3,538,142)	3,538,142
XII. Benefit Payments Excluding Implicit Cost	(2,665,450)	0	(2,665,450)
XIII. Implicit Cost Amount	(872,692)	0	(872,692)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(3,538,142)	0	(3,538,142)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	6,847,533	2,434,095	4,413,438
XVIII. Balances for the June 30, 2023 Reporting Date [III.+XVII.]	120,063,845	13,017,229	107,046,616

* Recognized Immediately

** Amortized over 6.68 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	10,149,238	6.81	1,207,180	1,490,343	1,207,180				
2019	0	6.81	0	0	0	0			
2020	3,713,568	6.93	1,570,096	535,868	535,868	535,868	498,360		
2021	0	6.93	0	0	0	0	0	0	
2022	(3,246,007)	6.68	(2,274,149)	(485,929)	(485,929)	(485,929)	(485,929)	(485,929)	(330,433)
2023	0	6.68	0	0	0	0	0	0	0
2024									
2025									
2026									
Total Remaining Balance			503,127						
Net increase (decrease) in OPEB Expense				1,540,282	1,257,119	49,939	12,431	(485,929)	(330,433)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in			2023	2024	2025	2026	2027	2028
	Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	0	6.81	0	0	0				
2019	0	6.81	0	0	0	0			
2020	(6,561,176)	6.93	(2,774,064)	(946,778)	(946,778)	(946,778)	(880,508)		
2021	2,530,554	6.93	1,435,077	365,159	365,159	365,159	365,159	339,600	
2022	26,031,127	6.68	18,237,377	3,896,875	3,896,875	3,896,875	3,896,875	3,896,875	2,649,877
2023	884,814	6.68	752,357	132,457	132,457	132,457	132,457	132,457	132,457
2024									
2025									
2026									
Total Remaining Balance			17,650,747						
Net increase (decrease) in OPEB Expense				3,447,713	3,447,713	3,447,713	3,513,983	4,368,932	2,782,334

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	(5,740)	5.00	0						
2019	(34,605)	5.00	0	(6,921)					
2020	353,346	5.00	70,670	70,669	70,670				
2021	(1,546,889)	5.00	(618,755)	(309,378)	(309,378)	(309,377)			
2022	1,427,565	5.00	856,539	285,513	285,513	285,513	285,513		
2023	(526,176)	5.00	(420,941)	(105,235)	(105,235)	(105,235)	(105,235)	(105,236)	
2024									
2025									
2026									
Total Remaining Balance			(112,487)						
Net increase (decrease) in OPEB Expense				(65,352)	(58,430)	(129,099)	180,278	(105,236)	0

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Statement of (Inflows) & Outflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2023 to be Reported for the Fiscal Year Ending June 30, 2023			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions Made Subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	2,777,276	(2,274,149)	503,127
III. Changes of Assumptions	20,424,811	(2,774,064)	17,650,747
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	0	(112,487)	(112,487)
VI. Total [I. + II. + III. + IV.]	23,202,087	(5,160,700)	18,041,387

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
 (As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows) & Outflows	
The balance of deferred (inflows) & outflows as of the Reporting Date of June 30, 2023 will be recognized in future years as shown below.	
Year ending June 30:	
2024	4,646,402
2025	3,368,553
2026	3,706,692
2027	3,777,767
2028	2,451,901
Thereafter	90,072

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.42% as of June 30, 2023 and 5.48% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town’s funding policy. Based on these assumptions, the OPEB Plan’s Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until Fiscal Year 2075 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.13% as of June 30, 2023. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 – Year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2023 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$3,538,142. The Town also contributed \$1,271,745 to an OPEB Trust for a total contribution during the measurement period of \$4,809,887 to be reported on the financial statement for the fiscal year ending June 30, 2023.

6. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the Town's Investment Policy.

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	40.75%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	6.50%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	6.00%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	3.50%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	24.75%	Domestic Fixed Income	1.05%
International Fixed Income	4.25%	International Fixed Income	0.96%
Alternatives	7.75%	Alternatives	5.95%
Real Estate	1.75%	Real Estate	6.25%
Cash	4.75%	Cash	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>3.31%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	5.81%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>5.56%</u>

* Mean Geometric Returns based on 2022 Horizon Survey of Capital Market Assumptions

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2023	8,113,326	(4,809,887)	3,303,439	69,309,760	6.94%
June 30, 2022	7,146,651	(4,389,065)	2,757,586	67,291,029	6.52%
June 30, 2021	6,033,439	(4,396,871)	1,636,568	66,756,835	6.59%
June 30, 2020	7,331,061	(4,038,212)	3,292,849	64,812,462	6.23%
June 30, 2019	7,908,973	(3,558,335)	4,350,638	60,760,942	5.86%
June 30, 2018	8,017,242	(3,245,991)	4,771,251	58,991,206	5.50%
June 30, 2017	3,162,513	(3,162,513)	0	57,373,661	5.51%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
 (As of the June 30, 2023 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate on NOL as of the June 30, 2023 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	89,820,870	107,046,616	128,911,221

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate on NOL as of the June 30, 2023 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	126,370,035	5.42%	91,617,286

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
 (As of the June 30, 2023 Measurement Date)

10. Money Weighted Rate of Return

	Plan	Periods	Period
	Investments /	Invested	Weight
	Net External		
	Cash Flows		
I. Beginning value - June 30, 2022	10,583,134	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	916,213	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	355,532	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	1,271,745		
III. Earnings and increase in fair value	1,162,350		
IV. Ending value - June 30, 2023 [I.+II.+III.]	13,017,229		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	13,017,229		
Money Weighted Rate of Return	10.18%		

EXHIBIT A
FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2023							Total
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Recreation Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2023	15,337,670	89,669,196	6,259,602	6,147,084	2,045,890	174,843	429,560	120,063,845
II. Fiduciary Net Position as of June 30, 2023	1,536,303	8,981,745	626,995	615,725	1,195,921	17,513	43,027	13,017,229
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	13,801,367	80,687,451	5,632,607	5,531,359	849,969	157,330	386,533	107,046,616
IV. Service Cost	105,357	2,625,019	231,814	153,190	35,250	21,889	43,502	3,216,021
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	544,727	4,910,975	346,625	335,961	110,914	10,632	25,006	6,284,840
VI. Projected Earnings on OPEB Plan Investments	(73,871)	(441,979)	(30,882)	(30,304)	(56,144)	(868)	(2,126)	(636,174)
VII. Net Recognition of Deferred (Inflows)/Outflows	628,847	3,676,456	256,645	252,032	83,882	7,169	17,612	4,922,643
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	1,205,060	10,770,471	804,202	710,879	173,902	38,822	83,994	13,787,330
XI. Employer Share of Costs	(775,617)	(2,564,815)	(66,450)	(56,933)	(70,512)	0	(3,815)	(3,538,142)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(165,726)	(968,882)	(67,635)	(66,420)	3,448	(1,889)	(4,641)	(1,271,745)
XIII. Total Employer Contribution [XI. + XII.]	(941,343)	(3,533,697)	(134,085)	(123,353)	(67,064)	(1,889)	(8,456)	(4,809,887)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	263,717	7,236,774	670,117	587,526	106,838	36,933	75,538	8,977,443

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

12. OPEB Liability, OPEB Expense and Deferred Inflow/Outflow

Valuation Date	July 1, 2021
For the Measurement Period ending on the Measurement Date of:	June 30, 2023
For the Reporting Period & Fiscal Year ending on:	June 30, 2023

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	503,127
II. Deferred (Inflow)/Outflow from Investment Experience	(112,487)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	17,650,747

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	30,021,366
II. Deferred Outflow created during the period	884,814
III. Deferred Outflow recognized during the period	6,776,884
IV. Change in Deferred Outflow (II. - III.)	(5,892,070)
V. Deferred Outflow at end of the period (I. + IV.)	24,129,296
VI. Deferred Inflow at the beginning of the period	(7,415,974)
VII. Deferred Inflow created during the period	(526,176)
VIII. Deferred Inflow recognized during the period	(1,854,241)
IX. Change in Deferred Inflow (VII. - VIII.)	1,328,065
X. Deferred inflow at end of the period (VI. + IX.)	(6,087,909)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	102,633,178
II. Service Cost	3,216,021
III. Interest on Total OPEB Liability, Service Cost, and Payments	6,284,840
IV. Projected Investment Income	(636,174)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(4,809,887)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	4,054,800
IX. Deferred Outflow created during the period	884,814
X. Deferred Inflow created during the period	(526,176)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	107,046,616

Net OPEB Expense	
I. Service Cost	3,216,021
II. Interest on Total OPEB Liability, Service Cost, and Payments	6,284,840
III. Projected Investment Income	(636,174)
IV. Recognition of Deferred (Inflow)/Outflow	4,922,643
V. OPEB Plan Administrative Expense	0
VI. Expense Related to Change in Benefit Terms	0
VII. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. + VI.)	13,787,330
VIII. Benefit Payments	(3,538,142)
IX. Contributions to Trust	(1,271,745)
X. Total Employer Payments (VIII. + IX.)	(4,809,887)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	8,977,443

EXHIBIT A
REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2023 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2017
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
For the Reporting Period & Fiscal Year Ending on:	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB Liability	120,063,845	113,216,312	86,032,528	79,260,491	81,267,779
I. Service Cost	3,216,021	2,417,074	2,216,467	2,144,399	2,874,731
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	6,284,840	5,422,209	5,194,612	4,712,132	4,487,338
III. Changes in Benefit Terms	0	0	0	(3,050,640)	0
IV. Difference Between Expected & Actual Plan Experience	0	(3,246,007)	0	3,713,568	0
V. Changes of Assumptions	884,814	26,031,127	2,530,554	(6,561,176)	0
VI. Benefit Payments Excluding Implicit Cost	(2,665,450)	(2,635,024)	(2,391,562)	(2,226,176)	(2,126,291)
VII. Implicit Cost Amount	(872,692)	(805,595)	(778,034)	(739,395)	(359,403)
VIII. Total Benefit Payments	(3,538,142)	(3,440,619)	(3,169,596)	(2,965,571)	(2,485,694)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	6,847,533	27,183,784	6,772,037	(2,007,288)	4,876,375
XI. Total OPEB Liability - Beginning of Period	113,216,312	86,032,528	79,260,491	81,267,779	76,391,404
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	113,216,312	86,032,528	79,260,491	81,267,779	76,391,404
XIV. Total OPEB Liability - End of Period [XIII.+XIV.]	120,063,845	113,216,312	86,032,528	79,260,491	81,267,779
Plan Fiduciary Net Position	13,017,229	10,583,134	10,384,412	7,127,037	5,985,052
XV. Earnings from Plan Investments	1,162,350	(749,724)	2,030,100	69,344	357,859
XVI. Employer Contribution to Trust	4,809,887	4,389,065	4,396,871	4,038,212	3,558,335
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(3,538,142)	(3,440,619)	(3,169,596)	(2,965,571)	(2,485,694)
XVIII. Administrative Expense	0	0	0	0	0
XIX. Other	0	0	0	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	2,434,095	198,722	3,257,375	1,141,985	1,430,500
XXI. Plan Fiduciary Net Position - Beginning of Period	10,583,134	10,384,412	7,127,037	5,985,052	4,554,552
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	10,583,134	10,384,412	7,127,037	5,985,052	4,554,552
XXIV. Plan Fiduciary Net Position - End of Period [XXIII.+XXIV.]	13,017,229	10,583,134	10,384,412	7,127,037	5,985,052
XXV. Net OPEB Liability [XIV.-XXIV.]	107,046,616	102,633,178	75,648,116	72,133,454	75,282,727
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	10.84%	9.35%	12.07%	8.99%	7.36%
XXVII. Covered Employee Payroll	69,309,760	67,291,029	66,756,835	64,812,462	60,760,942
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	154.45%	152.52%	113.32%	111.30%	123.90%
Single Discount Rate to Calculate Plan Liabilities	5.42%	5.48%	6.25%	6.50%	5.75%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2023 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios		
Valuation Date	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2018	June 30, 2017
Total OPEB Liability	76,391,404	83,134,715
I. Service Cost	2,695,924	3,379,477
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	4,871,606	3,932,112
III. Changes in Benefit Terms	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(2,545,735)
V. Changes of Assumptions	(12,065,335)	0
VI. Benefit Payments Excluding Implicit Cost	(1,926,448)	N/A
VII. Implicit Cost Amount	(319,058)	N/A
VIII. Total Benefit Payments	(2,245,506)	(2,042,259)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	(6,743,311)	2,723,595
XI. Total OPEB Liability - Beginning of Period	83,134,715	80,411,120
XII. Prior Period Adjustment	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	83,134,715	80,411,120
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	76,391,404	83,134,715
Plan Fiduciary Net Position	4,554,552	3,559,027
XV. Earnings from Plan Investments	(4,960)	152,263
XVI. Employer Contribution to Trust	3,245,991	3,162,513
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(2,245,506)	(2,042,259)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	995,525	1,272,517
XXI. Plan Fiduciary Net Position - Beginning of Period	3,559,027	2,286,510
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	3,559,027	2,286,510
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	4,554,552	3,559,027
XXV. Net OPEB Liability [XIV.-XXIV.]	71,836,852	79,575,688
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	5.96%	4.28%
XXVII. Covered Employee Payroll	58,991,206	57,373,661
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	121.78%	138.70%
Single Discount Rate to Calculate Plan Liabilities	5.75%	5.75%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

The Town's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. For FY 2023 and future years we have used a 30-year amortization increasing by 3.00% per year of the Town's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Town's annual ADC and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
I. Service Cost	3,216,021	2,417,062	2,216,467	2,144,399	2,874,731
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>4,897,305</u>	<u>4,729,589</u>	<u>3,816,972</u>	<u>5,186,662</u>	<u>5,034,242</u>
III. Actuarial Determined Contribution [I. + II.]	8,113,326	7,146,651	6,033,439	7,331,061	7,908,973
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(4,809,887)</u>	<u>(4,389,065)</u>	<u>(4,396,871)</u>	<u>(4,038,212)</u>	<u>(3,558,335)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>3,303,439</u>	<u>2,757,586</u>	<u>1,636,568</u>	<u>3,292,849</u>	<u>4,350,638</u>
Covered Employee Payroll	69,309,760	67,291,029	66,756,835	64,812,462	60,760,942
Contributions as a % of Covered Employee Payroll	6.94%	6.52%	6.59%	6.23%	5.86%
Discount Rate	5.42%	5.48%	6.25%	6.50%	5.75%
Money Weighted Rate of Return	10.18%	(6.75%)	24.63%	1.16%	6.63%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Actuarially Determined Contribution - Deficiency / (Excess) (Continued)		
<u>For the Fiscal Year Ending:</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	2,695,924	N/A
II. 30 Year Amortization of NOL Increasing by 3.00% per year	5,321,318	N/A
III. Actuarial Determined Contribution [I. + II.]	8,017,242	3,162,513
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(3,245,991)</u>	<u>(3,162,513)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>4,771,251</u>	0
Covered Employee Payroll	58,991,206	57,373,661
Contributions as a % of Covered Employee Payroll	5.50%	5.51%
Discount Rate	5.75%	5.75%
Money Weighted Rate of Return	(0.12%)	14.69%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2023 Measurement Date)

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2023							Total
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Ambulance Enterprise Employees and Retirees	Recreation Enterprise Employees and Retirees	
I. Service Cost	105,357	2,625,019	231,814	153,190	35,250	21,889	43,502	3,216,021
II. 30 Year Amortization of NOL Increasing by 3.00% per year	631,402	3,691,392	257,688	253,056	38,885	7,198	17,684	4,897,305
III. Actuarial Determined Contribution [I. + II.]	736,759	6,316,411	489,502	406,246	74,135	29,087	61,186	8,113,326
IV. Employer Share of Costs (Including Implicit Cost)	(775,617)	(2,564,815)	(66,450)	(56,933)	(70,512)	0	(3,815)	(3,538,142)
V. Employer OPEB Trust (Contribution)/Withdrawal	(165,726)	(968,882)	(67,635)	(66,420)	3,448	(1,889)	(4,641)	(1,271,745)
VI. Total Employer Contribution [IV. + V.]	(941,343)	(3,533,697)	(134,085)	(123,353)	(67,064)	(1,889)	(8,456)	(4,809,887)
VII. Contribution Deficiency / (Excess) [III. + VI.]	(204,584)	2,782,714	355,417	282,893	7,071	27,198	52,730	3,303,439

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2021.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return:	5.56%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	5.42%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Plan Membership

At July 1, 2021, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	618
Actives:	<u>994</u>
Total:	1,612

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in Assumptions: From June 30, 2022 to June 30, 2023

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.48% to 5.42%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$1,271,745 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$3,538,142. \$872,692 of the \$3,538,142 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

Spouse Sex:	Male participants had female spouses and vice versa.
Spouse Age:	Male spouses were three years older than female spouses and same sex spouses were the same age.
Hire Age:	Participants who were not on the previous valuation were hired halfway between last valuation and the current valuation. If we did not have census data related to the last valuation, the participants were assumed to have been hired at age forty.
Retiree Age:	Retirees had the same birth date as they had the prior valuation. If we did not have census data related to the last valuation, retirees who were enrolled in Active plans were assumed to be age sixty-two and retirees who were enrolled in Medicare Supplement plans were assumed to be age seventy-two. Those not enrolled in a medical plan were assumed to be sixty-seven.
School Demographics:	Two thirds of school participants were teachers.
Other Material Changes:	No other data changes were deemed to be material.

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES

Table 1: Projection of Contributions using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2023	69,309,760	0	69,309,760	0	3,538,142	0	3,538,142
June 30, 2024	65,107,168	6,281,885	71,389,053	0	3,972,143	0	3,972,143
June 30, 2025	61,738,722	11,792,003	73,530,725	0	4,365,911	0	4,365,911
June 30, 2026	58,982,529	16,754,118	75,736,647	0	4,767,472	0	4,767,472
June 30, 2027	56,328,288	21,680,458	78,008,746	0	5,160,115	0	5,160,115
June 30, 2028	53,727,565	26,621,443	80,349,008	0	5,502,695	0	5,502,695
June 30, 2029	51,508,832	31,250,646	82,759,478	0	6,089,190	0	6,089,190
June 30, 2030	49,252,027	35,990,235	85,242,262	0	6,584,712	0	6,584,712
June 30, 2031	46,942,743	40,856,787	87,799,530	0	6,978,563	0	6,978,563
June 30, 2032	44,595,492	45,838,024	90,433,516	0	7,563,920	0	7,563,920
June 30, 2033	42,074,791	51,071,730	93,146,521	0	8,107,022	29,212	8,136,234
June 30, 2034	39,870,783	56,070,134	95,940,917	0	8,235,754	78,158	8,313,912
June 30, 2035	37,931,471	60,887,674	98,819,145	0	8,499,626	147,525	8,647,151
June 30, 2036	35,711,061	66,072,658	101,783,719	0	8,736,507	246,894	8,983,401
June 30, 2037	33,716,371	71,120,860	104,837,231	0	8,917,460	374,147	9,291,607
June 30, 2038	31,911,385	76,070,963	107,982,348	0	9,080,146	458,820	9,538,966
June 30, 2039	30,135,659	81,086,159	111,221,818	0	9,554,670	557,928	10,112,598
June 30, 2040	28,192,615	86,365,858	114,558,473	0	9,714,503	675,795	10,390,298
June 30, 2041	26,445,209	91,550,018	117,995,227	0	9,958,723	762,480	10,721,203
June 30, 2042	24,735,454	96,799,630	121,535,084	0	10,228,221	856,421	11,084,642
June 30, 2043	23,142,508	102,038,629	125,181,137	0	10,284,663	1,009,923	11,294,586
June 30, 2044	21,618,100	107,318,471	128,936,571	0	10,288,648	1,219,809	11,508,457
June 30, 2045	20,193,307	112,611,361	132,804,668	0	10,160,851	1,478,240	11,639,091
June 30, 2046	18,687,104	118,101,704	136,788,808	0	10,174,847	1,806,083	11,980,930
June 30, 2047	17,258,228	123,634,244	140,892,472	0	9,961,394	2,197,158	12,158,552
June 30, 2048	15,978,727	129,140,519	145,119,246	0	10,016,413	2,504,014	12,520,427
June 30, 2049	14,623,412	134,849,411	149,472,823	0	9,934,265	2,845,938	12,780,203
June 30, 2050	13,406,977	140,550,031	153,957,008	0	9,827,456	3,235,236	13,062,692
June 30, 2051	12,066,984	146,508,734	158,575,718	0	9,768,212	3,558,171	13,326,383
June 30, 2052	10,864,543	152,468,447	163,332,990	0	9,827,013	3,903,154	13,730,167
June 30, 2053	9,643,008	158,589,972	168,232,980	0	9,831,900	4,333,197	14,165,097
June 30, 2054	8,723,391	164,556,578	173,279,969	0	9,898,124	4,820,824	14,718,948
June 30, 2055	7,744,426	170,733,942	178,478,368	0	9,908,298	5,352,568	15,260,866
June 30, 2056	6,863,539	176,969,180	183,832,719	0	9,825,382	5,948,274	15,773,656
June 30, 2057	5,929,401	183,418,300	189,347,701	0	9,906,977	6,599,995	16,506,972
June 30, 2058	5,153,230	189,874,902	195,028,132	0	9,769,548	7,210,547	16,980,095
June 30, 2059	4,385,617	196,493,359	200,878,976	0	9,619,665	7,851,440	17,471,105
June 30, 2060	3,712,450	203,192,895	206,905,345	0	9,647,524	8,538,759	18,186,283
June 30, 2061	3,051,755	210,060,750	213,112,505	0	9,355,337	9,212,172	18,567,509
June 30, 2062	2,462,194	217,043,686	219,505,880	0	9,138,409	9,908,902	19,047,311

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2063	1,970,095	224,120,961	226,091,056	0	9,015,461	10,701,944	19,717,405
June 30, 2064	1,458,809	231,414,979	232,873,788	0	8,745,889	11,546,291	20,292,180
June 30, 2065	1,063,912	238,796,090	239,860,002	0	8,532,585	12,451,837	20,984,422
June 30, 2066	781,692	246,274,110	247,055,802	0	8,360,054	13,434,616	21,794,670
June 30, 2067	462,502	254,004,974	254,467,476	0	8,145,891	14,480,023	22,625,914
June 30, 2068	296,699	261,804,801	262,101,500	0	7,926,334	15,528,091	23,454,425
June 30, 2069	166,350	269,798,195	269,964,545	0	7,706,754	16,621,887	24,328,641
June 30, 2070	50,558	278,012,923	278,063,481	0	7,460,653	17,775,880	25,236,533
June 30, 2071	15,118	286,390,267	286,405,385	0	7,224,156	18,914,610	26,138,766
June 30, 2072	12,389	294,985,158	294,997,547	0	6,936,738	20,088,469	27,025,207
June 30, 2073	0	303,847,473	303,847,473	0	6,654,275	21,336,586	27,990,861
June 30, 2074	0	312,962,897	312,962,897	0	6,355,956	22,621,003	28,976,959
June 30, 2075	0	322,351,784	322,351,784	0	6,038,911	23,950,553	29,989,464
June 30, 2076	0	332,022,338	332,022,338	0	5,743,641	25,326,790	31,070,431
June 30, 2077	0	341,983,008	341,983,008	0	5,417,740	26,746,480	32,164,220
June 30, 2078	0	352,242,498	352,242,498	0	5,103,445	28,236,075	33,339,520
June 30, 2079	0	362,809,773	362,809,773	0	4,787,567	29,762,432	34,549,999
June 30, 2080	0	373,694,066	373,694,066	0	4,453,772	31,338,326	35,792,098
June 30, 2081	0	384,904,888	384,904,888	0	4,149,396	32,966,401	37,115,797
June 30, 2082	0	396,452,035	396,452,035	0	3,836,709	34,635,692	38,472,401
June 30, 2083	0	408,345,596	408,345,596	0	3,521,862	36,370,237	39,892,099
June 30, 2084	0	420,595,964	420,595,964	0	3,228,306	38,149,469	41,377,775
June 30, 2085	0	433,213,843	433,213,843	0	2,937,822	39,981,706	42,919,528
June 30, 2086	0	446,210,258	446,210,258	0	2,656,408	41,878,407	44,534,815
June 30, 2087	0	459,596,566	459,596,566	0	2,391,011	43,834,153	46,225,164
June 30, 2088	0	473,384,463	473,384,463	0	2,138,247	45,866,989	48,005,236
June 30, 2089	0	487,585,997	487,585,997	0	1,899,823	47,956,203	49,856,026
June 30, 2090	0	502,213,577	502,213,577	0	1,677,808	50,111,950	51,789,758
June 30, 2091	0	517,279,984	517,279,984	0	1,472,196	52,349,383	53,821,579
June 30, 2092	0	532,798,384	532,798,384	0	1,282,863	54,647,200	55,930,063
June 30, 2093	0	548,782,336	548,782,336	0	1,109,503	57,021,927	58,131,430
June 30, 2094	0	565,245,806	565,245,806	0	951,834	59,474,981	60,426,815
June 30, 2095	0	582,203,180	582,203,180	0	809,306	62,007,204	62,816,510
June 30, 2096	0	599,669,275	599,669,275	0	681,466	64,626,866	65,308,332
June 30, 2097	0	617,659,353	617,659,353	0	567,753	67,337,141	67,904,894

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2021 Valuation Date

For the Period Ending on the Measurement	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2023	10,583,134	3,538,142	1,271,745	4,809,887	0	3,538,142	3,538,142	1,162,350	13,017,229
June 30, 2024	13,017,229	3,972,143	1,236,250	5,208,393	0	3,972,143	3,972,143	693,974	14,947,453
June 30, 2025	14,947,453	4,365,911	1,296,246	5,662,157	0	4,365,911	4,365,911	866,627	17,110,326
June 30, 2026	17,110,326	4,767,472	1,309,686	6,077,158	0	4,767,472	4,767,472	987,251	19,407,263
June 30, 2027	19,407,263	5,160,115	1,322,676	6,482,791	0	5,160,115	5,160,115	1,115,317	21,845,256
June 30, 2028	21,845,256	5,502,695	1,334,063	6,836,758	0	5,502,695	5,502,695	1,251,182	24,430,501
June 30, 2029	24,430,501	6,089,190	1,352,328	7,441,518	0	6,089,190	6,089,190	1,395,422	27,178,251
June 30, 2030	27,178,251	6,584,712	1,367,148	7,951,860	0	6,584,712	6,584,712	1,548,603	30,094,002
June 30, 2031	30,094,002	6,978,563	1,377,592	8,356,155	0	6,978,563	6,978,563	1,711,006	33,182,600
June 30, 2032	33,182,600	7,563,920	1,383,486	8,947,406	0	7,563,920	7,563,920	1,882,893	36,448,979
June 30, 2033	36,448,979	8,107,022	1,379,778	9,486,800	0	8,136,234	8,136,234	2,064,402	39,863,947
June 30, 2034	39,863,947	8,235,754	1,382,028	9,617,782	0	8,313,912	8,313,912	2,254,336	43,422,153
June 30, 2035	43,422,153	8,499,626	1,389,660	9,889,286	0	8,647,151	8,647,151	2,452,382	47,116,670
June 30, 2036	47,116,670	8,736,507	1,382,712	10,119,219	0	8,983,401	8,983,401	2,657,606	50,910,094
June 30, 2037	50,910,094	8,917,460	1,379,628	10,297,088	0	9,291,607	9,291,607	2,868,436	54,784,011
June 30, 2038	54,784,011	9,080,146	1,379,853	10,459,999	0	9,538,966	9,538,966	3,083,832	58,788,876
June 30, 2039	58,788,876	9,554,670	1,376,918	10,931,588	0	10,112,598	10,112,598	3,306,422	62,914,288
June 30, 2040	62,914,288	9,714,503	1,361,059	11,075,562	0	10,390,298	10,390,298	3,535,360	67,134,912
June 30, 2041	67,134,912	9,958,723	1,348,894	11,307,617	0	10,721,203	10,721,203	3,769,693	71,491,019
June 30, 2042	71,491,019	10,228,221	1,332,954	11,561,175	0	11,084,642	11,084,642	4,011,456	75,979,008
June 30, 2043	75,979,008	10,284,663	1,317,484	11,602,147	0	11,294,586	11,294,586	4,260,563	80,547,132
June 30, 2044	80,547,132	10,288,648	1,300,074	11,588,722	0	11,508,457	11,508,457	4,514,074	85,141,471
June 30, 2045	85,141,471	10,160,851	1,282,772	11,443,623	0	11,639,091	11,639,091	4,769,044	89,715,047
June 30, 2046	89,715,047	10,174,847	1,253,869	11,428,716	0	11,980,930	11,980,930	5,022,543	94,185,376
June 30, 2047	94,185,376	9,961,394	1,223,070	11,184,464	0	12,158,552	12,158,552	5,270,248	98,481,536
June 30, 2048	98,481,536	10,016,413	1,195,968	11,212,381	0	12,520,427	12,520,427	5,508,372	102,681,862
June 30, 2049	102,681,862	9,934,265	1,155,915	11,090,180	0	12,780,203	12,780,203	5,740,811	106,732,650
June 30, 2050	106,732,650	9,827,456	1,119,143	10,946,599	0	13,062,692	13,062,692	5,965,027	110,581,584
June 30, 2051	110,581,584	9,768,212	1,063,676	10,831,888	0	13,326,383	13,326,383	6,177,506	114,264,595
June 30, 2052	114,264,595	9,827,013	1,011,244	10,838,257	0	13,730,167	13,730,167	6,380,844	117,753,529
June 30, 2053	117,753,529	9,831,900	947,698	10,779,598	0	14,165,097	14,165,097	6,573,086	120,941,116
June 30, 2054	120,941,116	9,898,124	905,180	10,803,304	0	14,718,948	14,718,948	6,749,150	123,774,622
June 30, 2055	123,774,622	9,908,298	848,419	10,756,717	0	15,260,866	15,260,866	6,905,136	126,175,609
June 30, 2056	126,175,609	9,825,382	793,816	10,619,198	0	15,773,656	15,773,656	7,037,133	128,058,284
June 30, 2057	128,058,284	9,906,977	723,959	10,630,936	0	16,506,972	16,506,972	7,139,894	129,322,142
June 30, 2058	129,322,142	9,769,548	664,192	10,433,740	0	16,980,095	16,980,095	7,208,526	129,984,313
June 30, 2059	129,984,313	9,619,665	596,673	10,216,338	0	17,471,105	17,471,105	7,243,491	129,973,037
June 30, 2060	129,973,037	9,647,524	533,136	10,180,660	0	18,186,283	18,186,283	7,241,122	129,208,536
June 30, 2061	129,208,536	9,355,337	462,573	9,817,910	0	18,567,509	18,567,509	7,196,680	127,655,617
June 30, 2062	127,655,617	9,138,409	393,901	9,532,310	0	19,047,311	19,047,311	7,108,455	125,249,071

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2063	125,249,071	9,015,461	332,635	9,348,096	0	19,717,405	19,717,405	6,972,971	121,852,733
June 30, 2064	121,852,733	8,745,889	259,942	9,005,831	0	20,292,180	20,292,180	6,782,141	117,348,525
June 30, 2065	117,348,525	8,532,585	200,062	8,732,647	0	20,984,422	20,984,422	6,530,064	111,626,814
June 30, 2066	111,626,814	8,360,054	155,116	8,515,170	0	21,794,670	21,794,670	6,210,705	104,558,019
June 30, 2067	104,558,019	8,145,891	96,845	8,242,736	0	22,625,914	22,625,914	5,816,082	95,990,923
June 30, 2068	95,990,923	7,926,334	65,555	7,991,889	0	23,454,425	23,454,425	5,338,893	85,867,280
June 30, 2069	85,867,280	7,706,754	38,781	7,745,535	0	24,328,641	24,328,641	4,775,284	74,059,458
June 30, 2070	74,059,458	7,460,653	12,436	7,473,089	0	25,236,533	25,236,533	4,118,047	60,414,061
June 30, 2071	60,414,061	7,224,156	3,923	7,228,079	0	26,138,766	26,138,766	3,359,129	44,862,503
June 30, 2072	44,862,503	6,936,738	3,392	6,940,130	0	27,025,207	27,025,207	2,494,448	27,271,874
June 30, 2073	27,271,874	6,654,275	0	6,654,275	0	27,990,861	27,990,861	1,516,316	7,451,604
June 30, 2074	7,451,604	6,355,956	0	6,355,956	0	28,976,959	28,976,959	414,309	0
June 30, 2075	0	6,038,911	0	6,038,911	0	29,989,464	29,989,464	0	0
June 30, 2076	0	5,743,641	0	5,743,641	0	31,070,431	31,070,431	0	0
June 30, 2077	0	5,417,740	0	5,417,740	0	32,164,220	32,164,220	0	0
June 30, 2078	0	5,103,445	0	5,103,445	0	33,339,520	33,339,520	0	0
June 30, 2079	0	4,787,567	0	4,787,567	0	34,549,999	34,549,999	0	0
June 30, 2080	0	4,453,772	0	4,453,772	0	35,792,098	35,792,098	0	0
June 30, 2081	0	4,149,396	0	4,149,396	0	37,115,797	37,115,797	0	0
June 30, 2082	0	3,836,709	0	3,836,709	0	38,472,401	38,472,401	0	0
June 30, 2083	0	3,521,862	0	3,521,862	0	39,892,099	39,892,099	0	0
June 30, 2084	0	3,228,306	0	3,228,306	0	41,377,775	41,377,775	0	0
June 30, 2085	0	2,937,822	0	2,937,822	0	42,919,528	42,919,528	0	0
June 30, 2086	0	2,656,408	0	2,656,408	0	44,534,815	44,534,815	0	0
June 30, 2087	0	2,391,011	0	2,391,011	0	46,225,164	46,225,164	0	0
June 30, 2088	0	2,138,247	0	2,138,247	0	48,005,236	48,005,236	0	0
June 30, 2089	0	1,899,823	0	1,899,823	0	49,856,026	49,856,026	0	0
June 30, 2090	0	1,677,808	0	1,677,808	0	51,789,758	51,789,758	0	0
June 30, 2091	0	1,472,196	0	1,472,196	0	53,821,579	53,821,579	0	0
June 30, 2092	0	1,282,863	0	1,282,863	0	55,930,063	55,930,063	0	0
June 30, 2093	0	1,109,503	0	1,109,503	0	58,131,430	58,131,430	0	0
June 30, 2094	0	951,834	0	951,834	0	60,426,815	60,426,815	0	0
June 30, 2095	0	809,306	0	809,306	0	62,816,510	62,816,510	0	0
June 30, 2096	0	681,466	0	681,466	0	65,308,332	65,308,332	0	0
June 30, 2097	0	567,753	0	567,753	0	67,904,894	67,904,894	0	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [5.56%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.42%]
June 30, 2023	10,583,134	3,538,142	3,538,142	0	3,538,142	0	3,538,142
June 30, 2024	13,017,229	3,972,143	3,972,143	0	3,762,924	0	3,768,077
June 30, 2025	14,947,453	4,365,911	4,365,911	0	3,918,105	0	3,928,843
June 30, 2026	17,110,326	4,767,472	4,767,472	0	4,053,125	0	4,069,798
June 30, 2027	19,407,263	5,160,115	5,160,115	0	4,155,869	0	4,178,678
June 30, 2028	21,845,256	5,502,695	5,502,695	0	4,198,349	0	4,227,172
June 30, 2029	24,430,501	6,089,190	6,089,190	0	4,401,120	0	4,437,403
June 30, 2030	27,178,251	6,584,712	6,584,712	0	4,508,594	0	4,551,987
June 30, 2031	30,094,002	6,978,563	6,978,563	0	4,526,588	0	4,576,412
June 30, 2032	33,182,600	7,563,920	7,563,920	0	4,647,854	0	4,705,447
June 30, 2033	36,448,979	8,107,022	8,107,022	0	4,719,191	0	4,784,210
June 30, 2034	39,863,947	8,235,754	8,235,754	0	4,541,613	0	4,610,490
June 30, 2035	43,422,153	8,499,626	8,499,626	0	4,440,248	0	4,513,760
June 30, 2036	47,116,670	8,736,507	8,736,507	0	4,323,604	0	4,401,202
June 30, 2037	50,910,094	8,917,460	8,917,460	0	4,180,708	0	4,261,570
June 30, 2038	54,784,011	9,080,146	9,080,146	0	4,032,758	0	4,116,386
June 30, 2039	58,788,876	9,554,670	9,554,670	0	4,019,996	0	4,108,979
June 30, 2040	62,914,288	9,714,503	9,714,503	0	3,871,962	0	3,963,087
June 30, 2041	67,134,912	9,958,723	9,958,723	0	3,760,233	0	3,853,999
June 30, 2042	71,491,019	10,228,221	10,228,221	0	3,658,574	0	3,754,939
June 30, 2043	75,979,008	10,284,663	10,284,663	0	3,484,997	0	3,581,688
June 30, 2044	80,547,132	10,288,648	10,288,648	0	3,302,717	0	3,398,998
June 30, 2045	85,141,471	10,160,851	10,160,851	0	3,089,895	0	3,184,326
June 30, 2046	89,715,047	10,174,847	10,174,847	0	2,931,177	0	3,024,895
June 30, 2047	94,185,376	9,961,394	9,961,394	0	2,718,535	0	2,809,295
June 30, 2048	98,481,536	10,016,413	10,016,413	0	2,589,570	0	2,679,689
June 30, 2049	102,681,862	9,934,265	9,934,265	0	2,433,054	0	2,521,174
June 30, 2050	106,732,650	9,827,456	9,827,456	0	2,280,121	0	2,365,936
June 30, 2051	110,581,584	9,768,212	9,768,212	0	2,147,002	0	2,230,858
June 30, 2052	114,264,595	9,827,013	9,827,013	0	2,046,159	0	2,128,988
June 30, 2053	117,753,529	9,831,900	9,831,900	0	1,939,349	0	2,020,617
June 30, 2054	120,941,116	9,898,124	9,898,124	0	1,849,575	0	1,929,720
June 30, 2055	123,774,622	9,908,298	9,908,298	0	1,753,957	0	1,832,464
June 30, 2056	126,175,609	9,825,382	9,825,382	0	1,647,669	0	1,723,775
June 30, 2057	128,058,284	9,906,977	9,906,977	0	1,573,846	0	1,648,797
June 30, 2058	129,322,142	9,769,548	9,769,548	0	1,470,267	0	1,542,395
June 30, 2059	129,984,313	9,619,665	9,619,665	0	1,371,457	0	1,440,708
June 30, 2060	129,973,037	9,647,524	9,647,524	0	1,302,983	0	1,370,650
June 30, 2061	129,208,536	9,355,337	9,355,337	0	1,196,969	0	1,260,855
June 30, 2062	127,655,617	9,138,409	9,138,409	0	1,107,630	0	1,168,345

Sum of Column V.
133,726,810

Sum of Column VI.
6,343,396

Sum of Column VII.
[V. + VI.]
140,070,206

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2021 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [5.56%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.42%]
June 30, 2063	125,249,071	9,015,461	9,015,461	0	1,035,172	0	1,093,411
June 30, 2064	121,852,733	8,745,889	8,745,889	0	951,326	0	1,006,223
June 30, 2065	117,348,525	8,532,585	8,532,585	0	879,238	0	931,249
June 30, 2066	111,626,814	8,360,054	8,360,054	0	816,086	0	865,544
June 30, 2067	104,558,019	8,145,891	8,145,891	0	753,296	0	800,043
June 30, 2068	95,990,923	7,926,334	7,926,334	0	694,385	0	738,486
June 30, 2069	85,867,280	7,706,754	7,706,754	0	639,587	0	681,140
June 30, 2070	74,059,458	7,460,653	7,460,653	0	586,551	0	625,513
June 30, 2071	60,414,061	7,224,156	7,224,156	0	538,043	0	574,568
June 30, 2072	44,862,503	6,936,738	6,936,738	0	489,424	0	523,365
June 30, 2073	27,271,874	6,654,275	6,654,275	0	444,766	0	476,261
June 30, 2074	7,451,604	6,355,956	6,355,956	0	402,450	0	431,539
June 30, 2075	0	6,038,911	0	6,038,911	0	737,827	388,949
June 30, 2076	0	5,743,641	0	5,743,641	0	673,947	350,927
June 30, 2077	0	5,417,740	0	5,417,740	0	610,518	314,009
June 30, 2078	0	5,103,445	0	5,103,445	0	552,314	280,596
June 30, 2079	0	4,787,567	0	4,787,567	0	497,599	249,706
June 30, 2080	0	4,453,772	0	4,453,772	0	444,565	220,362
June 30, 2081	0	4,149,396	0	4,149,396	0	397,772	194,755
June 30, 2082	0	3,836,709	0	3,836,709	0	353,224	170,827
June 30, 2083	0	3,521,862	0	3,521,862	0	311,391	148,753
June 30, 2084	0	3,228,306	0	3,228,306	0	274,126	129,349
June 30, 2085	0	2,937,822	0	2,937,822	0	239,576	111,663
June 30, 2086	0	2,656,408	0	2,656,408	0	208,044	95,780
June 30, 2087	0	2,391,011	0	2,391,011	0	179,839	81,781
June 30, 2088	0	2,138,247	0	2,138,247	0	154,455	69,379
June 30, 2089	0	1,899,823	0	1,899,823	0	131,795	58,476
June 30, 2090	0	1,677,808	0	1,677,808	0	111,782	48,989
June 30, 2091	0	1,472,196	0	1,472,196	0	94,197	40,777
June 30, 2092	0	1,282,863	0	1,282,863	0	78,831	33,708
June 30, 2093	0	1,109,503	0	1,109,503	0	65,476	27,655
June 30, 2094	0	951,834	0	951,834	0	53,946	22,506
June 30, 2095	0	809,306	0	809,306	0	44,051	18,153
June 30, 2096	0	681,466	0	681,466	0	35,623	14,500
June 30, 2097	0	567,753	0	567,753	0	28,503	11,460

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2022 Active Plans: effective March 1, 2022 Dental Plans: N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical and Dental Insurance as well as \$1,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements have been reflected.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

Hire Date	Eligibility
Before April 2, 2012	<ul style="list-style-type: none"> • Age 55 with 10 years of creditable service • 20 years of service regardless of age
On or after April 2, 2012	<ul style="list-style-type: none"> • Age 60 with 10 years of creditable service

Participant Contributions

Group	Individual	Two-Person / Family
Medical	<ul style="list-style-type: none"> • 35% of premiums for HMO plans • 40% of premiums for PPO and Medicare Supplement plans 	<ul style="list-style-type: none"> • 35% of premiums for HMO plans • 40% of premiums for PPO and Medicare Supplement plans
Dental	100%	100%
Life	50% of premiums	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females

Post-Retirement Mortality

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Disabled Mortality

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year
Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Assumption Experience Study

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Discount Rate

5.42% per annum (previously 5.48%)

Net Long Term Rate of Return

5.56% (based on investment policy)

Municipal Bond Rate

4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

Market Value of Assets as of the Measurement Date, June 30, 2023

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

It was assumed that employees would terminate employment in accordance with the sample rates shown in the following table:

Non-Public Safety Employees

Service	Male	Female
0	15.00%	15.00%
5	7.60%	7.60%
10	5.40%	5.40%
15	3.30%	3.30%
20	2.00%	2.00%

Public Safety Employees

Service	Male	Female
0	9.00%	9.00%
5	6.00%	6.00%
10	3.50%	3.50%
15	2.00%	2.00%
20	1.50%	1.50%
25	1.50%	1.50%
30	1.50%	1.50%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

Age	Standard Male	Standard Female	Male Teachers	Female Teachers	Public Safety
45 - 49	0.00%	0.00%	0.00%	0.00%	6.00%
50 - 51	3.00%	3.00%	2.00%	1.50%	6.00%
52	3.00%	3.00%	2.00%	1.50%	6.00%
53	3.00%	3.00%	2.00%	1.50%	7.50%
54	3.00%	3.50%	2.00%	2.00%	15.00%
55	3.50%	5.00%	6.00%	5.00%	25.00%
56	3.50%	5.00%	20.00%	15.00%	15.00%
57	4.00%	5.50%	40.00%	35.00%	15.00%
58	5.00%	6.00%	50.00%	35.00%	15.00%
59	6.00%	6.50%	50.00%	35.00%	15.00%
60	9.00%	7.50%	40.00%	35.00%	20.00%
61	11.00%	10.00%	40.00%	35.00%	20.00%
62	15.00%	15.00%	35.00%	35.00%	20.00%
63	15.00%	15.00%	35.00%	35.00%	20.00%
64	16.00%	15.00%	35.00%	35.00%	30.00%
65	20.00%	20.00%	35.00%	35.00%	50.00%
66	20.00%	20.00%	40.00%	35.00%	25.00%
67	20.00%	20.00%	40.00%	30.00%	25.00%
68	20.00%	20.00%	40.00%	30.00%	25.00%
69	20.00%	20.00%	40.00%	30.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%	100.00%	100.00%

Permanent Disability Rates

Age	Standard	Teachers	Public Safety
20	0.01%	0.05%	0.20%
30	0.01%	0.07%	0.21%
40	0.07%	0.21%	0.71%
50	0.13%	0.42%	1.10%
60	0.12%	0.50%	0.80%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

Medicare Part A & B Premiums & Penalties: Assumed to rise at the same rates as our Medical Plan trend assumption.

Medical Plans: Rates were developed using the SOA Getzen Model of Long-Run Medical Cost Trends with the following model input variables:

Inflation (CPI):	2.50%
Real GDP (per capita):	1.10%
Excess Medical Cost Growth:	1.10%
Expected Health Share of GDP in 2030:	21%
Health Share of GDP Resistance Point:	22.5%
Year for Limiting Cost Growth to GDP Growth:	2060

See below for a table of trend rates for select years:

Year	Rate
2021	9.00%
2022	8.00%
2023	6.50%
2024	5.00%
2025	4.96%
2026	4.92%
2027	4.88%
2028	4.84%
2029	4.81%
2030 - 2037	4.77%
2050	4.38%
2060+	3.63%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.

Spouse Participation Rate

It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement.

Medicare Eligibility

It was assumed that retirees who were over age 66 on the valuation date and were enrolled in an Active plan were ineligible for Medicare and all other participants would be eligible for Medicare at age 65, absent any information to the contrary.

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

We recognize that COVID-19 may impact plan experience. We have reviewed the assumptions used in this report. Based on the data that is currently available, we have not made any adjustments to these assumptions to reflect the impact of COVID-19. We will continue to monitor the impact of COVID-19 to determine if adjustments to valuation assumptions are warranted.

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

The implicit subsidy arises because retirees who are not eligible for Medicare are charged the same premium as active employees, even though their actual medical costs are higher on average. Consequently, a portion of the premiums being paid for active employees are being used to “subsidize” the premiums of retirees. Actuarial Standards of Practice and GASB standards require the liability associated with this implicit subsidy to be valued. The chart below shows a breakdown of how implicit cost impacts reported cash flows and liabilities. Actuarial Standard of Practice No. 6 (“ASOP 6”) requires us to recognize this implicit subsidy while the plan sponsor may only pay the premiums billed by an insurance provider.

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2023</u>	<u>June 30, 2022</u>
I. Total OPEB Liability	120,063,845	113,216,300
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>88,382,959</u>	<u>83,211,457</u>
III. Liability from Implicit Subsidy [I. - II.]	31,680,886	30,004,843

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2023</u>	<u>June 30, 2022</u>
IV. Employer Payments (Including Implicit Subsidy)	3,538,142	3,440,619
V. Actual Employer Payments	<u>2,665,450</u>	<u>2,635,024</u>
VI. Implicit Subsidy [IV. - V.]	872,692	805,595

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-65 and post-65 per capita costs were developed using fully insured premium rates.

ANNUAL PER CAPITA CLAIMS*

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,980	3,139	44 & Under	9,788	6,414	65 to 69	2,959	3,038
25 to 29	7,348	3,267	45 to 49	10,752	8,098	70 to 74	3,490	3,641
30 to 34	9,284	4,101	50 to 54	12,648	10,665	75 to 79	4,050	4,300
35 to 39	9,563	5,148	55 to 59	14,621	13,866	80 to 84	4,644	4,942
40 to 44	9,788	6,414	60 to 64	17,399	17,794	85 to 89	5,192	5,506
45 to 49	10,752	8,098	65 to 69	20,858	22,195	90 & Over	5,192	5,506
50 to 54	12,648	10,665	70 to 74	24,596	26,598			
55 to 59	14,621	13,866	75 to 79	28,564	31,414			
60 to 64	17,399	17,794	80 to 84	32,750	36,109			
65 to 69	20,858	22,195	85 to 89	37,384	41,331			
70 & Over	24,596	26,598	90 & Over	37,384	41,331			

*Based on SOA 'Health Care Costs--From Birth to Death' study published in 2013

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

For the projection of plan liabilities in future years, it was assumed that the number of active employees will remain constant and those who terminate employment or retire will be replaced with new employees with the demographics below:

Open Group Forecast Population Demographics		
Age	Male	Female
20	8.0%	5.0%
30	7.0%	14.0%
40	20.0%	19.0%
50	10.0%	10.0%
60	<u>3.0%</u>	<u>4.0%</u>
Total	48.0%	52.0%

Additional Comments

The liabilities being reported as of the Measurement Date of June 30, 2023 reflect a closed group and do not reflect any new entrants after the valuation date.

To the best of our knowledge all employees who are eligible on the valuation date are included in the actuarial valuation.

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2021
A. Average Age at Hire	36.73
B. Average Service	<u>9.91</u>
C. Average Current Age	46.64

Retired Employees & Spouses

Valuation Date	July 1, 2021
A. Under Age 65	109
B. Age 65 & Over	<u>509</u>
C. Total	618

Average Service Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	26	1								27
25-29	47	11	2							60
30-34	48	23	7							78
35-39	38	28	37	11	1					115
40-44	42	30	22	41	10					145
45-49	43	32	17	20	29	1				142
50-54	39	47	30	18	29	11	5			179
55-59	33	25	33	17	16	2	4			130
60-64	19	18	13	15	17	5		2	1	90
65-69	3	4	4	2	2				2	17
70+	2	3	1	1	2		1		1	11
Total	340	222	166	125	106	19	10	2	4	994

APPENDIX IV – PLAN DEMOGRAPHICS

<u>Plan Offerings</u>	<u>Number of Contracts</u>			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue Premium	150		234	384
HMO Blue Value	79		115	194
PPO	22		34	56
Medicare PPO Blue Freedom	1	3		4
Medex II	145	172		317
Total	397	175	383	955

	<u>Per Contract Costs (monthly)</u>		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue Premium	956.23		2,508.19
HMO Blue Value	914.89		2,399.77
PPO	1,034.76		2,714.16
Medicare PPO Blue Freedom	357.00	714.00	
Medex II	347.78	695.56	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Blue Premium	150		234	618	8,764,211.52	7,091,401.68
HMO Blue Value	79		115	309	4,178,998.32	3,392,412.12
PPO	22		34	90	1,380,553.92	1,117,540.80
Total	251	0	383	1,017	14,323,763.76	11,601,354.60
Blended Average Monthly Rate:						\$ 950.62

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medicare PPO Blue Freedom	1	3		7	29,988.00	29,988.00
Medex II	145	172		489	2,040,773.04	2,040,773.04
Total	146	175	0	496	2,070,761.04	2,070,761.04
Blended Average Monthly Rate:						\$ 347.91

APPENDIX V – OVERVIEW OF GASB 74 & 75

Before Statements 74 and 75, GASB statement 45 established the reporting standards for Other Postemployment Benefit (“OPEB”) plans. It was designed to recognize the Other Postemployment Benefits earned by employees throughout their working career vs. when they are paid in retirement – accrual accounting vs. “pay-as-you-go” accounting. Additionally, each eligible active employee earns benefits each year representing benefits to be paid in retirement or a “Service Cost”. These amounts are reflected in your financial statement each year so that OPEB benefits for an eligible employee shall be fully charged to the financial statement when that eligible employee terminates employment.

In 2012 GASB issued GASB Statements 67 and 68 to update and standardize the financial reporting of pension liabilities. This increased the transparency of pension liabilities by moving them to the balance sheet and made financial statement disclosures of pension liabilities more comparable between municipal entities. GASB Statements 74 and 75 are designed to have the same effect on OPEB plans.

GASB 74 and 75 require retiree medical plans to disclose information about asset and liability levels and show historical contribution information. GASB 74 only applies in situations where a separate trust is established to prefund these benefits. GASB 75 requires employers to perform periodic actuarial valuations to determine annual accounting costs and to keep a running tally of the extent to which these amounts are over or under funded.

GASB 74 and 75 apply to those benefits provided after retirement, except for pension benefits, such as medical, dental and life insurance. The philosophy behind the accounting standard is that these postemployment benefits are part of the compensation earned by employees in return for their services, and the cost of these benefits should be recognized while employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 74 and 75 extend this practice to all other postemployment benefits.

APPENDIX V – OVERVIEW OF GASB 74 & 75

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates – How likely is it that an employee will qualify for postemployment benefits and when will they start?

Medical inflation and claims cost assumptions – When an employee starts receiving postemployment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption – How long is a retiree likely to receive benefits?

Discount rate assumption – What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the Town, the present value is divided into three pieces: the part that is attributed to past years (the "Total OPEB Liability" or "Past Service Liability"), the part that is being earned this year (the "Service Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Service Cost have been calculated, the next step is to determine an actuarially determined contribution. This is an amount that if paid annually would fully prefund the benefits for current active and retired employees. This consists of two pieces:

- ✓ Service Cost – because the benefits earned by active employees each year should be paid for each year
- ✓ Past Service Cost – a catch-up payment to fund the Accrued Liability over a period of time determined by an actuary

The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the Town's financial statements as the Net OPEB Liability (NOL). If you decide to fully fund the NOL this will appear in the financial statement as a Net OPEB Asset. In addition, the Discount Rate used to calculate the liabilities must reflect the expected investment income of whatever funds are set aside to prefund the benefits; if there is no prefunding then the Discount Rate will be much lower and the liabilities significantly higher than if the benefits are prefunded.

APPENDIX VI – ASOP 41 DISCLOSURES

The Actuarial Standards Board (the “ASB”), vested by the U.S.-based actuarial organizations¹, promulgates actuarial standards of practice (“ASOPs”) for use by actuaries when providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct², to observe the ASOPs of the ASB when practicing in the United States.

The ASOPs are not narrowly prescriptive and neither dictate a single approach nor mandate a particular outcome. ASOPs are intended to provide actuaries with a framework for performing professional assignments and to offer guidance on relevant issues, recommended practices, documentation, and disclosure. Each ASOP articulates a process of analysis, documentation, and disclosure that, in the ASB’s judgment, constitutes appropriate practice within the scope and purpose of the ASOP.

ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in this Appendix.

Identification of the Responsible Actuary

The responsible actuary is Parker Elmore, ASA, EA, FCA, MAAA of Odyssey Advisors. This actuary is available to provide supplementary information and explanation.

Identification of Actuarial Documents

The date of this document is August 9, 2023 and its subject is the Town of Westford's GASB 75 OPEB liabilities.

¹ The American Academy of Actuaries (the “Academy”), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

² These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

- ✓ The contents of this report are intended for the use of the officers, employees, and elected officials of the Town and the Town's appointed auditor. The Town may distribute this report to those parties that have a legal right to require the Town to provide it, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Town notify Odyssey Advisors to whom it was distributed.
- ✓ The purpose of this engagement was to provide the Town with analysis of the GASB 75 OPEB liabilities.
- ✓ The responsible actuary identified above is qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- ✓ Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
- ✓ Actuarial computations under GASB 75 are for purposes of fulfilling financial accounting requirements of the Town. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. These communications should not be relied upon for any other purpose.
- ✓ The Town of Westford has agreed to pay Odyssey Advisors a fee for preparing this report. Other than with regard to that contract, we are financially and organizationally independent from the Town and any entity or individual related to the Town. There is nothing in our relationship with the Town that would impair or seem to impair the objectivity of our work.
- ✓ The Town provided the employee/retiree data, premium rates and other information used to prepare our report. We have reviewed the data for reasonableness but have not audited it. To the extent that there are material inaccuracies in the data, our results may be accordingly affected.
- ✓ The date through which data or other information has been considered in developing the findings included in this report is June 30, 2023.
- ✓ The various documents comprising the actuarial report are contained within the document to which these disclosures are attached.

APPENDIX VI – ASOP 41 DISCLOSURES

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Actuarial Findings

The actuarial findings of the report can be found in the report to which these disclosures are attached.

Methods, Procedures, Assumptions, and Data

The methods, procedures, assumptions and data used by the actuary can be found in the report to which these disclosures are attached.

Assumptions or Methods Prescribed by Law

While not legally binding, our determinations were made in accordance with our understanding of Statement No. 75 of the Governmental Accounting Standards Board. Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. Determinations for purposes other than meeting such requirements may be significantly different from these results. Accordingly, additional determinations may be needed for other purposes.

Responsibility for Assumptions and Methods

The actuary does not disclaim responsibility for any material assumption(s) or method(s).

Deviation from the Guidance of an ASOP

The actuary has not deviated materially from the guidance set forth in an applicable ASOP.

Rounding

Results in this report are shown to the nearest dollar. Due to the predictive nature of these results, no implication is made as to the degree of precision in these unrounded figures. Clients should work with their auditors to decide if it would be prudent to round these results when applying them to the financial statements.

GLOSSARY

Accrual Accounting – A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Actuarially Determined Contribution – Amount of funding required annually to fully fund plan benefits. Determined by the actuary using a consistent methodology.

Amortization – Allows the recognition of liability over a fixed period of time.

Cash Basis Accounting – A system of accounting in which revenues are recorded when received and outlays are recorded when payment is made.

Deferred Inflows/Outflows of Resources – Amounts arising from experience gains and losses that have not been recognized into the OPEB Expense but will be recognized in the future.

Discount Rate – The interest rate used to calculate the present value of future cash flows. Under GASB 75, the rate should be the expected long-term rate of return on investments for a plan that is being fully funded, the 20-year municipal bond index for a pay-as-you-go plan, and a blend of the two rates for a plan that is being partially funded.

Entry Age Normal – Under this method, the annual service cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. The annual service cost for each active member is a level percent of payroll. The total OPEB liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination.

Fiduciary Net Position – The value of cash, investments, other assets and property belonging to an OPEB trust.

GLOSSARY

Government Accounting Standards Board (GASB) – “The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.”

Implicit Subsidy – The liability that arises because retirees who are not eligible for Medicare are charged the same premium as active employees even though their actual medical costs are higher on average.

Irrevocable Contribution – The transfer of assets to a qualified trust in which assets may only be withdrawn for the purpose of providing retiree other postemployment benefits.

Net OPEB Liability (NOL) – Total OPEB Liability less the Fiduciary Net Position.

Other Postemployment Benefits (OPEB) – Benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

OPEB Trust – An entity which holds assets for the sole purpose of funding OPEB. All contributions and earnings within this entity must be irrevocable and protected from creditors.

Pay-as-you-go funding – Paying benefits (such as pensions or OPEB) on a cash basis, with no money set aside for future liabilities which are already incurred.

Service Cost – The actuarially determined present value contribution needed to fund benefits which are earned for employee service rendered during the current year. Service cost depends on many factors, including the interest rate used to discount future cashflows, and expected inflation.

Total OPEB Liability (TOL) – That portion, as determined by the Individual Entry Age Normal Actuarial Cost Method, of the Actuarial Present Value of benefits and expenses which are not provided for by future Service Costs.