

Town of Bellingham Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2021

As of the Measurement Date:
June 30, 2023

For the Reporting Date:
June 30, 2023

Delivered November 7, 2023



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November 7, 2023

Personal and Confidential

Ms. Beth Cornell-Smith
Human Resources Director
Town of Bellingham
10 Mechanic Street
Bellingham, MA 02019

Dear Ms. Cornell-Smith:

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

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

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

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

Very truly yours,

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

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

November 7, 2023

ACTUARIAL CERTIFICATION

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

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

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

To the best of our knowledge, this report is complete and accurate and in our opinion represents the information necessary to comply with GASB Statements Number 74 and 75 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries and other professional actuarial organizations and meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the Town are reasonably related to the experience and expectations of the postemployment benefits programs.

A handwritten signature in black ink, appearing to read 'P. Elmore', with a long horizontal flourish extending to the right.

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

EXECUTIVE SUMMARY

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

Plan Experience

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

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change decreased disclosed liabilities by approximately \$300 thousand, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.39% to 4.43% decreasing the disclosed liability by approximately \$300 thousand.

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

Investment Experience

- ✓ During the period investments earned approximately \$2,700 less 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 5.73 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 74.56% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 9.00% increase in fiscal year 2023 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (4.43%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.13% as of June 30, 2023.
- ✓ Current Asset Level – The Town had \$831,311 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town is expected to contribute \$50,000 annually beyond pay-as-you-go costs.
- ✓ Investment Policy – The Town is expected to earn 6.30% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Low Default Risk Obligation Measure (LDROM)

For purposes of this LDROM, we have used a discount rate of 4.13% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on your current funding policy, your Total OPEB Liability is equal to the LDROM.

Medicare Buy-In

The Town currently has 12 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

EXECUTIVE SUMMARY

Key Plan Metrics

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

Representative Plan Statistics		
Valuation Date	July 1, 2021	July 1, 2021
Measurement Date & Period Ending	June 30, 2023	June 30, 2022
Reporting Date/Fiscal Year End	June 30, 2023	June 30, 2022
Total OPEB Liability	61,695,012	59,438,717
Per Eligible Active Plan Participant	72,479	74,952
Per Retiree/Spouse Plan Participant	80,352	71,012
Total Annual Service Cost (Annual Benefit Accrual)	1,692,430	3,511,653
Per Eligible Active Plan Participant	3,753	7,786
Expected Employer Share of Retiree Costs	1,778,266	2,139,202
Per Retiree/Spouse Plan Participant	4,926	5,926
Net OPEB Liability as a % of Covered Payroll	183.91%	182.86%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2023	406	61,695,012	59,898,070	1,778,266	1,726,472
June 30, 2028	453	73,895,237	61,886,098	2,661,033	2,228,573
June 30, 2033	462	86,462,080	62,462,046	3,277,424	2,367,681
June 30, 2038	452	99,816,284	62,202,208	4,011,655	2,499,931
June 30, 2043	431	114,300,391	61,442,092	4,648,750	2,498,932
June 30, 2048	413	131,603,228	61,023,723	5,470,481	2,536,633
June 30, 2053	400	154,484,319	61,791,742	5,730,910	2,292,290

EXECUTIVE SUMMARY

Continuing OPEB Disclosures

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

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

<u>Fiscal Year Ending</u>	<u>Cost</u>
June 30, 2024 (Projected)	1,939,171
June 30, 2023	1,778,266
June 30, 2022	2,139,202
June 30, 2021	1,943,746
June 30, 2020	1,770,876
June 30, 2019	1,715,869

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2023 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$60,863,701 assuming a discount rate of 4.43%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$50,000 annually beyond pay-as-you-go costs. The balance of this fund as of June 30, 2023 was \$831,311. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Bellingham Assuming Funding - 4.43% discount rate Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2021	July 1, 2021
For the Measurement Period ending on the Measurement Date of:	June 30, 2023	June 30, 2022
For the Reporting Period & Fiscal Year ending on:	June 30, 2023	June 30, 2022
I. Total OPEB Liability		
A. Actives	32,687,986	33,803,250
B. Retirees/Disabled	<u>29,007,026</u>	<u>25,635,467</u>
C. Total	61,695,012	59,438,717
II. Fiduciary Net Position [Plan Assets]	831,311	686,811
III. Net OPEB Liability (Asset) [I. - II.]	60,863,701	58,751,906
IV. Funded Ratio [II. / I.]	1.35%	1.16%
V. Number of Eligible Participants		
A. Actives	451	451
B. Retirees/Disabled & Dependents	<u>361</u>	<u>361</u>
C. Total	812	812
VI. Service Cost	1,692,430	3,511,653
VII. Financial Statement Expense/(Income)	6,006,009	(21,010,357)
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(100,000)	(50,000)
IX. Deferred Inflow of Resources	(4,293,980)	(5,791,581)
X. Deferred Outflow of Resources	4,447,919	7,961,468
XI. Money Weighted Rate of Return	5.85%	(3.78%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.30%	6.41%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	4.43%	4.39%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Highway Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Sanitation Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability									
A. Actives	2,082,554	24,448,156	3,283,403	1,832,153	106,558	180,024	86,188	668,950	32,687,986
B. Retirees/Disabled	<u>13,255,314</u>	<u>12,337,916</u>	<u>1,173,688</u>	<u>997,303</u>	<u>569,173</u>	<u>0</u>	<u>58,808</u>	<u>614,824</u>	<u>29,007,026</u>
C. Total	15,337,868	36,786,072	4,457,091	2,829,456	675,731	180,024	144,996	1,283,774	61,695,012
II. Fiduciary Net Position [Plan Assets]	206,670	495,675	60,057	38,126	9,105	2,426	1,954	17,298	831,311
III. Net OPEB Liability (Asset) [I. - II.]	15,131,198	36,290,397	4,397,034	2,791,330	666,626	177,598	143,042	1,266,476	60,863,701
For the Reporting Date and Fiscal Year Ending June 30, 2023									
IV. Service Cost	101,522	1,263,521	122,440	134,328	12,116	13,854	4,652	39,997	1,692,430
V. Financial Statement Expense/(Income)	1,014,287	3,960,192	449,448	343,823	60,463	27,477	15,299	135,020	6,006,009
VI. Employer Share of Costs	(846,720)	(759,929)	(59,810)	(47,246)	(26,308)	(2)	(3,418)	(34,833)	(1,778,266)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(24,861)	(59,626)	(7,224)	(4,586)	(1,095)	(292)	(235)	(2,081)	(100,000)
VIII. Total Employer Contribution [VI. + VII.]	(871,581)	(819,555)	(67,034)	(51,832)	(27,403)	(294)	(3,653)	(36,914)	(1,878,266)

PRINCIPAL RESULTS OF THE VALUATION

CURRENT FUNDING POLICY (OPEN GROUP)

Funding - 4.43% 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 6.30% 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.]
2023	June 30, 2023	61,695,012	831,311	60,863,701	1.35%	1,692,430	1,778,266	100,000	1,878,266	1,778,266	0	100,000
2024	June 30, 2024	64,158,812	935,235	63,223,577	1.46%	1,738,143	1,939,171	50,000	1,989,171	1,939,171	0	50,000
2025	June 30, 2025	66,584,403	1,045,706	65,538,697	1.57%	1,795,542	2,138,428	50,000	2,188,428	2,138,428	0	50,000
2026	June 30, 2026	69,052,425	1,163,136	67,889,289	1.68%	1,855,215	2,259,696	50,000	2,309,696	2,259,696	0	50,000
2027	June 30, 2027	71,487,379	1,287,965	70,199,414	1.80%	1,919,672	2,461,703	50,000	2,511,703	2,461,703	0	50,000
2028	June 30, 2028	73,895,237	1,420,658	72,474,579	1.92%	1,993,522	2,661,033	50,000	2,711,033	2,661,033	0	50,000
2029	June 30, 2029	76,417,792	1,561,710	74,856,082	2.04%	2,065,417	2,717,442	50,000	2,767,442	2,717,442	0	50,000
2030	June 30, 2030	78,877,412	1,711,649	77,165,763	2.17%	2,139,686	2,920,893	50,000	2,970,893	2,920,893	0	50,000
2031	June 30, 2031	81,351,059	1,871,034	79,480,025	2.30%	2,206,018	3,126,475	50,000	3,176,475	3,126,475	0	50,000
2032	June 30, 2032	83,855,218	2,040,460	81,814,758	2.43%	2,287,908	3,241,778	50,000	3,291,778	3,241,778	0	50,000
2033	June 30, 2033	86,462,080	2,220,560	84,241,520	2.57%	2,355,925	3,277,424	50,000	3,327,424	3,277,424	0	50,000
2034	June 30, 2034	89,059,787	2,412,006	86,647,781	2.71%	2,427,562	3,442,147	50,000	3,492,147	3,442,147	0	50,000
2035	June 30, 2035	91,752,753	2,615,513	89,137,240	2.85%	2,508,118	3,597,823	50,000	3,647,823	3,597,823	0	50,000
2036	June 30, 2036	94,327,825	2,831,841	91,495,984	3.00%	2,590,549	3,671,162	50,000	3,721,162	3,671,162	0	50,000
2037	June 30, 2037	97,068,802	3,061,798	94,007,004	3.15%	2,667,910	3,825,508	50,000	3,875,508	3,825,508	0	50,000
2038	June 30, 2038	99,816,284	3,306,242	96,510,042	3.31%	2,756,714	4,011,655	50,000	4,061,655	4,011,655	0	50,000
2039	June 30, 2039	102,564,194	3,566,086	98,998,108	3.48%	2,848,561	4,145,391	50,000	4,195,391	4,145,391	0	50,000
2040	June 30, 2040	105,350,360	3,842,300	101,508,060	3.65%	2,941,053	4,244,090	50,000	4,294,090	4,244,090	0	50,000
2041	June 30, 2041	108,216,791	4,135,916	104,080,875	3.82%	3,038,958	4,435,860	50,000	4,485,860	4,435,860	0	50,000
2042	June 30, 2042	111,261,142	4,448,030	106,813,112	4.00%	3,141,165	4,569,248	50,000	4,619,248	4,569,248	0	50,000
2043	June 30, 2043	114,300,391	4,779,807	109,520,584	4.18%	3,244,168	4,648,750	50,000	4,698,750	4,648,750	0	50,000
2044	June 30, 2044	117,547,710	5,132,486	112,415,224	4.37%	3,348,478	4,856,885	50,000	4,906,885	4,856,885	0	50,000
2045	June 30, 2045	120,910,134	5,507,384	115,402,750	4.55%	3,466,653	5,078,514	50,000	5,128,514	5,078,514	0	50,000
2046	June 30, 2046	124,433,395	5,905,900	118,527,495	4.75%	3,586,260	5,173,540	50,000	5,223,540	5,173,540	0	50,000
2047	June 30, 2047	127,882,301	6,329,523	121,552,778	4.95%	3,715,811	5,366,730	50,000	5,416,730	5,366,730	0	50,000
2048	June 30, 2048	131,603,228	6,779,834	124,823,394	5.15%	3,841,759	5,470,481	50,000	5,520,481	5,470,481	0	50,000
2049	June 30, 2049	135,724,118	7,258,514	128,465,604	5.35%	3,984,358	5,477,628	50,000	5,527,628	5,477,628	0	50,000
2050	June 30, 2050	139,788,227	7,767,351	132,020,876	5.56%	4,130,856	5,597,476	50,000	5,647,476	5,597,476	0	50,000
2051	June 30, 2051	144,418,585	8,308,245	136,110,340	5.75%	4,278,900	5,597,162	50,000	5,647,162	5,597,162	0	50,000
2052	June 30, 2052	149,330,798	8,883,215	140,447,583	5.95%	4,439,653	5,612,997	50,000	5,662,997	5,612,997	0	50,000
2053	June 30, 2053	154,484,319	9,494,408	144,989,911	6.15%	4,599,065	5,730,910	50,000	5,780,910	5,730,910	0	50,000

EXHIBIT A

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

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2023	
Description	Amount
I. Service Cost	1,692,430
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,645,044
III. Deferred (Inflows)/Outflows from Plan Experience*	(955,477)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	2,658,944
V. Projected Earnings on OPEB Plan Investments	(47,190)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	12,258
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.]	6,006,009
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	6,006,009

* Amortized over 5.73 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

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

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances for the June 30, 2022 Reporting Date	59,438,717	686,811	58,751,906
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]	59,438,717	686,811	58,751,906
Changes for the year:			
IV. Service Cost	1,692,430	0	1,692,430
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,645,044	0	2,645,044
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(302,913)	0	(302,913)
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	44,500	(44,500)
X. Employer Contributions to Trust	0	1,878,266	(1,878,266)
XI. Benefit Payments Withdrawn from Trust	0	(1,778,266)	1,778,266
XII. Benefit Payments Excluding Implicit Cost	(1,257,373)	0	(1,257,373)
XIII. Implicit Cost Amount	(520,893)	0	(520,893)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,778,266)	0	(1,778,266)
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.]	2,256,295	144,500	2,111,795
XVIII. Balances for the June 30, 2023 Reporting Date [III.+XVII.]	61,695,012	831,311	60,863,701

* Recognized Immediately

** Amortized over 5.73 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2017									
2018	1,834,685	5.64	0	208,190					
2019	0	5.64	0	0	0				
2020	(8,212,492)	5.94	(2,682,196)	(1,382,574)	(1,382,574)	(1,299,622)			
2021	0	5.94	0	0	0	0	0		
2022	1,254,340	5.73	816,526	218,907	218,907	218,907	218,907	159,805	
2023	0	5.73	0	0	0	0	0	0	0
2024									
2025									
2026									
Total Remaining Balance			(1,865,670)						
Net increase (decrease) in OPEB Expense				(955,477)	(1,163,667)	(1,080,715)	218,907	159,805	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Actuarial Assumptions	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2017									
2018	4,502,203	5.64	0	510,888					
2019	8,898,393	5.64	1,009,748	1,577,729	1,009,748				
2020	1,902,062	5.94	621,214	320,212	320,212	301,002			
2021	3,968,247	5.94	1,964,082	668,055	668,055	668,055	627,972		
2022	(2,091,887)	5.73	(1,361,735)	(365,076)	(365,076)	(365,076)	(365,076)	(266,507)	
2023	(302,913)	5.73	(250,049)	(52,864)	(52,864)	(52,864)	(52,864)	(52,864)	(38,593)
2024									
2025									
2026									
Total Remaining Balance			1,983,260						
Net increase (decrease) in OPEB Expense				2,658,944	1,580,075	551,117	210,032	(319,371)	(38,593)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2017									
2018	10,976	5.00	0						
2019	6,674	5.00	0	1,334					
2020	6,318	5.00	1,262	1,264	1,262				
2021	(27,839)	5.00	(11,135)	(5,568)	(5,568)	(5,567)			
2022	73,450	5.00	44,070	14,690	14,690	14,690	14,690		
2023	2,690	5.00	2,152	538	538	538	538	538	
2024									
2025									
2026									
Total Remaining Balance			36,349						
Net increase (decrease) in OPEB Expense				12,258	10,922	9,661	15,228	538	0

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Statement of (Inflows) & Outflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2023 to be Reported for the Fiscal Year Ending June 30, 2023			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions Made Subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	816,526	(2,682,196)	(1,865,670)
III. Changes of Assumptions	3,595,044	(1,611,784)	1,983,260
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	36,349	0	36,349
VI. Total [I. + II. + III. + IV.]	4,447,919	(4,293,980)	153,939

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows) & Outflows		
The balance of deferred (inflows) & outflows as of the Reporting Date of June 30, 2023 will be recognized in future years as shown below.		
	Year ending June 30:	
	2024	427,330
	2025	(519,937)
	2026	444,167
	2027	(159,028)
	2028	(38,593)
	Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 4.43% as of June 30, 2023 and 4.39% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.13% as of June 30, 2023. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 – Year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2023 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$1,778,266. The Town also contributed \$100,000 to an OPEB Trust for a total contribution during the measurement period of \$1,878,266 to be reported on the financial statement for the fiscal year ending June 30, 2023.

6. Investment Policy

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

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	14.50%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	3.50%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	16.00%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	6.00%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.05%
International Fixed Income	3.00%	International Fixed Income	0.96%
Alternatives	23.00%	Alternatives	5.95%
Real Estate	14.00%	Real Estate	6.25%
Cash	0.00%	Cash	0.00%
Total	100.00%		
		I. Real Rate of Return	4.30%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.80%
		IV. Investment Expense	0.50%
		V. Net Investment Return* [III.-IV.]	6.30%

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

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2023	4,152,659	(1,878,266)	2,274,393	33,093,563	5.68%
June 30, 2022	5,874,283	(2,189,202)	3,685,081	32,129,673	6.81%
June 30, 2021	5,718,045	(1,968,746)	3,749,299	33,130,449	5.94%
June 30, 2020	6,639,492	(1,820,876)	4,818,616	32,165,485	5.66%
June 30, 2019	7,075,463	(1,715,869)	5,359,594	30,891,835	5.55%
June 30, 2018	5,580,666	(1,525,583)	4,055,083	29,992,073	5.09%
June 30, 2017	5,575,718	(1,210,598)	4,365,120	27,445,923	4.41%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate on NOL as of the June 30, 2023 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	51,893,034	60,863,701	72,277,469

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate on NOL as of the June 30, 2023 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	71,190,455	4.43% 60,863,701	52,640,205

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2022	686,811	12	1.0000
Monthly net external cash flows:			
July	50,000	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	50,000	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>	<u>0</u>	<u>0.0000</u>
II. Total net external cash flow	100,000		
III. Earnings and increase in fair value	44,500		
IV. Ending value - June 30, 2023 [I.+II.+III.]	831,311		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	831,311		
Money Weighted Rate of Return	5.85%		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2023								
	Town	School	Police		Highway	Sewer	Sanitation	Water	Total
	Employees and Retirees	Employees and Retirees	Employees and Retirees	Fire Employees and Retirees	Enterprise Employees and Retirees	Enterprise Employees and Retirees	Enterprise Employees and Retirees	Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2023	15,337,868	36,786,072	4,457,091	2,829,456	675,731	180,024	144,996	1,283,774	61,695,012
II. Fiduciary Net Position as of June 30, 2023	206,670	495,675	60,057	38,126	9,105	2,426	1,954	17,298	831,311
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	15,131,198	36,290,397	4,397,034	2,791,330	666,626	177,598	143,042	1,266,476	60,863,701
IV. Service Cost	101,522	1,263,521	122,440	134,328	12,116	13,854	4,652	39,997	1,692,430
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	497,897	1,701,839	206,472	132,977	30,072	8,755	6,726	60,306	2,645,044
VI. Projected Earnings on OPEB Plan Investments	(11,675)	(28,181)	(3,415)	(2,169)	(517)	(138)	(111)	(984)	(47,190)
VII. Net Recognition of Deferred (Inflows)/Outflows	426,543	1,023,013	123,951	78,687	18,792	5,006	4,032	35,701	1,715,725
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	1,014,287	3,960,192	449,448	343,823	60,463	27,477	15,299	135,020	6,006,009
XI. Employer Share of Costs	(846,720)	(759,929)	(59,810)	(47,246)	(26,308)	(2)	(3,418)	(34,833)	(1,778,266)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(24,861)	(59,626)	(7,224)	(4,586)	(1,095)	(292)	(235)	(2,081)	(100,000)
XIII. Total Employer Contribution [XI. + XII.]	(871,581)	(819,555)	(67,034)	(51,832)	(27,403)	(294)	(3,653)	(36,914)	(1,878,266)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	142,706	3,140,637	382,414	291,991	33,060	27,183	11,646	98,106	4,127,743

EXHIBIT A

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

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

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

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(1,865,670)
II. Deferred (Inflow)/Outflow from Investment Experience	36,349
III. Deferred (Inflow)/Outflow from Changes in Assumptions	1,983,260

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	7,978,171
II. Deferred Outflow created during the period	2,690
III. Deferred Outflow recognized during the period	3,521,807
IV. Change in Deferred Outflow (II. - III.)	(3,519,117)
V. Deferred Outflow at end of the period (I. + IV.)	4,459,054
VI. Deferred Inflow at the beginning of the period	(5,808,284)
VII. Deferred Inflow created during the period	(302,913)
VIII. Deferred Inflow recognized during the period	(1,806,082)
IX. Change in Deferred Inflow (VII. - VIII.)	1,503,169
X. Deferred Inflow at end of the period (VI. + IX.)	(4,305,115)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	58,751,906
II. Service Cost	1,692,430
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,645,044
IV. Projected Investment Income	(47,190)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(1,878,266)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	2,412,018
IX. Deferred Outflow created during the period	2,690
X. Deferred Inflow created during the period	(302,913)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	60,863,701

Net OPEB Expense	
I. Service Cost	1,692,430
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,645,044
III. Projected Investment Income	(47,190)
IV. Recognition of Deferred (Inflow)/Outflow	1,715,725
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.)	6,006,009
VIII. Benefit Payments	(1,778,266)
IX. Contributions to Trust	(100,000)
X. Total Employer Payments (VIII. + IX.)	(1,878,266)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	4,127,743

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2017
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
For the Reporting Period & Fiscal Year Ending on:	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB Liability	61,695,012	59,438,717	85,553,931	78,236,198	81,124,133
I. Service Cost	1,692,430	3,511,653	3,083,486	2,906,707	3,201,129
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,645,044	2,200,065	2,209,746	2,286,664	2,471,678
III. Changes in Benefit Terms	0	(28,850,183)	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	1,254,340	0	(8,212,492)	0
V. Changes of Assumptions	(302,913)	(2,091,887)	3,968,247	1,902,062	8,898,393
VI. Benefit Payments Excluding Implicit Cost	(1,257,373)	(1,531,796)	(1,520,975)	(1,388,583)	(1,435,737)
VII. Implicit Cost Amount	(520,893)	(607,406)	(422,771)	(382,293)	(280,132)
VIII. Total Benefit Payments	(1,778,266)	(2,139,202)	(1,943,746)	(1,770,876)	(1,715,869)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	2,256,295	(26,115,214)	7,317,733	(2,887,935)	12,855,331
XI. Total OPEB Liability - Beginning of Period	59,438,717	85,553,931	78,236,198	81,124,133	68,268,802
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	59,438,717	85,553,931	78,236,198	81,124,133	68,268,802
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	61,695,012	59,438,717	85,553,931	78,236,198	81,124,133
Plan Fiduciary Net Position	831,311	686,811	663,637	571,289	514,133
XV. Earnings from Plan Investments	44,500	(26,826)	67,348	7,156	7,265
XVI. Employer Contribution to Trust	1,878,266	2,189,202	1,968,746	1,820,876	1,715,869
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,778,266)	(2,139,202)	(1,943,746)	(1,770,876)	(1,715,869)
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.]	144,500	23,174	92,348	57,156	7,265
XXI. Plan Fiduciary Net Position - Beginning of Period	686,811	663,637	571,289	514,133	506,868
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	686,811	663,637	571,289	514,133	506,868
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	831,311	686,811	663,637	571,289	514,133
XXV. Net OPEB Liability [XIV.-XXIV.]	60,863,701	58,751,906	84,890,294	77,664,909	80,610,000
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	1.35%	1.16%	0.78%	0.73%	0.63%
XXVII. Covered Employee Payroll	33,093,563	32,129,673	33,130,449	32,165,485	30,891,835
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	183.91%	182.86%	256.23%	241.45%	260.94%
Single Discount Rate to Calculate Plan Liabilities	4.43%	4.39%	2.50%	2.75%	2.75%

EXHIBIT B

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios		
Valuation Date	July 1, 2017	July 1, 2016
Measurement Date	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2018	June 30, 2017
Total OPEB Liability	68,268,802	58,819,995
I. Service Cost	2,517,169	2,771,538
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,120,333	1,871,855
III. Changes in Benefit Terms	0	0
IV. Difference Between Expected & Actual Plan Experience	1,834,685	0
V. Changes of Assumptions	4,502,203	0
VI. Benefit Payments Excluding Implicit Cost	(1,286,488)	N/A
VII. Implicit Cost Amount	(239,095)	N/A
VIII. Total Benefit Payments	(1,525,583)	(1,284,525)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	9,448,807	3,358,868
XI. Total OPEB Liability - Beginning of Period	58,819,995	55,461,127
XII. Prior Period Adjustment	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	58,819,995	55,461,127
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	68,268,802	58,819,995
Plan Fiduciary Net Position	506,868	503,984
XV. Earnings from Plan Investments	2,884	1,508
XVI. Employer Contribution to Trust	1,525,583	1,210,598
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,525,583)	(1,210,598)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	2,884	1,508
XXI. Plan Fiduciary Net Position - Beginning of Period	503,984	502,476
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	503,984	502,476
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	506,868	503,984
XXV. Net OPEB Liability [XIV.-XXIV.]	67,761,934	58,316,011
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	0.74%	0.86%
XXVII. Covered Employee Payroll	29,992,073	27,445,923
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	225.93%	212.48%
Single Discount Rate to Calculate Plan Liabilities	3.50%	3.25%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
I. Service Cost	1,692,430	3,511,653	3,083,486	2,906,707	3,201,129
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>2,460,229</u>	<u>2,362,630</u>	<u>2,634,559</u>	<u>2,498,644</u>	<u>3,874,334</u>
III. Actuarial Determined Contribution [I. + II.]	4,152,659	5,874,283	5,718,045	6,639,492	7,075,463
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(1,878,266)</u>	<u>(2,189,202)</u>	<u>(1,968,746)</u>	<u>(1,820,876)</u>	<u>(1,715,869)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>2,274,393</u>	<u>3,685,081</u>	<u>3,749,299</u>	<u>4,818,616</u>	<u>5,359,594</u>
Covered Employee Payroll	33,093,563	32,129,673	33,130,449	32,165,485	30,891,835
Contributions as a % of Covered Employee Payroll	5.68%	6.81%	5.94%	5.66%	5.55%
Discount Rate	4.43%	4.39%	2.50%	2.75%	2.75%
Money Weighted Rate of Return	5.85%	(3.78%)	11.67%	1.32%	1.43%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Actuarially Determined Contribution - Deficiency / (Excess) (Continued)		
<u>For the Fiscal Year Ending:</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	2,517,169	2,771,538
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>3,063,497</u>	<u>2,804,180</u>
III. Actuarial Determined Contribution [I. + II.]	5,580,666	5,575,718
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(1,525,583)</u>	<u>(1,210,598)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>4,055,083</u>	<u>4,365,120</u>
Covered Employee Payroll	29,992,073	27,445,923
Contributions as a % of Covered Employee Payroll	5.09%	4.41%
Discount Rate	3.50%	3.25%
Money Weighted Rate of Return	0.57%	2.75%

EXHIBIT B

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

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2023								Total
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Highway Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Sanitation Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	
I. Service Cost	101,522	1,263,521	122,440	134,328	12,116	13,854	4,652	39,997	1,692,430
II. 30 Year Amortization of NOL Increasing by 3.00% per year	611,632	1,466,929	177,737	112,831	26,946	7,179	5,782	51,193	2,460,229
III. Actuarial Determined Contribution [I. + II.]	713,154	2,730,450	300,177	247,159	39,062	21,033	10,434	91,190	4,152,659
IV. Employer Share of Costs (Including Implicit Cost)	(846,720)	(759,929)	(59,810)	(47,246)	(26,308)	(2)	(3,418)	(34,833)	(1,778,266)
V. Employer OPEB Trust (Contribution)/Withdrawal	(24,861)	(59,626)	(7,224)	(4,586)	(1,095)	(292)	(235)	(2,081)	(100,000)
VI. Total Employer Contribution [IV. + V.]	(871,581)	(819,555)	(67,034)	(51,832)	(27,403)	(294)	(3,653)	(36,914)	(1,878,266)
VII. Contribution Deficiency / (Excess) [III. + VI.]	(158,427)	1,910,895	233,143	195,327	11,659	20,739	6,781	54,276	2,274,393

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of July 1, 2021.

Actuarial Cost Method: Individual Entry Age Normal

Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return: 6.30%, net of OPEB plan investment expense, including inflation.

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

Single Equivalent Discount Rate: 4.43%, net of OPEB plan investment expense, including inflation

Inflation: 2.50% as of June 30, 2023 and for future periods

Salary Increases: 3.00% annually as of June 30, 2023 and for future periods

Cost of Living Adjustment: Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Plan Membership

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

Retirees & Beneficiaries:	361
Actives:	<u>451</u>
Total:	812

Events Subsequent to the Measurement Date

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

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

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.39% to 4.43%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$100,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$1,778,266. \$520,893 of the \$1,778,266 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

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

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2023	33,093,563	0	33,093,563	0	1,778,266	0	1,778,266
June 30, 2024	30,834,162	3,252,208	34,086,370	0	1,939,171	0	1,939,171
June 30, 2025	29,081,443	6,027,518	35,108,961	0	2,138,428	0	2,138,428
June 30, 2026	27,498,517	8,663,713	36,162,230	0	2,259,696	0	2,259,696
June 30, 2027	26,002,524	11,244,573	37,247,097	0	2,461,703	0	2,461,703
June 30, 2028	24,567,070	13,797,440	38,364,510	0	2,661,033	0	2,661,033
June 30, 2029	23,316,014	16,199,431	39,515,445	0	2,717,442	0	2,717,442
June 30, 2030	22,106,791	18,594,117	40,700,908	0	2,920,893	0	2,920,893
June 30, 2031	21,018,581	20,903,354	41,921,935	0	3,126,475	0	3,126,475
June 30, 2032	19,879,303	23,300,290	43,179,593	0	3,241,778	0	3,241,778
June 30, 2033	18,964,882	25,510,099	44,474,981	0	3,264,448	12,976	3,277,424
June 30, 2034	18,080,933	27,728,297	45,809,230	0	3,407,700	34,447	3,442,147
June 30, 2035	17,136,123	30,047,384	47,183,507	0	3,533,059	64,764	3,597,823
June 30, 2036	16,307,835	32,291,177	48,599,012	0	3,562,097	109,065	3,671,162
June 30, 2037	15,582,757	34,474,225	50,056,982	0	3,660,082	165,426	3,825,508
June 30, 2038	14,787,914	36,770,777	51,558,691	0	3,811,794	199,861	4,011,655
June 30, 2039	14,054,619	39,050,833	53,105,452	0	3,903,547	241,844	4,145,391
June 30, 2040	13,410,864	41,287,752	54,698,616	0	3,951,262	292,828	4,244,090
June 30, 2041	12,768,878	43,570,696	56,339,574	0	4,110,981	324,879	4,435,860
June 30, 2042	12,167,621	45,862,140	58,029,761	0	4,208,953	360,295	4,569,248
June 30, 2043	11,599,032	48,171,622	59,770,654	0	4,226,451	422,299	4,648,750
June 30, 2044	11,102,330	50,461,444	61,563,774	0	4,350,402	506,483	4,856,885
June 30, 2045	10,481,187	52,929,500	63,410,687	0	4,467,571	610,943	5,078,514
June 30, 2046	9,920,187	55,392,821	65,313,008	0	4,425,845	747,695	5,173,540
June 30, 2047	9,325,930	57,946,468	67,272,398	0	4,456,704	910,026	5,366,730
June 30, 2048	8,798,704	60,491,866	69,290,570	0	4,438,506	1,031,975	5,470,481
June 30, 2049	8,144,804	63,224,483	71,369,287	0	4,306,692	1,170,936	5,477,628
June 30, 2050	7,529,443	65,980,923	73,510,366	0	4,268,362	1,329,114	5,597,476
June 30, 2051	6,952,509	68,763,168	75,715,677	0	4,145,352	1,451,810	5,597,162
June 30, 2052	6,310,658	71,676,489	77,987,147	0	4,030,190	1,582,807	5,612,997
June 30, 2053	5,725,186	74,601,575	80,326,761	0	3,981,973	1,748,937	5,730,910
June 30, 2054	5,176,528	77,560,036	82,736,564	0	3,990,931	1,935,649	5,926,580
June 30, 2055	4,614,132	80,604,529	85,218,661	0	4,025,109	2,141,479	6,166,588
June 30, 2056	4,114,187	83,661,034	87,775,221	0	3,981,962	2,376,071	6,358,033
June 30, 2057	3,618,942	86,789,536	90,408,478	0	3,966,042	2,631,778	6,597,820
June 30, 2058	3,119,991	90,000,741	93,120,732	0	3,932,517	2,872,358	6,804,875
June 30, 2059	2,643,309	93,271,045	95,914,354	0	3,839,051	3,126,133	6,965,184
June 30, 2060	2,233,987	96,557,798	98,791,785	0	3,720,895	3,395,203	7,116,098
June 30, 2061	1,897,703	99,857,836	101,755,539	0	3,618,960	3,661,470	7,280,430
June 30, 2062	1,522,737	103,285,468	104,808,205	0	3,462,321	3,934,580	7,396,901

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2063	1,214,437	106,738,014	107,952,451	0	3,381,740	4,243,351	7,625,091
June 30, 2064	898,061	110,292,964	111,191,025	0	3,310,758	4,573,259	7,884,017
June 30, 2065	671,740	113,855,016	114,526,756	0	3,224,279	4,931,735	8,156,014
June 30, 2066	431,748	117,530,811	117,962,559	0	3,157,310	5,322,669	8,479,979
June 30, 2067	297,088	121,204,348	121,501,436	0	3,090,296	5,737,713	8,828,009
June 30, 2068	160,986	124,985,493	125,146,479	0	3,043,567	6,159,433	9,203,000
June 30, 2069	93,880	128,806,993	128,900,873	0	2,985,364	6,598,913	9,584,277
June 30, 2070	48,191	132,719,708	132,767,899	0	2,921,403	7,060,104	9,981,507
June 30, 2071	21,246	136,729,690	136,750,936	0	2,866,814	7,513,061	10,379,875
June 30, 2072	9,704	140,843,760	140,853,464	0	2,802,446	7,979,189	10,781,635
June 30, 2073	0	145,079,068	145,079,068	0	2,731,057	8,470,530	11,201,587
June 30, 2074	0	149,431,440	149,431,440	0	2,647,679	8,974,210	11,621,889
June 30, 2075	0	153,914,383	153,914,383	0	2,552,818	9,497,967	12,050,785
June 30, 2076	0	158,531,814	158,531,814	0	2,462,001	10,041,067	12,503,068
June 30, 2077	0	163,287,768	163,287,768	0	2,365,828	10,597,940	12,963,768
June 30, 2078	0	168,186,401	168,186,401	0	2,262,136	11,190,702	13,452,838
June 30, 2079	0	173,231,993	173,231,993	0	2,157,688	11,797,472	13,955,160
June 30, 2080	0	178,428,953	178,428,953	0	2,048,260	12,420,324	14,468,584
June 30, 2081	0	183,781,822	183,781,822	0	1,934,261	13,069,126	15,003,387
June 30, 2082	0	189,295,277	189,295,277	0	1,819,323	13,733,245	15,552,568
June 30, 2083	0	194,974,135	194,974,135	0	1,697,677	14,418,183	16,115,860
June 30, 2084	0	200,823,359	200,823,359	0	1,575,515	15,122,824	16,698,339
June 30, 2085	0	206,848,060	206,848,060	0	1,451,503	15,852,163	17,303,666
June 30, 2086	0	213,053,502	213,053,502	0	1,330,793	16,606,159	17,936,952
June 30, 2087	0	219,445,107	219,445,107	0	1,212,284	17,383,946	18,596,230
June 30, 2088	0	226,028,460	226,028,460	0	1,096,546	18,196,312	19,292,858
June 30, 2089	0	232,809,314	232,809,314	0	986,463	19,032,322	20,018,785
June 30, 2090	0	239,793,593	239,793,593	0	880,566	19,895,214	20,775,780
June 30, 2091	0	246,987,401	246,987,401	0	780,723	20,790,180	21,570,903
June 30, 2092	0	254,397,023	254,397,023	0	687,240	21,712,613	22,399,853
June 30, 2093	0	262,028,934	262,028,934	0	600,303	22,663,018	23,263,321
June 30, 2094	0	269,889,802	269,889,802	0	519,977	23,645,537	24,165,514
June 30, 2095	0	277,986,496	277,986,496	0	446,312	24,662,244	25,108,556
June 30, 2096	0	286,326,091	286,326,091	0	379,288	25,714,216	26,093,504
June 30, 2097	0	294,915,874	294,915,874	0	318,862	26,801,915	27,120,777

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement 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 [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2023	686,811	1,778,266	100,000	1,878,266	0	1,778,266	1,778,266	44,500	831,311
June 30, 2024	831,311	1,939,171	45,229	1,984,400	0	1,939,171	1,939,171	48,779	925,319
June 30, 2025	925,319	2,138,428	41,416	2,179,844	0	2,138,428	2,138,428	59,580	1,026,315
June 30, 2026	1,026,315	2,259,696	38,021	2,297,717	0	2,259,696	2,259,696	65,837	1,130,173
June 30, 2027	1,130,173	2,461,703	34,905	2,496,608	0	2,461,703	2,461,703	72,284	1,237,362
June 30, 2028	1,237,362	2,661,033	32,018	2,693,051	0	2,661,033	2,661,033	78,947	1,348,327
June 30, 2029	1,348,327	2,717,442	29,502	2,746,944	0	2,717,442	2,717,442	85,860	1,463,689
June 30, 2030	1,463,689	2,920,893	27,158	2,948,051	0	2,920,893	2,920,893	93,055	1,583,902
June 30, 2031	1,583,902	3,126,475	25,069	3,151,544	0	3,126,475	3,126,475	100,563	1,709,534
June 30, 2032	1,709,534	3,241,778	23,019	3,264,797	0	3,241,778	3,241,778	108,415	1,840,968
June 30, 2033	1,840,968	3,264,448	21,321	3,285,769	0	3,277,424	3,277,424	116,642	1,965,955
June 30, 2034	1,965,955	3,407,700	19,735	3,427,435	0	3,442,147	3,442,147	124,467	2,075,710
June 30, 2035	2,075,710	3,533,059	18,159	3,551,218	0	3,597,823	3,597,823	131,333	2,160,438
June 30, 2036	2,160,438	3,562,097	16,778	3,578,875	0	3,671,162	3,671,162	136,628	2,204,779
June 30, 2037	2,204,779	3,660,082	15,565	3,675,647	0	3,825,508	3,825,508	139,384	2,194,302
June 30, 2038	2,194,302	3,811,794	14,341	3,826,135	0	4,011,655	4,011,655	138,686	2,147,468
June 30, 2039	2,147,468	3,903,547	13,233	3,916,780	0	4,145,391	4,145,391	135,701	2,054,558
June 30, 2040	2,054,558	3,951,262	12,259	3,963,521	0	4,244,090	4,244,090	129,817	1,903,806
June 30, 2041	1,903,806	4,110,981	11,332	4,122,313	0	4,435,860	4,435,860	120,291	1,710,550
June 30, 2042	1,710,550	4,208,953	10,484	4,219,437	0	4,569,248	4,569,248	108,090	1,468,829
June 30, 2043	1,468,829	4,226,451	9,703	4,236,154	0	4,648,750	4,648,750	92,837	1,149,070
June 30, 2044	1,149,070	4,350,402	9,017	4,359,419	0	4,856,885	4,856,885	72,671	724,275
June 30, 2045	724,275	4,467,571	8,265	4,475,836	0	5,078,514	5,078,514	45,886	167,483
June 30, 2046	167,483	4,425,845	7,594	4,433,439	0	5,173,540	5,173,540	10,787	0
June 30, 2047	0	4,456,704	6,931	4,463,635	0	5,366,730	5,366,730	215	0
June 30, 2048	0	4,438,506	6,349	4,444,855	0	5,470,481	5,470,481	197	0
June 30, 2049	0	4,306,692	5,706	4,312,398	0	5,477,628	5,477,628	177	0
June 30, 2050	0	4,268,362	5,121	4,273,483	0	5,597,476	5,597,476	159	0
June 30, 2051	0	4,145,352	4,591	4,149,943	0	5,597,162	5,597,162	142	0
June 30, 2052	0	4,030,190	4,046	4,034,236	0	5,612,997	5,612,997	126	0
June 30, 2053	0	3,981,973	3,564	3,985,537	0	5,730,910	5,730,910	111	0
June 30, 2054	0	3,990,931	3,128	3,994,059	0	5,926,580	5,926,580	97	0
June 30, 2055	0	4,025,109	2,707	4,027,816	0	6,166,588	6,166,588	84	0
June 30, 2056	0	3,981,962	2,344	3,984,306	0	6,358,033	6,358,033	73	0
June 30, 2057	0	3,966,042	2,001	3,968,043	0	6,597,820	6,597,820	62	0
June 30, 2058	0	3,932,517	1,675	3,934,192	0	6,804,875	6,804,875	52	0
June 30, 2059	0	3,839,051	1,378	3,840,429	0	6,965,184	6,965,184	43	0
June 30, 2060	0	3,720,895	1,131	3,722,026	0	7,116,098	7,116,098	35	0
June 30, 2061	0	3,618,960	932	3,619,892	0	7,280,430	7,280,430	29	0
June 30, 2062	0	3,462,321	726	3,463,047	0	7,396,901	7,396,901	23	0

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2021 Valuation Date										
For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you- go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members	
June 30, 2063	0	3,381,740	562	3,382,302	0	7,625,091	7,625,091	17	0	
June 30, 2064	0	3,310,758	404	3,311,162	0	7,884,017	7,884,017	13	0	
June 30, 2065	0	3,224,279	293	3,224,572	0	8,156,014	8,156,014	9	0	
June 30, 2066	0	3,157,310	183	3,157,493	0	8,479,979	8,479,979	6	0	
June 30, 2067	0	3,090,296	122	3,090,418	0	8,828,009	8,828,009	4	0	
June 30, 2068	0	3,043,567	64	3,043,631	0	9,203,000	9,203,000	2	0	
June 30, 2069	0	2,985,364	36	2,985,400	0	9,584,277	9,584,277	1	0	
June 30, 2070	0	2,921,403	18	2,921,421	0	9,981,507	9,981,507	1	0	
June 30, 2071	0	2,866,814	8	2,866,822	0	10,379,875	10,379,875	0	0	
June 30, 2072	0	2,802,446	3	2,802,449	0	10,781,635	10,781,635	0	0	
June 30, 2073	0	2,731,057	0	2,731,057	0	11,201,587	11,201,587	0	0	
June 30, 2074	0	2,647,679	0	2,647,679	0	11,621,889	11,621,889	0	0	
June 30, 2075	0	2,552,818	0	2,552,818	0	12,050,785	12,050,785	0	0	
June 30, 2076	0	2,462,001	0	2,462,001	0	12,503,068	12,503,068	0	0	
June 30, 2077	0	2,365,828	0	2,365,828	0	12,963,768	12,963,768	0	0	
June 30, 2078	0	2,262,136	0	2,262,136	0	13,452,838	13,452,838	0	0	
June 30, 2079	0	2,157,688	0	2,157,688	0	13,955,160	13,955,160	0	0	
June 30, 2080	0	2,048,260	0	2,048,260	0	14,468,584	14,468,584	0	0	
June 30, 2081	0	1,934,261	0	1,934,261	0	15,003,387	15,003,387	0	0	
June 30, 2082	0	1,819,323	0	1,819,323	0	15,552,568	15,552,568	0	0	
June 30, 2083	0	1,697,677	0	1,697,677	0	16,115,860	16,115,860	0	0	
June 30, 2084	0	1,575,515	0	1,575,515	0	16,698,339	16,698,339	0	0	
June 30, 2085	0	1,451,503	0	1,451,503	0	17,303,666	17,303,666	0	0	
June 30, 2086	0	1,330,793	0	1,330,793	0	17,936,952	17,936,952	0	0	
June 30, 2087	0	1,212,284	0	1,212,284	0	18,596,230	18,596,230	0	0	
June 30, 2088	0	1,096,546	0	1,096,546	0	19,292,858	19,292,858	0	0	
June 30, 2089	0	986,463	0	986,463	0	20,018,785	20,018,785	0	0	
June 30, 2090	0	880,566	0	880,566	0	20,775,780	20,775,780	0	0	
June 30, 2091	0	780,723	0	780,723	0	21,570,903	21,570,903	0	0	
June 30, 2092	0	687,240	0	687,240	0	22,399,853	22,399,853	0	0	
June 30, 2093	0	600,303	0	600,303	0	23,263,321	23,263,321	0	0	
June 30, 2094	0	519,977	0	519,977	0	24,165,514	24,165,514	0	0	
June 30, 2095	0	446,312	0	446,312	0	25,108,556	25,108,556	0	0	
June 30, 2096	0	379,288	0	379,288	0	26,093,504	26,093,504	0	0	
June 30, 2097	0	318,862	0	318,862	0	27,120,777	27,120,777	0	0	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.30%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [4.43%]	
June 30, 2023	686,811	1,778,266	686,811	1,091,455	686,811	1,091,455	1,778,266	Sum of Column V.
June 30, 2024	831,311	1,939,171	831,311	1,107,860	782,042	1,063,964	1,856,914	18,263,813
June 30, 2025	925,319	2,138,428	925,319	1,213,109	818,889	1,118,882	1,960,858	
June 30, 2026	1,026,315	2,259,696	1,026,315	1,233,381	854,439	1,092,506	1,984,163	Sum of Column VI.
June 30, 2027	1,130,173	2,461,703	1,130,173	1,331,530	885,140	1,132,713	2,069,849	53,538,343
June 30, 2028	1,237,362	2,661,033	1,237,362	1,423,671	911,655	1,163,110	2,142,541	
June 30, 2029	1,348,327	2,717,442	1,348,327	1,369,115	934,535	1,074,220	2,095,149	Sum of Column VII.
June 30, 2030	1,463,689	2,920,893	1,463,689	1,457,204	954,368	1,098,034	2,156,483	[V. + VI.]
June 30, 2031	1,583,902	3,126,475	1,583,902	1,542,573	971,543	1,116,307	2,210,351	71,802,156
June 30, 2032	1,709,534	3,241,778	1,709,534	1,532,244	986,457	1,064,898	2,194,650	
June 30, 2033	1,840,968	3,264,448	1,840,968	1,423,480	999,341	950,110	2,116,253	
June 30, 2034	1,965,955	3,407,700	1,965,955	1,441,745	1,003,940	924,172	2,115,412	
June 30, 2035	2,075,710	3,533,059	2,075,710	1,457,349	997,166	897,161	2,100,198	
June 30, 2036	2,160,438	3,562,097	2,160,438	1,401,659	976,359	828,689	2,027,640	
June 30, 2037	2,204,779	3,660,082	2,204,779	1,455,303	937,345	826,313	1,995,040	
June 30, 2038	2,194,302	3,811,794	2,194,302	1,617,492	877,602	882,014	1,989,601	
June 30, 2039	2,147,468	3,903,547	2,147,468	1,756,079	807,969	919,644	1,951,065	
June 30, 2040	2,054,558	3,951,262	2,054,558	1,896,704	727,198	953,932	1,891,141	
June 30, 2041	1,903,806	4,110,981	1,903,806	2,207,175	633,905	1,066,098	1,884,124	
June 30, 2042	1,710,550	4,208,953	1,710,550	2,498,403	535,801	1,158,951	1,847,199	
June 30, 2043	1,468,829	4,226,451	1,468,829	2,757,622	432,819	1,228,512	1,776,198	
June 30, 2044	1,149,070	4,350,402	1,149,070	3,201,332	318,528	1,369,675	1,750,736	
June 30, 2045	724,275	4,467,571	724,275	3,743,296	188,874	1,538,095	1,721,625	
June 30, 2046	167,483	4,425,845	167,483	4,258,362	41,087	1,680,405	1,633,199	
June 30, 2047	0	4,456,704	0	4,456,704	0	1,688,991	1,574,825	
June 30, 2048	0	4,438,506	0	4,438,506	0	1,615,447	1,501,866	
June 30, 2049	0	4,306,692	0	4,306,692	0	1,505,365	1,395,449	
June 30, 2050	0	4,268,362	0	4,268,362	0	1,432,853	1,324,363	
June 30, 2051	0	4,145,352	0	4,145,352	0	1,336,423	1,231,638	
June 30, 2052	0	4,030,190	0	4,030,190	0	1,247,815	1,146,629	
June 30, 2053	0	3,981,973	0	3,981,973	0	1,184,037	1,084,855	
June 30, 2054	0	3,990,931	0	3,990,931	0	1,139,681	1,041,174	
June 30, 2055	0	4,025,109	0	4,025,109	0	1,103,898	1,005,547	
June 30, 2056	0	3,981,962	0	3,981,962	0	1,048,795	952,572	
June 30, 2057	0	3,966,042	0	3,966,042	0	1,003,213	908,518	
June 30, 2058	0	3,932,517	0	3,932,517	0	955,320	862,626	
June 30, 2059	0	3,839,051	0	3,839,051	0	895,662	806,402	
June 30, 2060	0	3,720,895	0	3,720,895	0	833,700	748,430	
June 30, 2061	0	3,618,960	0	3,618,960	0	778,733	697,049	
June 30, 2062	0	3,462,321	0	3,462,321	0	715,508	638,591	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2021 Valuation Date							
For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.30%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [4.43%]
June 30, 2063	0	3,381,740	0	3,381,740	0	671,165	597,271
June 30, 2064	0	3,310,758	0	3,310,758	0	631,043	559,931
June 30, 2065	0	3,224,279	0	3,224,279	0	590,210	522,174
June 30, 2066	0	3,157,310	0	3,157,310	0	555,051	489,638
June 30, 2067	0	3,090,296	0	3,090,296	0	521,745	458,917
June 30, 2068	0	3,043,567	0	3,043,567	0	493,496	432,805
June 30, 2069	0	2,985,364	0	2,985,364	0	464,879	406,521
June 30, 2070	0	2,921,403	0	2,921,403	0	436,894	380,937
June 30, 2071	0	2,866,814	0	2,866,814	0	411,743	357,962
June 30, 2072	0	2,802,446	0	2,802,446	0	386,551	335,081
June 30, 2073	0	2,731,057	0	2,731,057	0	361,778	312,694
June 30, 2074	0	2,647,679	0	2,647,679	0	336,837	290,289
June 30, 2075	0	2,552,818	0	2,552,818	0	311,900	268,016
June 30, 2076	0	2,462,001	0	2,462,001	0	288,886	247,517
June 30, 2077	0	2,365,828	0	2,365,828	0	266,602	227,759
June 30, 2078	0	2,262,136	0	2,262,136	0	244,817	208,539
June 30, 2079	0	2,157,688	0	2,157,688	0	224,261	190,472
June 30, 2080	0	2,048,260	0	2,048,260	0	204,452	173,143
June 30, 2081	0	1,934,261	0	1,934,261	0	185,423	156,571
June 30, 2082	0	1,819,323	0	1,819,323	0	167,495	141,020
June 30, 2083	0	1,697,677	0	1,697,677	0	150,103	126,009
June 30, 2084	0	1,575,515	0	1,575,515	0	133,782	111,981
June 30, 2085	0	1,451,503	0	1,451,503	0	118,369	98,791
June 30, 2086	0	1,330,793	0	1,330,793	0	104,225	86,733
June 30, 2087	0	1,212,284	0	1,212,284	0	91,182	75,658
June 30, 2088	0	1,096,546	0	1,096,546	0	79,209	65,532
June 30, 2089	0	986,463	0	986,463	0	68,433	56,452
June 30, 2090	0	880,566	0	880,566	0	58,667	48,255
June 30, 2091	0	780,723	0	780,723	0	49,954	40,968
June 30, 2092	0	687,240	0	687,240	0	42,230	34,533
June 30, 2093	0	600,303	0	600,303	0	35,426	28,885
June 30, 2094	0	519,977	0	519,977	0	29,470	23,959
June 30, 2095	0	446,312	0	446,312	0	24,293	19,692
June 30, 2096	0	379,288	0	379,288	0	19,827	16,025
June 30, 2097	0	318,862	0	318,862	0	16,008	12,901

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2023 Active Plans: effective July 1, 2022 Dental Plans: N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical Insurance and \$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	50%	50%
Dental	100%	100%
Life	50%	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

<u>Pre-Retirement Mortality</u>	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
<u>Post-Retirement Mortality</u>	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
<u>Disabled Mortality</u>	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
<u>Assumption Experience Study</u>	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.
<u>Discount Rate</u>	4.43% per annum (previously 4.39%)
<u>Net Long Term Rate of Return</u>	6.30% (based on investment policy)
<u>Municipal Bond Rate</u>	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
<u>Actuarial Cost Method</u>	Individual Entry Age Normal
<u>Asset-Valuation Method</u>	Market Value of Assets as of the Measurement Date, June 30, 2023

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

Non-Public Safety Employees

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

Public Safety Employees

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

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

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

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2023</u>	<u>June 30, 2022</u>
I. Total OPEB Liability	61,695,012	59,438,717
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>40,769,127</u>	<u>39,256,421</u>
III. Liability from Implicit Subsidy [I. - II.]	20,925,885	20,182,296

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2023</u>	<u>June 30, 2022</u>
IV. Employer Payments (Including Implicit Subsidy)	1,778,266	2,139,202
V. Actual Employer Payments	<u>1,257,373</u>	<u>1,531,796</u>
VI. Implicit Subsidy [IV. - V.]	520,893	607,406

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS*

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	5,200	3,278	44 & Under	10,220	6,697	65 to 69	3,018	3,100
25 to 29	7,672	3,411	45 to 49	11,226	8,456	70 to 74	3,560	3,714
30 to 34	9,694	4,281	50 to 54	13,206	11,136	75 to 79	4,131	4,386
35 to 39	9,985	5,375	55 to 59	15,267	14,478	80 to 84	4,738	5,041
40 to 44	10,220	6,697	60 to 64	18,167	18,579	85 to 89	5,296	5,615
45 to 49	11,226	8,456	65 to 69	21,777	23,174	90 & Over	5,296	5,615
50 to 54	13,206	11,136	70 to 74	25,681	27,772			
55 to 59	15,267	14,478	75 to 79	29,824	32,800			
60 to 64	18,167	18,579	80 to 84	34,195	37,701			
65 to 69	21,777	23,174	85 to 89	39,033	43,154			
70 & Over	25,681	27,772	90 & Over	39,033	43,154			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

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

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

Additional Comments

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

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

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2021
A. Average Age at Hire	35.83
B. Average Service	<u>10.70</u>
C. Average Current Age	46.53

Retired Employees & Spouses

Valuation Date	July 1, 2021
A. Under Age 65	48
B. Age 65 & Over	<u>313</u>
C. Total	361

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	15									15
25-29	36	4								40
30-34	20	17	1							38
35-39	25	29	8	3						65
40-44	15	11	12	9	3					50
45-49	17	5	3	12	7	3				47
50-54	16	14	12	9	9	12				72
55-59	9	7	8	8	8	4		1		45
60-64	4	4	9	14	10	6	2	2		51
65-69	2	8	1	4	3		1			19
70+		1	1	1	1	3	1		1	9
Total	159	100	55	60	41	28	4	3	1	451

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue	129		271	400
Master Health Plus	1		1	2
Medex	130	72		202
Total	260	72	272	604

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue	1,010.92		2,631.48
Master Health Plus	2,792.56		6,928.90
Medex	385.00	770.00	

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Blue	129		271	671	10,122,477.12	8,139,927.84
Master Health Plus	1		1	3	116,657.52	100,532.16
Total	130	0	272	674	10,239,134.64	8,240,460.00
Blended Average Monthly Rate:						\$ 1,018.85

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex	130	72		274	1,265,880.00	1,265,880.00
Total	130	72	0	274	1,265,880.00	1,265,880.00
Blended Average Monthly Rate:						\$ 385.00

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 November 7, 2023 and its subject is the Town of Bellingham's GASB 75 OPEB liabilities.

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

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

APPENDIX VI – ASOP 41 DISCLOSURES

Events Subsequent to the Measurement Date

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

Actuarial Findings

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

Methods, Procedures, Assumptions, and Data

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

Assumptions or Methods Prescribed by Law

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

Responsibility for Assumptions and Methods

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

Deviation from the Guidance of an ASOP

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

Rounding

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

GLOSSARY

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

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

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

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

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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