

Town of Westford Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2023

As of the Measurement Date:
June 30, 2024

For the Reporting Date:
June 30, 2024

Delivered August 8, 2024



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August 8, 2024

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, 2024 with a Measurement Date of June 30, 2024 and a Valuation Date of July 1, 2023. 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,



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

August 8, 2024

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, 2023 with a Measurement Date of June 30, 2024 for the Reporting Date & Fiscal Year Ending June 30, 2024 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.



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

EXECUTIVE SUMMARY

How did plan liabilities change from FY 23 to FY 24?

Plan Experience

For the year ending on the Measurement Date of June 30, 2024, experience was largely in line with expectation, with an experience loss of \$603,714 or 0.50% of the beginning Total OPEB Liability ("TOL").

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change decreased disclosed liabilities by approximately \$8.9 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.42% to 5.98% decreasing the disclosed liability by approximately \$8.9 million.

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 \$820 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 6.42 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 67.11% 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 2024 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (5.98%) – 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

EXECUTIVE SUMMARY

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.21% as of June 30, 2024.
- ✓ Current Asset Level – The Town had \$15,581,831 of OPEB assets as of June 30, 2024.
- ✓ Future Funding Policy – The Town is expected to contribute annually the service cost of employees hired after January 1, 2012. For the sake of this report, that was assumed to be \$1M beyond pay-as-you-go costs for FY 2025, increasing by \$100k annually thereafter.
- ✓ Investment Policy – The Town is expected to earn 6.21% per year on assets based on its investment policy.

Low Default Risk Obligation Measure (LDRM)

For purposes of this LDRM, we have used a discount rate of 4.21% 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 \$151.2 million vs. the \$117.8 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$33 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.

EXECUTIVE SUMMARY

Medicare Buy-In

The Town currently has 16 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, 2023	July 1, 2021
Measurement Date & Period Ending	June 30, 2024	June 30, 2023
Reporting Date/Fiscal Year End	June 30, 2024	June 30, 2023
Total OPEB Liability	117,806,481	120,063,845
Per Eligible Active Plan Participant	66,231	68,625
Per Retiree/Spouse Plan Participant	75,889	83,901
Total Annual Service Cost (Annual Benefit Accrual)	3,379,261	3,216,021
Per Eligible Active Plan Participant	3,369	3,235
Expected Employer Share of Retiree Costs	3,972,143	3,538,142
Per Retiree/Spouse Plan Participant	5,867	5,725
Net OPEB Liability as a % of Covered Payroll	144.07%	154.45%

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, 2024	677	117,806,481	117,806,481	3,972,143	3,972,143
June 30, 2029	815	144,474,183	124,624,699	6,192,335	5,341,563
June 30, 2034	906	169,892,707	126,416,129	8,536,973	6,352,310
June 30, 2039	951	195,861,239	125,715,876	10,324,176	6,626,696
June 30, 2044	945	224,533,814	124,318,929	11,652,543	6,451,731
June 30, 2049	922	262,291,727	125,271,990	12,684,821	6,058,341
June 30, 2054	906	310,175,001	127,787,994	14,649,092	6,035,232

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, 2025	(Projected)	4,401,672
June 30, 2024		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

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2024 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$102,224,650 assuming a discount rate of 5.98%. 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. For the sake of this report, that was assumed to be \$1M beyond pay-as-you-go costs for FY 2025, increasing by \$100k annually thereafter. The balance of this fund as of June 30, 2024 was \$15,581,831. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Westford
Assuming Funding - 5.98% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2023	July 1, 2021
For the Measurement Period ending on the Measurement Date of:	June 30, 2024	June 30, 2023
For the Reporting Period & Fiscal Year ending on:	June 30, 2024	June 30, 2023

I. Total OPEB Liability		
A. Actives	66,429,904	68,212,833
B. Retirees/Disabled	<u>51,376,577</u>	<u>51,851,012</u>
C. Total	117,806,481	120,063,845
II. Fiduciary Net Position [Plan Assets]	15,581,831	13,017,229
III. Net OPEB Liability (Asset) [I. - II.]	102,224,650	107,046,616
IV. Funded Ratio [II. / I.]	13.23%	10.84%
V. Number of Eligible Participants		
A. Actives	1,003	994
B. Retirees/Disabled & Dependents	<u>677</u>	<u>618</u>
C. Total	1,680	1,612
VI. Service Cost	3,379,261	3,216,021
VII. Financial Statement Expense/(Income)	12,411,431	13,787,330
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(998,547)	(1,271,745)
IX. Deferred Inflow of Resources	(11,795,546)	(5,160,700)
X. Deferred Outflow of Resources	17,574,226	23,202,087
XI. Money Weighted Rate of Return	11.24%	10.18%
XII. 20-year Municipal Bond Rate (SAPIHG)	4.21%	4.13%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.21%	5.56%
XIV. Crossover Year	2074	2075
XV. Discount Rate	5.98%	5.42%

PRINCIPAL RESULTS OF THE VALUATION

**Town of Westford
Plan Liabilities as of the June 30, 2024 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	4,128,587	51,670,716	5,144,634	3,959,120	867,242	253,701	405,904	66,429,904
B. Retirees/Disabled	<u>9,263,961</u>	<u>36,331,043</u>	<u>2,354,553</u>	<u>2,848,902</u>	<u>523,284</u>	<u>0</u>	<u>54,834</u>	<u>51,376,577</u>
C. Total	13,392,548	88,001,759	7,499,187	6,808,022	1,390,526	253,701	460,738	117,806,481
II. Fiduciary Net Position [Plan Assets]	1,639,975	10,776,196	918,308	833,672	1,326,194	31,067	56,419	15,581,831
III. Net OPEB Liability (Asset) [I. - II.]	11,752,573	77,225,563	6,580,879	5,974,350	64,332	222,634	404,319	102,224,650
For the Reporting Date and Fiscal Year Ending June 30, 2024								
IV. Service Cost	308,584	2,619,692	221,535	131,271	39,357	23,045	35,777	3,379,261
V. Financial Statement Expense/(Income)	1,327,872	9,411,295	804,752	658,672	92,495	43,628	72,717	12,411,431
VI. Employer Share of Costs	(784,466)	(2,871,081)	(124,105)	(121,655)	(69,075)	0	(1,761)	(3,972,143)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(115,041)	(755,925)	(64,417)	(58,480)	1,453	(2,179)	(3,958)	(998,547)
VIII. Total Employer Contribution [VI. + VII.]	(899,507)	(3,627,006)	(188,522)	(180,135)	(67,622)	(2,179)	(5,719)	(4,970,690)

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

Funding - 5.98% 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 6.21% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [II. / 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.]
2024	June 30, 2024	117,806,481	15,581,831	102,224,650	13.23%	3,379,261	3,972,143	998,547	4,970,690	3,972,143	0	998,547	
2025	June 30, 2025	123,537,239	17,580,045	105,957,194	14.23%	3,035,763	4,401,672	1,000,000	5,401,672	4,401,672	0	1,000,000	
2026	June 30, 2026	128,729,574	19,702,348	109,027,226	15.31%	3,126,547	4,876,751	1,000,000	5,876,751	4,876,751	0	1,000,000	
2027	June 30, 2027	133,955,960	22,059,504	111,896,456	16.47%	3,230,425	5,266,925	1,100,000	6,366,925	5,266,925	0	1,100,000	
2028	June 30, 2028	139,278,324	24,666,098	114,612,226	17.71%	3,337,542	5,586,510	1,200,000	6,786,510	5,586,510	0	1,200,000	
2029	June 30, 2029	144,474,183	27,537,620	116,936,563	19.06%	3,447,804	6,192,335	1,300,000	7,492,335	6,192,335	0	1,300,000	
2030	June 30, 2030	149,618,809	30,690,522	118,928,287	20.51%	3,560,041	6,690,021	1,400,000	8,090,021	6,690,021	0	1,400,000	
2031	June 30, 2031	154,817,261	34,142,277	120,674,984	22.05%	3,676,050	7,076,511	1,500,000	8,576,511	7,076,511	0	1,500,000	
2032	June 30, 2032	159,860,737	37,911,444	121,949,293	23.72%	3,792,169	7,672,781	1,600,000	9,272,781	7,672,781	0	1,600,000	
2033	June 30, 2033	164,830,169	42,017,735	122,812,434	25.49%	3,924,549	8,276,168	1,700,000	9,976,168	8,276,168	0	1,700,000	
2034	June 30, 2034	169,892,707	46,482,085	123,410,622	27.36%	4,046,003	8,536,973	1,800,000	10,336,973	8,536,973	0	1,800,000	
2035	June 30, 2035	175,028,126	51,326,729	123,701,397	29.32%	4,171,418	8,852,866	1,900,000	10,752,866	8,852,866	0	1,900,000	
2036	June 30, 2036	180,203,597	56,575,284	123,628,313	31.40%	4,309,776	9,090,751	2,000,000	11,090,751	9,090,751	0	2,000,000	
2037	June 30, 2037	185,627,618	62,252,832	123,374,786	33.54%	4,454,572	9,412,357	2,100,000	11,512,357	9,412,357	0	2,100,000	
2038	June 30, 2038	190,823,910	68,386,014	122,437,896	35.84%	4,602,315	9,719,043	2,200,000	11,919,043	9,719,043	0	2,200,000	
2039	June 30, 2039	195,861,239	75,003,125	120,858,114	38.29%	4,744,695	10,324,176	2,300,000	12,624,176	10,324,176	0	2,300,000	
2040	June 30, 2040	201,210,003	82,134,217	119,075,786	40.82%	4,901,806	10,584,608	2,400,000	12,984,608	10,584,608	0	2,400,000	
2041	June 30, 2041	206,557,818	89,811,208	116,746,610	43.48%	5,066,420	10,993,173	2,500,000	13,493,173	10,993,173	0	2,500,000	
2042	June 30, 2042	212,140,248	98,067,998	114,072,250	46.23%	5,239,393	11,416,938	2,600,000	14,016,938	11,416,938	0	2,600,000	
2043	June 30, 2043	218,239,171	106,940,593	111,298,578	49.00%	5,419,851	11,554,084	2,700,000	14,254,084	11,554,084	0	2,700,000	
2044	June 30, 2044	224,533,814	116,467,234	108,066,580	51.87%	5,609,327	11,652,543	2,800,000	14,452,543	11,652,543	0	2,800,000	
2045	June 30, 2045	231,304,688	126,688,538	104,616,150	54.77%	5,788,183	11,661,199	2,900,000	14,561,199	11,661,199	0	2,900,000	
2046	June 30, 2046	238,493,812	137,647,643	100,846,169	57.72%	5,990,244	11,914,564	3,000,000	14,914,564	11,914,564	0	3,000,000	
2047	June 30, 2047	246,136,406	149,390,367	96,746,039	60.69%	6,201,948	11,891,068	3,100,000	14,991,068	11,891,068	0	3,100,000	
2048	June 30, 2048	254,177,497	161,965,372	92,212,125	63.72%	6,416,424	12,264,008	3,200,000	15,464,008	12,264,008	0	3,200,000	
2049	June 30, 2049	262,291,727	175,424,343	86,867,384	66.88%	6,649,295	12,684,821	3,300,000	15,984,821	12,684,821	0	3,300,000	
2050	June 30, 2050	271,194,397	189,822,175	81,372,222	69.99%	6,881,089	12,895,581	3,400,000	16,295,581	12,895,581	0	3,400,000	
2051	June 30, 2051	280,149,814	205,217,170	74,932,644	73.25%	7,136,522	13,226,912	3,500,000	16,726,912	13,226,912	0	3,500,000	
2052	June 30, 2052	289,708,074	221,671,253	68,036,821	76.52%	7,394,035	13,792,484	3,600,000	17,392,484	13,792,484	0	3,600,000	
2053	June 30, 2053	299,613,883	239,250,193	60,363,690	79.85%	7,675,406	14,177,688	3,700,000	17,877,688	14,177,688	0	3,700,000	
2054	June 30, 2054	310,175,001	258,023,843	52,151,158	83.19%	7,954,643	14,649,092	3,800,000	18,449,092	14,649,092	0	3,800,000	

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 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, 2024	
Description	Amount
I. Service Cost	3,379,261
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	6,584,392
III. Deferred (Inflows)/Outflows from Plan Experience*	1,351,155
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	2,068,806
V. Projected Earnings on OPEB Plan Investments	(750,678)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(221,505)
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.]	12,411,431
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	12,411,431

* Amortized over 6.42 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 Measurement Date)

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability				
		Increase (Decrease)		
		Total OPEB	Plan Fiduciary	Net OPEB
		Liability	Net Position	Liability
I.	Balances for the June 30, 2023 Reporting Date	120,063,845	13,017,229	107,046,616
II.	Prior Period Adjustment	0	0	0
III.	Balances for the June 30, 2023 Reporting Date with Adjustment [I. + II.]	120,063,845	13,017,229	107,046,616
Changes for the year:				
IV.	Service Cost	3,379,261	0	3,379,261
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	6,584,392	0	6,584,392
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	(8,852,588)	0	(8,852,588)
VIII.	Differences Between Actual and Expected Experience **	603,714	0	603,714
IX.	Net Investment Income	0	1,566,055	(1,566,055)
X.	Employer Contributions to Trust	0	4,970,690	(4,970,690)
XI.	Benefit Payments Withdrawn from Trust	0	(3,972,143)	3,972,143
XII.	Benefit Payments Excluding Implicit Cost	(2,984,439)	0	(2,984,439)
XIII.	Implicit Cost Amount	(987,704)	0	(987,704)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(3,972,143)	0	(3,972,143)
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.]	(2,257,364)	2,564,602	(4,821,966)
XVIII.	Balances for the June 30, 2024 Reporting Date [III.+XVII.]	117,806,481	15,581,831	102,224,650

* Recognized Immediately

** Amortized over 6.42 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 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			2024	2025	2026	2027	2028	2029	
	Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance							
2017										
2018	10,149,238	6.81	0	1,207,180						
2019	0	6.81	0	0	0					
2020	3,713,568	6.93	1,034,228	535,868	535,868	498,360				
2021	0	6.93	0	0	0	0	0			
2022	(3,246,007)	6.68	(1,788,220)	(485,929)	(485,929)	(485,929)	(485,929)	(330,433)		
2023	0	6.68	0	0	0	0	0	0	0	0
2024	603,714	6.42	509,678	94,036	94,036	94,036	94,036	94,036	94,036	94,036
2025										
2026										
Total Remaining Balance			(244,314)							
Net increase (decrease) in OPEB Expense				1,351,155	143,975	106,467	(391,893)	(236,397)		94,036

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions										
Fiscal Year	Differences from Changes in			2024	2025	2026	2027	2028	2029	
	Actuarial Assumptions	Recognition Period (years)	Remaining Balance							
2017										
2018	0	6.81	0	0						
2019	0	6.81	0	0	0					
2020	(6,561,176)	6.93	(1,827,286)	(946,778)	(946,778)	(880,508)				
2021	2,530,554	6.93	1,069,918	365,159	365,159	365,159	339,600			
2022	26,031,127	6.68	14,340,502	3,896,875	3,896,875	3,896,875	3,896,875	2,649,877		
2023	884,814	6.68	619,900	132,457	132,457	132,457	132,457	132,457	90,072	90,072
2024	(8,852,588)	6.42	(7,473,681)	(1,378,907)	(1,378,907)	(1,378,907)	(1,378,907)	(1,378,907)	(1,378,907)	(1,378,907)
2025										
2026										
Total Remaining Balance			6,729,353							
Net increase (decrease) in OPEB Expense				2,068,806	2,068,806	2,135,076	2,990,025	1,403,427		(1,288,835)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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			2024	2025	2026	2027	2028	2029
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	(5,740)	5.00	0						
2019	(34,605)	5.00	0						
2020	353,346	5.00	0	70,670					
2021	(1,546,889)	5.00	(309,377)	(309,378)	(309,377)				
2022	1,427,565	5.00	571,026	285,513	285,513	285,513			
2023	(526,176)	5.00	(315,706)	(105,235)	(105,235)	(105,235)	(105,236)		
2024	(815,377)	5.00	(652,302)	(163,075)	(163,075)	(163,075)	(163,075)	(163,077)	
2025									
2026									
Total Remaining Balance			(706,359)						
Net increase (decrease) in OPEB Expense				(221,505)	(292,174)	17,203	(268,311)	(163,077)	0

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 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, 2024 to be Reported for the Fiscal Year Ending June 30, 2024			
	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	1,543,906	(1,788,220)	(244,314)
III. Changes of Assumptions	16,030,320	(9,300,967)	6,729,353
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	0	(706,359)	(706,359)
VI. Total [I. + II. + III. + IV.]	17,574,226	(11,795,546)	5,778,680

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024 will be recognized in future years as shown below.	
Year ending June 30:	
2025	1,920,607
2026	2,258,746
2027	2,329,821
2028	1,003,953
2029	(1,194,799)
Thereafter	(539,648)

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.98% as of June 30, 2024 and 5.42% as of June 30, 2023. 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 2074 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 4.21% as of June 30, 2024. 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, 2024 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, 2024 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$3,972,143. The Town also contributed \$998,547 to an OPEB Trust for a total contribution during the measurement period of \$4,970,690 to be reported on the financial statement for the fiscal year ending June 30, 2024.

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	47.75%	Domestic Equity - Large Cap	4.91%
Domestic Equity - Small/Mid Cap	3.25%	Domestic Equity - Small/Mid Cap	5.29%
International Equity - Developed Market	4.75%	International Equity - Developed Market	5.32%
International Equity - Emerging Market	1.75%	International Equity - Emerging Market	6.13%
Dom Fixed	33.25%	Dom Fixed	2.30%
International Fixed Income	1.75%	International Fixed Income	2.02%
Alternatives	4.50%	Alternatives	6.35%
Real Estate	0.00%	Real Estate	6.25%
Cash	3.00%	Cash	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>3.96%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.46%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>6.21%</u>

* Mean Geometric Returns based on 2023 Horizon Survey of Capital Market Assumptions

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 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, 2024	8,378,315	(4,970,690)	3,407,625	70,953,690	7.01%
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, 2024 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, 2024 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	86,742,853	102,224,650	121,571,831

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, 2024 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	119,266,173	5.98%	88,444,789

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 Measurement Date)

10. Money Weighted Rate of Return

	Plan	Periods	Period
	Investments /	Invested	Weight
	Net External		
	Cash Flows		
I. Beginning value - June 30, 2023	13,017,229	12	1.0000
Monthly net external cash flows:			
July	998,547	11	0.9167
August	0	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	0	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	998,547		
III. Earnings and increase in fair value	1,566,055		
IV. Ending value - June 30, 2024 [I.+II.+III.]	15,581,831		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2024 [IV.+V.]	15,581,831		
Money Weighted Rate of Return	11.24%		

EXHIBIT A
FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2024							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, 2024	13,392,548	88,001,759	7,499,187	6,808,022	1,390,526	253,701	460,738	117,806,481
II. Fiduciary Net Position as of June 30, 2024	1,639,975	10,776,196	918,308	833,672	1,326,194	31,067	56,419	15,581,831
III. Net OPEB Liability (Asset) as of June 30, 2024 [I. - II.]	11,752,573	77,225,563	6,580,879	5,974,350	64,332	222,634	404,319	102,224,650
IV. Service Cost	308,584	2,619,692	221,535	131,271	39,357	23,045	35,777	3,379,261
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	734,802	4,922,807	423,990	382,840	77,591	15,200	27,162	6,584,392
VI. Projected Earnings on OPEB Plan Investments	(79,123)	(520,459)	(44,377)	(40,277)	(62,206)	(1,505)	(2,731)	(750,678)
VII. Net Recognition of Deferred (Inflows)/Outflows	363,609	2,389,255	203,604	184,838	37,753	6,888	12,509	3,198,456
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.]	1,327,872	9,411,295	804,752	658,672	92,495	43,628	72,717	12,411,431
XI. Employer Share of Costs	(784,466)	(2,871,081)	(124,105)	(121,655)	(69,075)	0	(1,761)	(3,972,143)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(115,041)	(755,925)	(64,417)	(58,480)	1,453	(2,179)	(3,958)	(998,547)
XIII. Total Employer Contribution [XI. + XII.]	(899,507)	(3,627,006)	(188,522)	(180,135)	(67,622)	(2,179)	(5,719)	(4,970,690)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	428,365	5,784,289	616,230	478,537	24,873	41,449	66,998	7,440,741

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 Measurement Date)

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

Valuation Date	July 1, 2023
For the Measurement Period ending on the Measurement Date of:	June 30, 2024
For the Reporting Period & Fiscal Year ending on:	June 30, 2024

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(244,314)
II. Deferred (Inflow)/Outflow from Investment Experience	(706,359)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	6,729,353

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	24,129,296
II. Deferred Outflow created during the period	603,714
III. Deferred Outflow recognized during the period	6,587,758
IV. Change in Deferred Outflow (II. - III.)	(5,984,044)
V. Deferred Outflow at end of the period (I. + IV.)	18,145,252
VI. Deferred Inflow at the beginning of the period	(6,087,909)
VII. Deferred Inflow created during the period	(9,667,965)
VIII. Deferred Inflow recognized during the period	(3,389,302)
IX. Change in Deferred Inflow (VII. - VIII.)	(6,278,663)
X. Deferred Inflow at end of the period (VI. + IX.)	(12,366,572)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	107,046,616
II. Service Cost	3,379,261
III. Interest on Total OPEB Liability, Service Cost, and Payments	6,584,392
IV. Projected Investment Income	(750,678)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(4,970,690)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	4,242,285
IX. Deferred Outflow created during the period	603,714
X. Deferred Inflow created during the period	(9,667,965)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	102,224,650

Net OPEB Expense	
I. Service Cost	3,379,261
II. Interest on Total OPEB Liability, Service Cost, and Payments	6,584,392
III. Projected Investment Income	(750,678)
IV. Recognition of Deferred (Inflow)/Outflow	3,198,456
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.)	12,411,431
VIII. Benefit Payments	(3,972,143)
IX. Contributions to Trust	(998,547)
X. Total Employer Payments (VIII. + IX.)	(4,970,690)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	7,440,741

REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2024 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2023	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2019
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year Ending on:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability	117,806,481	120,063,845	113,216,312	86,032,528	79,260,491
I. Service Cost	3,379,261	3,216,021	2,417,074	2,216,467	2,144,399
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	6,584,392	6,284,840	5,422,209	5,194,612	4,712,132
III. Changes in Benefit Terms	0	0	0	0	(3,050,640)
IV. Difference Between Expected & Actual Plan Experience	603,714	0	(3,246,007)	0	3,713,568
V. Changes of Assumptions	(8,852,588)	884,814	26,031,127	2,530,554	(6,561,176)
VI. Benefit Payments Excluding Implicit Cost	(2,984,439)	(2,665,450)	(2,635,024)	(2,391,562)	(2,226,176)
VII. Implicit Cost Amount	(987,704)	(872,692)	(805,595)	(778,034)	(739,395)
VIII. Total Benefit Payments	(3,972,143)	(3,538,142)	(3,440,619)	(3,169,596)	(2,965,571)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	(2,257,364)	6,847,533	27,183,784	6,772,037	(2,007,288)
XI. Total OPEB Liability - Beginning of Period	120,063,845	113,216,312	86,032,528	79,260,491	81,267,779
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	120,063,845	113,216,312	86,032,528	79,260,491	81,267,779
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	117,806,481	120,063,845	113,216,312	86,032,528	79,260,491
Plan Fiduciary Net Position	15,581,831	13,017,229	10,583,134	10,384,412	7,127,037
XV. Earnings from Plan Investments	1,566,055	1,162,350	(749,724)	2,030,100	69,344
XVI. Employer Contribution to Trust	4,970,690	4,809,887	4,389,065	4,396,871	4,038,212
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(3,972,143)	(3,538,142)	(3,440,619)	(3,169,596)	(2,965,571)
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.]	2,564,602	2,434,095	198,722	3,257,375	1,141,985
XXI. Plan Fiduciary Net Position - Beginning of Period	13,017,229	10,583,134	10,384,412	7,127,037	5,985,052
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	13,017,229	10,583,134	10,384,412	7,127,037	5,985,052
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	15,581,831	13,017,229	10,583,134	10,384,412	7,127,037
XXV. Net OPEB Liability [XIV.-XXIV.]	102,224,650	107,046,616	102,633,178	75,648,116	72,133,454
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	13.23%	10.84%	9.35%	12.07%	8.99%
XXVII. Covered Employee Payroll	70,953,690	69,309,760	67,291,029	66,756,835	64,812,462
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	144.07%	154.45%	152.52%	113.32%	111.30%
Single Discount Rate to Calculate Plan Liabilities	5.98%	5.42%	5.48%	6.25%	6.50%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios			
Valuation Date	July 1, 2017	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	81,267,779	76,391,404	83,134,715
I. Service Cost	2,874,731	2,695,924	3,379,477
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	4,487,338	4,871,606	3,932,112
III. Changes in Benefit Terms	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	0	(2,545,735)
V. Changes of Assumptions	0	(12,065,335)	0
VI. Benefit Payments Excluding Implicit Cost	(2,126,291)	(1,926,448)	N/A
VII. Implicit Cost Amount	(359,403)	(319,058)	N/A
VIII. Total Benefit Payments	(2,485,694)	(2,245,506)	(2,042,259)
IX. Other	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	4,876,375	(6,743,311)	2,723,595
XI. Total OPEB Liability - Beginning of Period	76,391,404	83,134,715	80,411,120
XII. Prior Period Adjustment	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	76,391,404	83,134,715	80,411,120
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	81,267,779	76,391,404	83,134,715
Plan Fiduciary Net Position	5,985,052	4,554,552	3,559,027
XV. Earnings from Plan Investments	357,859	(4,960)	152,263
XVI. Employer Contribution to Trust	3,558,335	3,245,991	3,162,513
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(2,485,694)	(2,245,506)	(2,042,259)
XVIII. Administrative Expense	0	0	0
XIX. Other	0	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	1,430,500	995,525	1,272,517
XXI. Plan Fiduciary Net Position - Beginning of Period	4,554,552	3,559,027	2,286,510
XXII. Prior Period Adjustment	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	4,554,552	3,559,027	2,286,510
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	5,985,052	4,554,552	3,559,027
XXV. Net OPEB Liability [XIV.-XXIV.]	75,282,727	71,836,852	79,575,688
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	7.36%	5.96%	4.28%
XXVII. Covered Employee Payroll	60,760,942	58,991,206	57,373,661
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	123.90%	121.78%	138.70%
Single Discount Rate to Calculate Plan Liabilities	5.75%	5.75%	5.75%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 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 2024 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, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Service Cost	3,379,261	3,216,021	2,417,062	2,216,467	2,144,399
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>4,999,054</u>	<u>4,897,305</u>	<u>4,729,589</u>	<u>3,816,972</u>	<u>5,186,662</u>
III. Actuarial Determined Contribution [I. + II.]	8,378,315	8,113,326	7,146,651	6,033,439	7,331,061
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(4,970,690)</u>	<u>(4,809,887)</u>	<u>(4,389,065)</u>	<u>(4,396,871)</u>	<u>(4,038,212)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>3,407,625</u>	<u>3,303,439</u>	<u>2,757,586</u>	<u>1,636,568</u>	<u>3,292,849</u>
Covered Employee Payroll	70,953,690	69,309,760	67,291,029	66,756,835	64,812,462
Contributions as a % of Covered Employee Payroll	7.01%	6.94%	6.52%	6.59%	6.23%
Discount Rate	5.98%	5.42%	5.48%	6.25%	6.50%
Money Weighted Rate of Return	11.24%	10.18%	(6.75%)	24.63%	1.16%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Actuarially Determined Contribution - Deficiency / (Excess) (Continued)			
<u>For the Fiscal Year Ending:</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	2,874,731	2,695,924	N/A
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>5,034,242</u>	<u>5,321,318</u>	<u>N/A</u>
III. Actuarial Determined Contribution [I. + II.]	7,908,973	8,017,242	3,162,513
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(3,558,335)</u>	<u>(3,245,991)</u>	<u>(3,162,513)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>4,350,638</u>	<u>4,771,251</u>	<u>0</u>
Covered Employee Payroll	60,760,942	58,991,206	57,373,661
Contributions as a % of Covered Employee Payroll	5.86%	5.50%	5.51%
Discount Rate	5.75%	5.75%	5.75%
Money Weighted Rate of Return	6.63%	(0.12%)	14.69%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2024							Total
	Town	School	Police	Fire	Water	Ambulance	Recreation	
	Employees and Retirees	Employees and Retirees	Employees and Retirees	Employees and Retirees	Enterprise Employees and Retirees	Enterprise Employees and Retirees	Enterprise Employees and Retirees	
I. Service Cost	308,584	2,619,692	221,535	131,271	39,357	23,045	35,777	3,379,261
II. 30 Year Amortization of NOL Increasing by 3.00% per year	574,733	3,776,533	321,822	292,161	3,146	10,887	19,772	4,999,054
III. Actuarial Determined Contribution [I. + II.]	883,317	6,396,225	543,357	423,432	42,503	33,932	55,549	8,378,315
IV. Employer Share of Costs (Including Implicit Cost)	(784,466)	(2,871,081)	(124,105)	(121,655)	(69,075)	0	(1,761)	(3,972,143)
V. Employer OPEB Trust (Contribution)/Withdrawal	(115,041)	(755,925)	(64,417)	(58,480)	1,453	(2,179)	(3,958)	(998,547)
VI. Total Employer Contribution [IV. + V.]	(899,507)	(3,627,006)	(188,522)	(180,135)	(67,622)	(2,179)	(5,719)	(4,970,690)
VII. Contribution Deficiency / (Excess) [III. + VI.]	(16,190)	2,769,219	354,835	243,297	(25,119)	31,753	49,830	3,407,625

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of July 1, 2023.

Actuarial Cost Method: Individual Entry Age Normal

Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2024.

Actuarial Assumptions:

Investment Rate of Return: 6.21%, net of OPEB plan investment expense, including inflation.

Municipal Bond Rate 4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Single Equivalent Discount Rate: 5.98%, net of OPEB plan investment expense, including inflation

Inflation: 2.50% as of June 30, 2024 and for future periods

Salary Increases: 3.00% annually as of June 30, 2024 and for future periods

Cost of Living Adjustment: Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 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, 2024 Measurement Date)

Plan Membership

At July 1, 2023, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	677
Actives:	<u>1,003</u>
Total:	1,680

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, 2023 to June 30, 2024

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.42% to 5.98%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$998,547 beyond the pay-as-you-go cost for the period ending on the June 30, 2024 Measurement Date. For the year ending on the June 30, 2024 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$3,972,143. \$987,704 of the \$3,972,143 represents implicit cost.

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 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, 2023 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, 2024	70,953,690	0	70,953,690	0	3,972,143	0	3,972,143
June 30, 2025	66,746,065	6,336,236	73,082,301	0	4,401,672	0	4,401,672
June 30, 2026	63,140,803	12,133,967	75,274,770	0	4,876,751	0	4,876,751
June 30, 2027	60,080,798	17,452,215	77,533,013	0	5,266,925	0	5,266,925
June 30, 2028	57,325,958	22,533,045	79,859,003	0	5,586,510	0	5,586,510
June 30, 2029	54,764,837	27,489,936	82,254,773	0	6,192,335	0	6,192,335
June 30, 2030	52,293,084	32,429,332	84,722,416	0	6,690,021	0	6,690,021
June 30, 2031	49,801,716	37,462,372	87,264,088	0	7,076,511	0	7,076,511
June 30, 2032	47,219,838	42,662,173	89,882,011	0	7,672,781	0	7,672,781
June 30, 2033	44,886,490	47,691,981	92,578,471	0	8,276,168	0	8,276,168
June 30, 2034	42,473,586	52,882,239	95,355,825	0	8,536,973	0	8,536,973
June 30, 2035	40,102,804	58,113,696	98,216,500	0	8,817,925	34,941	8,852,866
June 30, 2036	37,861,432	63,301,563	101,162,995	0	8,998,957	91,794	9,090,751
June 30, 2037	35,863,453	68,334,432	104,197,885	0	9,239,292	173,065	9,412,357
June 30, 2038	33,938,200	73,385,622	107,323,822	0	9,428,089	290,954	9,719,043
June 30, 2039	31,913,941	78,629,596	110,543,537	0	9,883,757	440,419	10,324,176
June 30, 2040	30,011,167	83,848,676	113,859,843	0	10,052,436	532,172	10,584,608
June 30, 2041	28,160,576	89,115,062	117,275,638	0	10,345,779	647,394	10,993,173
June 30, 2042	26,397,945	94,395,962	120,793,907	0	10,634,893	782,045	11,416,938
June 30, 2043	24,712,870	99,704,854	124,417,724	0	10,680,389	873,695	11,554,084
June 30, 2044	23,133,904	105,016,352	128,150,256	0	10,672,724	979,819	11,652,543
June 30, 2045	21,470,551	110,524,213	131,994,764	0	10,504,712	1,156,487	11,661,199
June 30, 2046	19,945,704	116,008,903	135,954,607	0	10,523,128	1,391,436	11,914,564
June 30, 2047	18,548,138	121,485,107	140,033,245	0	10,207,756	1,683,312	11,891,068
June 30, 2048	17,064,770	127,169,472	144,234,242	0	10,205,395	2,058,613	12,264,008
June 30, 2049	15,730,976	132,830,293	148,561,269	0	10,180,672	2,504,149	12,684,821
June 30, 2050	14,288,744	138,729,363	153,018,107	0	10,058,608	2,836,973	12,895,581
June 30, 2051	12,983,689	144,624,961	157,608,650	0	10,006,287	3,220,625	13,226,912
June 30, 2052	11,676,233	150,660,677	162,336,910	0	10,139,410	3,653,074	13,792,484
June 30, 2053	10,696,479	156,510,538	167,207,017	0	10,180,270	3,997,418	14,177,688
June 30, 2054	9,726,972	162,496,256	172,223,228	0	10,275,523	4,373,569	14,649,092
June 30, 2055	8,758,729	168,631,196	177,389,925	0	10,350,488	4,840,881	15,191,369
June 30, 2056	7,784,170	174,927,453	182,711,623	0	10,396,777	5,361,206	15,757,983
June 30, 2057	6,967,295	181,225,677	188,192,972	0	10,535,141	5,933,760	16,468,901
June 30, 2058	6,123,082	187,715,679	193,838,761	0	10,386,221	6,576,910	16,963,131
June 30, 2059	5,394,181	194,259,743	199,653,924	0	10,321,518	7,277,599	17,599,117
June 30, 2060	4,673,576	200,969,966	205,643,542	0	10,432,348	7,919,465	18,351,813
June 30, 2061	4,038,130	207,774,718	211,812,848	0	10,135,186	8,594,981	18,730,167
June 30, 2062	3,418,353	214,748,880	218,167,233	0	9,967,678	9,318,014	19,285,692
June 30, 2063	2,777,005	221,935,245	224,712,250	0	9,835,047	10,034,026	19,869,073

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS
CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2023 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, 2064	2,200,550	229,253,068	231,453,618	0	9,536,585	10,778,352	20,314,937
June 30, 2065	1,798,572	236,598,655	238,397,227	0	9,325,697	11,620,238	20,945,935
June 30, 2066	1,337,402	244,211,742	245,549,144	0	9,068,385	12,517,552	21,585,937
June 30, 2067	1,003,255	251,912,363	252,915,618	0	8,718,764	13,485,755	22,204,519
June 30, 2068	686,029	259,817,058	260,503,087	0	8,528,807	14,533,757	23,062,564
June 30, 2069	438,234	267,879,946	268,318,180	0	8,262,913	15,652,867	23,915,780
June 30, 2070	307,687	276,060,038	276,367,725	0	7,919,693	16,769,855	24,689,548
June 30, 2071	191,361	284,467,396	284,658,757	0	7,689,910	17,932,496	25,622,406
June 30, 2072	54,919	293,143,601	293,198,520	0	7,419,298	19,161,202	26,580,500
June 30, 2073	44,852	301,949,624	301,994,476	0	7,138,996	20,373,212	27,512,208
June 30, 2074	24,559	311,029,751	311,054,310	0	6,841,009	21,619,160	28,460,169
June 30, 2075	11,125	320,374,814	320,385,939	0	6,531,051	22,936,811	29,467,862
June 30, 2076	0	329,997,517	329,997,517	0	6,239,865	24,290,931	30,530,796
June 30, 2077	0	339,897,443	339,897,443	0	5,926,964	25,695,119	31,622,083
June 30, 2078	0	350,094,366	350,094,366	0	5,620,358	27,147,520	32,767,878
June 30, 2079	0	360,597,197	360,597,197	0	5,312,378	28,647,350	33,959,728
June 30, 2080	0	371,415,113	371,415,113	0	4,984,561	30,225,695	35,210,256
June 30, 2081	0	382,557,566	382,557,566	0	4,689,023	31,835,285	36,524,308
June 30, 2082	0	394,034,293	394,034,293	0	4,389,287	33,500,733	37,890,020
June 30, 2083	0	405,855,322	405,855,322	0	4,078,997	35,231,507	39,310,504
June 30, 2084	0	418,030,982	418,030,982	0	3,791,359	36,995,649	40,787,008
June 30, 2085	0	430,571,911	430,571,911	0	3,505,655	38,821,254	42,326,909
June 30, 2086	0	443,489,068	443,489,068	0	3,228,339	40,703,164	43,931,503
June 30, 2087	0	456,793,740	456,793,740	0	2,967,704	42,641,870	45,609,574
June 30, 2088	0	470,497,552	470,497,552	0	2,702,861	44,643,151	47,346,012
June 30, 2089	0	484,612,479	484,612,479	0	2,456,011	46,710,044	49,166,055
June 30, 2090	0	499,150,853	499,150,853	0	2,226,953	48,861,470	51,088,423
June 30, 2091	0	514,125,379	514,125,379	0	2,003,063	51,071,279	53,074,342
June 30, 2092	0	529,549,140	529,549,140	0	1,792,118	53,349,665	55,141,783
June 30, 2093	0	545,435,614	545,435,614	0	1,596,149	55,716,285	57,312,434
June 30, 2094	0	561,798,682	561,798,682	0	1,413,875	58,146,744	59,560,619
June 30, 2095	0	578,652,642	578,652,642	0	1,243,736	60,653,373	61,897,109
June 30, 2096	0	596,012,221	596,012,221	0	1,086,567	63,247,111	64,333,678
June 30, 2097	0	613,892,588	613,892,588	0	942,133	65,924,109	66,866,242
June 30, 2098	0	632,309,366	632,309,366	0	810,126	68,690,423	69,500,549

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 2023 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, 2024	13,017,229	3,972,143	998,547	4,970,690	0	3,972,143	3,972,143	1,566,055	15,581,831
June 30, 2025	15,581,831	4,401,672	913,300	5,314,972	0	4,401,672	4,401,672	911,669	17,406,800
June 30, 2026	17,406,800	4,876,751	838,804	5,715,555	0	4,876,751	4,876,751	1,106,615	19,352,219
June 30, 2027	19,352,219	5,266,925	852,397	6,119,322	0	5,266,925	5,266,925	1,227,841	21,432,457
June 30, 2028	21,432,457	5,586,510	861,408	6,447,918	0	5,586,510	5,586,510	1,357,299	23,651,164
June 30, 2029	23,651,164	6,192,335	865,534	7,057,869	0	6,192,335	6,192,335	1,495,207	26,011,905
June 30, 2030	26,011,905	6,690,021	864,120	7,554,141	0	6,690,021	6,690,021	1,641,766	28,517,791
June 30, 2031	28,517,791	7,076,511	856,052	7,932,563	0	7,076,511	7,076,511	1,797,135	31,170,978
June 30, 2032	31,170,978	7,672,781	840,566	8,513,347	0	7,672,781	7,672,781	1,961,424	33,972,968
June 30, 2033	33,972,968	8,276,168	824,242	9,100,410	0	8,276,168	8,276,168	2,134,929	36,932,139
June 30, 2034	36,932,139	8,536,973	801,760	9,338,733	0	8,536,973	8,536,973	2,318,006	40,051,905
June 30, 2035	40,051,905	8,817,925	775,789	9,593,714	0	8,852,866	8,852,866	2,510,949	43,303,702
June 30, 2036	43,303,702	8,998,957	748,523	9,747,480	0	9,090,751	9,090,751	2,712,051	46,672,482
June 30, 2037	46,672,482	9,239,292	722,791	9,962,083	0	9,412,357	9,412,357	2,920,466	50,142,674
June 30, 2038	50,142,674	9,428,089	695,689	10,123,778	0	9,719,043	9,719,043	3,135,136	53,682,545
June 30, 2039	53,682,545	9,883,757	664,010	10,547,767	0	10,324,176	10,324,176	3,353,993	57,260,129
June 30, 2040	57,260,129	10,052,436	632,592	10,685,028	0	10,584,608	10,584,608	3,575,200	60,935,749
June 30, 2041	60,935,749	10,345,779	600,307	10,946,086	0	10,993,173	10,993,173	3,802,469	64,691,131
June 30, 2042	64,691,131	10,634,893	568,196	11,203,089	0	11,416,938	11,416,938	4,034,696	68,511,978
June 30, 2043	68,511,978	10,680,389	536,296	11,216,685	0	11,554,084	11,554,084	4,270,995	72,445,574
June 30, 2044	72,445,574	10,672,724	505,461	11,178,185	0	11,652,543	11,652,543	4,514,328	76,485,544
June 30, 2045	76,485,544	10,504,712	471,720	10,976,432	0	11,661,199	11,661,199	4,764,179	80,564,956
June 30, 2046	80,564,956	10,523,128	440,126	10,963,254	0	11,914,564	11,914,564	5,016,544	84,630,190
June 30, 2047	84,630,190	10,207,756	410,611	10,618,367	0	11,891,068	11,891,068	5,268,092	88,625,581
June 30, 2048	88,625,581	10,205,395	378,601	10,583,996	0	12,264,008	12,264,008	5,515,227	92,460,796
June 30, 2049	92,460,796	10,180,672	349,433	10,530,105	0	12,684,821	12,684,821	5,752,502	96,058,582
June 30, 2050	96,058,582	10,058,608	317,490	10,376,098	0	12,895,581	12,895,581	5,974,948	99,514,047
June 30, 2051	99,514,047	10,006,287	288,328	10,294,615	0	13,226,912	13,226,912	6,188,640	102,770,390
June 30, 2052	102,770,390	10,139,410	258,933	10,398,343	0	13,792,484	13,792,484	6,389,960	105,766,209
June 30, 2053	105,766,209	10,180,270	236,694	10,416,964	0	14,177,688	14,177,688	6,575,320	108,580,805
June 30, 2054	108,580,805	10,275,523	214,620	10,490,143	0	14,649,092	14,649,092	6,749,432	111,171,288
June 30, 2055	111,171,288	10,350,488	192,565	10,543,053	0	15,191,369	15,191,369	6,909,626	113,432,598
June 30, 2056	113,432,598	10,396,777	170,414	10,567,191	0	15,757,983	15,757,983	7,049,376	115,291,182
June 30, 2057	115,291,182	10,535,141	151,791	10,686,932	0	16,468,901	16,468,901	7,164,225	116,673,438
June 30, 2058	116,673,438	10,386,221	132,672	10,518,893	0	16,963,131	16,963,131	7,249,478	117,478,678
June 30, 2059	117,478,678	10,321,518	116,176	10,437,694	0	17,599,117	17,599,117	7,298,979	117,616,234
June 30, 2060	117,616,234	10,432,348	99,997	10,532,345	0	18,351,813	18,351,813	7,307,026	117,103,792
June 30, 2061	117,103,792	10,135,186	85,791	10,220,977	0	18,730,167	18,730,167	7,274,769	115,869,371
June 30, 2062	115,869,371	9,967,678	72,075	10,039,753	0	19,285,692	19,285,692	7,197,692	113,821,124
June 30, 2063	113,821,124	9,835,047	58,083	9,893,130	0	19,869,073	19,869,073	7,070,068	110,915,249

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 2023 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	III. Contributions to		IV. Gross	V. Administrative		VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
		II. Employer Share of Benefit Payments for Current Plan Members	Trust for Current Plan Members beyond Pay-as-you- go	Contributions to Trust for Current Plan Members [II. + III.]	Expenses Withdrawn from the Trust for Current Plan Members					
June 30, 2064	110,915,249	9,536,585	45,636	9,582,221	0	20,314,937	20,314,937	6,889,233	107,071,766	
June 30, 2065	107,071,766	9,325,697	36,968	9,362,665	0	20,945,935	20,945,935	6,650,287	102,138,783	
June 30, 2066	102,138,783	9,068,385	27,233	9,095,618	0	21,585,937	21,585,937	6,343,651	95,992,115	
June 30, 2067	95,992,115	8,718,764	20,230	8,738,994	0	22,204,519	22,204,519	5,961,729	88,488,319	
June 30, 2068	88,488,319	8,528,807	13,694	8,542,501	0	23,062,564	23,062,564	5,495,543	79,463,799	
June 30, 2069	79,463,799	8,262,913	8,656	8,271,569	0	23,915,780	23,915,780	4,934,967	68,754,555	
June 30, 2070	68,754,555	7,919,693	6,012	7,925,705	0	24,689,548	24,689,548	4,269,842	56,260,554	
June 30, 2071	56,260,554	7,689,910	3,697	7,693,607	0	25,622,406	25,622,406	3,493,893	41,825,648	
June 30, 2072	41,825,648	7,419,298	1,049	7,420,347	0	26,580,500	26,580,500	2,597,405	25,262,900	
June 30, 2073	25,262,900	7,138,996	847	7,139,843	0	27,512,208	27,512,208	1,568,852	6,459,387	
June 30, 2074	6,459,387	6,841,009	458	6,841,467	0	28,460,169	28,460,169	401,142	0	
June 30, 2075	0	6,531,051	205	6,531,256	0	29,467,862	29,467,862	6	0	
June 30, 2076	0	6,239,865	0	6,239,865	0	30,530,796	30,530,796	0	0	
June 30, 2077	0	5,926,964	0	5,926,964	0	31,622,083	31,622,083	0	0	
June 30, 2078	0	5,620,358	0	5,620,358	0	32,767,878	32,767,878	0	0	
June 30, 2079	0	5,312,378	0	5,312,378	0	33,959,728	33,959,728	0	0	
June 30, 2080	0	4,984,561	0	4,984,561	0	35,210,256	35,210,256	0	0	
June 30, 2081	0	4,689,023	0	4,689,023	0	36,524,308	36,524,308	0	0	
June 30, 2082	0	4,389,287	0	4,389,287	0	37,890,020	37,890,020	0	0	
June 30, 2083	0	4,078,997	0	4,078,997	0	39,310,504	39,310,504	0	0	
June 30, 2084	0	3,791,359	0	3,791,359	0	40,787,008	40,787,008	0	0	
June 30, 2085	0	3,505,655	0	3,505,655	0	42,326,909	42,326,909	0	0	
June 30, 2086	0	3,228,339	0	3,228,339	0	43,931,503	43,931,503	0	0	
June 30, 2087	0	2,967,704	0	2,967,704	0	45,609,574	45,609,574	0	0	
June 30, 2088	0	2,702,861	0	2,702,861	0	47,346,012	47,346,012	0	0	
June 30, 2089	0	2,456,011	0	2,456,011	0	49,166,055	49,166,055	0	0	
June 30, 2090	0	2,226,953	0	2,226,953	0	51,088,423	51,088,423	0	0	
June 30, 2091	0	2,003,063	0	2,003,063	0	53,074,342	53,074,342	0	0	
June 30, 2092	0	1,792,118	0	1,792,118	0	55,141,783	55,141,783	0	0	
June 30, 2093	0	1,596,149	0	1,596,149	0	57,312,434	57,312,434	0	0	
June 30, 2094	0	1,413,875	0	1,413,875	0	59,560,619	59,560,619	0	0	
June 30, 2095	0	1,243,736	0	1,243,736	0	61,897,109	61,897,109	0	0	
June 30, 2096	0	1,086,567	0	1,086,567	0	64,333,678	64,333,678	0	0	
June 30, 2097	0	942,133	0	942,133	0	66,866,242	66,866,242	0	0	
June 30, 2098	0	810,126	0	810,126	0	69,500,549	69,500,549	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, 2023 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 [6.21%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.21%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.98%]	
June 30, 2024	13,017,229	3,972,143	3,972,143	0	3,972,143	0	3,972,143	Sum of Column V.
June 30, 2025	15,581,831	4,401,672	4,401,672	0	4,144,310	0	4,153,252	128,248,436
June 30, 2026	17,406,800	4,876,751	4,876,751	0	4,323,145	0	4,341,819	
June 30, 2027	19,352,219	5,266,925	5,266,925	0	4,396,033	0	4,424,548	Sum of Column VI.
June 30, 2028	21,432,457	5,586,510	5,586,510	0	4,390,146	0	4,428,156	7,404,093
June 30, 2029	23,651,164	6,192,335	6,192,335	0	4,581,708	0	4,631,347	
June 30, 2030	26,011,905	6,690,021	6,690,021	0	4,660,527	0	4,721,184	Sum of Column VII.
June 30, 2031	28,517,791	7,076,511	7,076,511	0	4,641,532	0	4,712,086	[V. + VI.]
June 30, 2032	31,170,978	7,672,781	7,672,781	0	4,738,376	0	4,820,781	135,652,529
June 30, 2033	33,972,968	8,276,168	8,276,168	0	4,812,166	0	4,906,418	
June 30, 2034	36,932,139	8,536,973	8,536,973	0	4,673,581	0	4,775,400	
June 30, 2035	40,051,905	8,817,925	8,817,925	0	4,545,136	0	4,654,176	
June 30, 2036	43,303,702	8,998,957	8,998,957	0	4,367,242	0	4,481,662	
June 30, 2037	46,672,482	9,239,292	9,239,292	0	4,221,710	0	4,341,664	
June 30, 2038	50,142,674	9,428,089	9,428,089	0	4,056,093	0	4,180,342	
June 30, 2039	53,682,545	9,883,757	9,883,757	0	4,003,510	0	4,135,050	
June 30, 2040	57,260,129	10,052,436	10,052,436	0	3,833,759	0	3,968,264	
June 30, 2041	60,935,749	10,345,779	10,345,779	0	3,714,935	0	3,853,568	
June 30, 2042	64,691,131	10,634,893	10,634,893	0	3,595,471	0	3,737,692	
June 30, 2043	68,511,978	10,680,389	10,680,389	0	3,399,729	0	3,541,833	
June 30, 2044	72,445,574	10,672,724	10,672,724	0	3,198,653	0	3,339,542	
June 30, 2045	76,485,544	10,504,712	10,504,712	0	2,964,221	0	3,101,461	
June 30, 2046	80,564,956	10,523,128	10,523,128	0	2,795,798	0	2,931,552	
June 30, 2047	84,630,190	10,207,756	10,207,756	0	2,553,441	0	2,683,204	
June 30, 2048	88,625,581	10,205,395	10,205,395	0	2,403,588	0	2,531,184	
June 30, 2049	92,460,796	10,180,672	10,180,672	0	2,257,570	0	2,382,544	
June 30, 2050	96,058,582	10,058,608	10,058,608	0	2,100,087	0	2,221,125	
June 30, 2051	99,514,047	10,006,287	10,006,287	0	1,967,012	0	2,084,868	
June 30, 2052	102,770,390	10,139,410	10,139,410	0	1,876,641	0	1,993,375	
June 30, 2053	105,766,209	10,180,270	10,180,270	0	1,774,036	0	1,888,453	
June 30, 2054	108,580,805	10,275,523	10,275,523	0	1,685,938	0	1,798,545	
June 30, 2055	111,171,288	10,350,488	10,350,488	0	1,598,944	0	1,709,420	
June 30, 2056	113,432,598	10,396,777	10,396,777	0	1,512,188	0	1,620,158	
June 30, 2057	115,291,182	10,535,141	10,535,141	0	1,442,719	0	1,549,064	
June 30, 2058	116,673,438	10,386,221	10,386,221	0	1,339,164	0	1,440,978	
June 30, 2059	117,478,678	10,321,518	10,321,518	0	1,253,009	0	1,351,182	
June 30, 2060	117,616,234	10,432,348	10,432,348	0	1,192,415	0	1,288,614	
June 30, 2061	117,103,792	10,135,186	10,135,186	0	1,090,716	0	1,181,254	
June 30, 2062	115,869,371	9,967,678	9,967,678	0	1,009,970	0	1,096,165	
June 30, 2063	113,821,124	9,835,047	9,835,047	0	938,265	0	1,020,538	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2023 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 [6.21%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.21%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.98%]
June 30, 2064	110,915,249	9,536,585	9,536,585	0	856,597	0	933,719
June 30, 2065	107,071,766	9,325,697	9,325,697	0	788,678	0	861,539
June 30, 2066	102,138,783	9,068,385	9,068,385	0	722,076	0	790,486
June 30, 2067	95,992,115	8,718,764	8,718,764	0	653,646	0	717,117
June 30, 2068	88,488,319	8,528,807	8,528,807	0	602,019	0	661,902
June 30, 2069	79,463,799	8,262,913	8,262,913	0	549,148	0	605,075
June 30, 2070	68,754,555	7,919,693	7,919,693	0	495,564	0	547,211
June 30, 2071	56,260,554	7,689,910	7,689,910	0	453,051	0	501,347
June 30, 2072	41,825,648	7,419,298	7,419,298	0	411,551	0	456,405
June 30, 2073	25,262,900	7,138,996	7,138,996	0	372,848	0	414,377
June 30, 2074	6,459,387	6,841,009	6,459,387	381,622	317,630	48,562	374,670
June 30, 2075	0	6,531,051	0	6,531,051	0	797,511	337,507
June 30, 2076	0	6,239,865	0	6,239,865	0	731,176	304,260
June 30, 2077	0	5,926,964	0	5,926,964	0	666,457	272,692
June 30, 2078	0	5,620,358	0	5,620,358	0	606,453	243,992
June 30, 2079	0	5,312,378	0	5,312,378	0	550,067	217,606
June 30, 2080	0	4,984,561	0	4,984,561	0	495,275	192,655
June 30, 2081	0	4,689,023	0	4,689,023	0	447,090	171,004
June 30, 2082	0	4,389,287	0	4,389,287	0	401,606	151,038
June 30, 2083	0	4,078,997	0	4,078,997	0	358,140	132,440
June 30, 2084	0	3,791,359	0	3,791,359	0	319,439	116,153
June 30, 2085	0	3,505,655	0	3,505,655	0	283,436	101,339
June 30, 2086	0	3,228,339	0	3,228,339	0	250,471	88,055
June 30, 2087	0	2,967,704	0	2,967,704	0	220,949	76,378
June 30, 2088	0	2,702,861	0	2,702,861	0	193,103	65,636
June 30, 2089	0	2,456,011	0	2,456,011	0	168,379	56,275
June 30, 2090	0	2,226,953	0	2,226,953	0	146,509	48,147
June 30, 2091	0	2,003,063	0	2,003,063	1	126,456	40,862
June 30, 2092	0	1,792,118	0	1,792,118	0	108,569	34,496
June 30, 2093	0	1,596,149	0	1,596,149	0	92,791	28,990
June 30, 2094	0	1,413,875	0	1,413,875	0	78,874	24,230
June 30, 2095	0	1,243,736	0	1,243,736	0	66,580	20,111
June 30, 2096	0	1,086,567	0	1,086,567	0	55,817	16,578
June 30, 2097	0	942,133	0	942,133	0	46,443	13,563
June 30, 2098	0	810,126	0	810,126	0	38,322	11,005

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2024 Active Plans: effective November 1, 2023 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

5.98% per annum (previously 5.42%)

Net Long Term Rate of Return

6.21% (based on investment policy)

Municipal Bond Rate

4.21% as of June 30, 2024 (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, 2024

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, 2024</u>	<u>June 30, 2023</u>
I. Total OPEB Liability	117,806,481	120,063,845
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>84,521,531</u>	<u>88,382,959</u>
III. Liability from Implicit Subsidy [I. - II.]	33,284,950	31,680,886

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2024</u>	<u>June 30, 2023</u>
IV. Employer Payments (Including Implicit Subsidy)	3,972,143	3,538,142
V. Actual Employer Payments	<u>2,984,439</u>	<u>2,665,450</u>
VI. Implicit Subsidy [IV. - V.]	987,704	872,692

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		
Age Bracket	Female	Male
24 & Under	6,170	3,889
25 to 29	9,103	4,047
30 to 34	11,502	5,080
35 to 39	11,849	6,378
40 to 44	12,128	7,946
45 to 49	13,320	10,033
50 to 54	15,671	13,214
55 to 59	18,116	17,180
60 to 64	21,557	22,045
65 to 69	25,841	27,499
70 & Over	30,473	32,953

RETIREE - NOT MEDICARE ELIGIBLE		
Age Bracket	Female	Male
44 & Under	12,128	7,946
45 to 49	13,320	10,033
50 to 54	15,671	13,214
55 to 59	18,116	17,180
60 to 64	21,557	22,045
65 to 69	25,841	27,499
70 to 74	30,473	32,953
75 to 79	35,389	38,920
80 to 84	40,576	44,736
85 to 89	46,316	51,207
90 & Over	46,316	51,207

RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male
65 to 69	3,310	3,399
70 to 74	3,905	4,074
75 to 79	4,530	4,810
80 to 84	5,196	5,528
85 to 89	5,808	6,159
90 & Over	5,808	6,159

*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	3.0%	4.0%
Total	48.0%	52.0%

Additional Comments

The liabilities being reported as of the Measurement Date of June 30, 2024 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, 2023	July 1, 2021
A. Average Age at Hire	37.04	36.73
B. Average Service	<u>9.74</u>	<u>9.91</u>
C. Average Current Age	46.78	46.64

Retired Employees & Spouses

Valuation Date	July 1, 2023	July 1, 2021
A. Under Age 65	124	109
B. Age 65 & Over	<u>553</u>	<u>509</u>
C. Total	677	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	32									32
25-29	54	8	1							63
30-34	40	26	1	1						68
35-39	51	22	27	9						109
40-44	60	21	24	41	13					159
45-49	49	30	18	23	28	3				151
50-54	39	40	23	20	35	14	2			173
55-59	33	22	29	15	15	7	4	1		126
60-64	23	14	16	14	18	2		2		89
65-69	5	5	4	1	3	1			1	20
70+	2	3	2	1	2	1	1		1	13
Total	388	191	145	125	114	28	7	3	2	1,003

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
PPO	29		33	62
Select Prem	155		232	387
Select Value	82		121	203
Access Blue	2			2
Medicare PPO	9	5		14
Medex 2	149	186		335
Total	426	191	386	1,003

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
PPO	1,237.57		3,246.16
Select Prem	1,143.65		2,999.80
Select Value	1,094.21		2,870.12
Access Blue	759.26		2,047.89
Medicare PPO	366.00	732.00	
Medex 2	385.36	770.72	
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
PPO	29		33	95	1,716,153.72	1,410,829.80
Select Prem	155		232	619	10,478,632.20	8,495,032.20
Select Value	82		121	324	5,244,116.88	4,254,288.48
Access Blue	2			2	18,222.24	18,222.24
Total	268	0	386	1,040	17,457,125.04	14,178,372.72
Blended Average Monthly Rate:						\$ 1,136.09

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medicare PPO	9	5		19	83,448.00	83,448.00
Medex 2	149	186		521	2,409,270.72	2,409,270.72
Total	158	191	0	540	2,492,718.72	2,492,718.72
Blended Average Monthly Rate:						\$ 384.68

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 8, 2024 and its subject is the Town of Westford's GASB 75 OPEB liabilities.

¹The 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.

²These 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, 2024.
- ✓ 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 earning 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.