

Town of North Attleborough Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2021

As of the Measurement Date:
June 30, 2023

For the Reporting Date:
June 30, 2023

Delivered August 16, 2023



TABLE OF CONTENTS

	<u>PAGE</u>
<u>EXECUTIVE SUMMARY</u>	I
<u>PRINCIPAL RESULTS OF THE VALUATION</u>	1
<u>EXHIBITS</u>	
A FINANCIAL STATEMENT DISCLOSURES	4
B REQUIRED SUPPLEMENTARY INFORMATION	16
<u>APPENDIX</u>	
I LIABILITIES, ASSETS, & CASH FLOWS	25
II PLAN PROVISIONS	31
III ACTUARIAL METHODS & ASSUMPTIONS	33
IV PLAN DEMOGRAPHICS	42
V OVERVIEW OF GASB 74 & 75	47
VI ASOP 41 DISCLOSURES	49
<u>GLOSSARY</u>	52



East Coast
11 Hayward Ave, Building 4
Colchester, CT 06415
(860) 537-9080

West Coast
1350 E. Flamingo Road, Suite 254
Las Vegas, NV 89119
(702) 979-2880

August 16, 2023

Personal and Confidential

Mr. Christopher Sweet
Treasurer
Town of North Attleborough
43 S. Washington Street
North Attleboro, MA 02760

Dear Mr. Sweet:

We have performed an actuarial valuation of the Town of North Attleborough 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 North Attleborough, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

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

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

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

Very truly yours,

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

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



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ACTUARIAL CERTIFICATION

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

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

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

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

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

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

EXECUTIVE SUMMARY

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

Plan Experience

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

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change decreased disclosed liabilities by approximately \$3.6 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.74% to 5.92% decreasing the disclosed liability by approximately \$3.6 million.

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

Investment Experience

- ✓ During the period investments earned approximately \$170 thousand more than expected.

Changes in Benefit Terms

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

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 5.93 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 73.45% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 9.00% increase in fiscal year 2023 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (5.92%) – 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 \$6,650,215 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town contributed \$884,284 in Fiscal 2023. This amount will increase according to the Town's funding policy statement until their pension system is fully funded at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB.
- ✓ Investment Policy – The Town is expected to earn 6.23% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Low Default Risk Obligation Measure (LDRM)

For purposes of this LDRM, we have used a discount rate of 4.13% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDRM Total OPEB Liability is \$201.6 million vs. the \$156.2 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$45 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

Medicare Buy-In

The Town currently has 27 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	156,188,003	153,808,252
Per Eligible Active Plan Participant	81,264	82,717
Per Retiree/Spouse Plan Participant	106,779	102,166
Total Annual Service Cost (Annual Benefit Accrual)	3,183,441	4,391,128
Per Eligible Active Plan Participant	3,618	4,990
Expected Employer Share of Retiree Costs	6,034,108	6,103,903
Per Retiree/Spouse Plan Participant	7,609	7,697
Net OPEB Liability as a % of Covered Payroll	246.99%	252.75%

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	846	156,188,003	151,638,838	6,034,108	5,858,357
June 30, 2028	904	182,658,873	152,973,930	8,248,152	6,907,697
June 30, 2033	935	210,186,951	151,843,525	10,255,080	7,408,488
June 30, 2038	922	239,517,557	149,259,423	12,030,831	7,497,216
June 30, 2043	881	272,544,728	146,506,221	13,642,311	7,333,414
June 30, 2048	844	312,034,943	144,688,958	15,849,971	7,349,548
June 30, 2053	818	360,523,737	144,204,860	17,719,649	7,087,632

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)	6,532,276
June 30, 2023	6,034,108
June 30, 2022	6,103,903
June 30, 2021	5,671,413
June 30, 2020	5,214,055
June 30, 2019	4,192,259

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 \$149,537,788 assuming a discount rate of 5.92%. The Town has established an OPEB Trust and plans to fund this liability. The Town contributed \$884,284 in Fiscal 2023. This amount will increase according to the Town's funding policy statement until their pension system is fully funded at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB. The balance of this fund as of June 30, 2023 was \$6,650,215. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of North Attleborough
Assuming Funding - 5.92% 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	71,512,609	72,790,552
B. Retirees/Disabled	<u>84,675,394</u>	<u>81,017,700</u>
C. Total	156,188,003	153,808,252
II. Fiduciary Net Position [Plan Assets]	6,650,215	5,240,906
III. Net OPEB Liability (Asset) [I. - II.]	149,537,788	148,567,346
IV. Funded Ratio [II. / I.]	4.26%	3.41%
V. Number of Eligible Participants		
A. Actives	880	880
B. Retirees/Disabled & Dependents	<u>793</u>	<u>793</u>
C. Total	1,673	1,673
VI. Service Cost	3,183,441	4,391,128
VII. Financial Statement Expense/(Income)	15,414,658	17,183,776
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(884,284)	(1,558,228)
IX. Deferred Inflow of Resources	(20,185,929)	(21,615,360)
X. Deferred Outflow of Resources	15,914,652	24,869,907
XI. Money Weighted Rate of Return	8.68%	(23.50%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.23%	6.19%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	5.92%	5.74%

PRINCIPAL RESULTS OF THE VALUATION

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

	General Government Employees and Retirees	Teacher Employees and Retirees	School Non- Teacher Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Solid Waste Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability									
A. Actives	5,856,360	33,721,592	16,279,355	6,141,546	6,858,374	274,114	755,177	1,626,091	71,512,609
B. Retirees/Disabled	<u>10,005,439</u>	<u>47,040,072</u>	<u>15,250,938</u>	<u>4,993,674</u>	<u>6,245,031</u>	<u>249,068</u>	<u>70,931</u>	<u>820,241</u>	<u>84,675,394</u>
C. Total	15,861,799	80,761,664	31,530,293	11,135,220	13,103,405	523,182	826,108	2,446,332	156,188,003
II. Fiduciary Net Position [Plan Assets]	313,563	1,596,532	623,305	220,126	259,034	493,400	1,733,856	1,410,399	6,650,215
III. Net OPEB Liability (Asset) [I. - II.]	15,548,236	79,165,132	30,906,988	10,915,094	12,844,371	29,782	(907,748)	1,035,933	149,537,788
For the Reporting Date and Fiscal Year Ending June 30, 2023									
IV. Service Cost	286,269	1,331,726	859,306	312,005	276,075	24,094	49,038	44,928	3,183,441
V. Financial Statement Expense/(Income)	1,157,355	7,940,505	3,468,103	1,233,487	1,357,049	43,878	35,076	179,205	15,414,658
VI. Employer Share of Costs	(972,409)	(3,414,244)	(1,030,227)	(199,418)	(328,886)	(37,017)	(37,282)	(14,625)	(6,034,108)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(52,043)	(264,979)	(103,451)	(36,535)	(42,992)	(49,368)	(175,898)	(159,018)	(884,284)
VIII. Total Employer Contribution [VI. + VII.]	(1,024,452)	(3,679,223)	(1,133,678)	(235,953)	(371,878)	(86,385)	(213,180)	(173,643)	(6,918,392)

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

Funding - 5.92% 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 6.23% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2023	June 30, 2023	156,188,003	6,650,215	149,537,788	4.26%	3,183,441	6,034,108	884,284	6,918,392	6,034,108	0	884,284	
2024	June 30, 2024	161,460,011	8,060,308	153,399,703	4.99%	3,132,057	6,532,276	966,144	7,498,420	6,532,276	0	966,144	
2025	June 30, 2025	166,742,307	9,634,866	157,107,441	5.78%	3,236,757	6,959,668	1,040,480	8,000,148	6,959,668	0	1,040,480	
2026	June 30, 2026	171,977,135	11,384,443	160,592,692	6.62%	3,345,658	7,466,429	1,115,114	8,581,543	7,466,429	0	1,115,114	
2027	June 30, 2027	177,306,536	13,320,259	163,986,277	7.51%	3,470,807	7,817,798	1,190,055	9,007,853	7,817,798	0	1,190,055	
2028	June 30, 2028	182,658,873	15,395,966	167,262,907	8.43%	3,582,792	8,248,152	1,208,771	9,456,923	8,248,152	0	1,208,771	
2029	June 30, 2029	188,074,625	20,769,325	167,305,300	11.04%	3,712,338	8,629,630	4,282,797	12,912,427	8,629,630	0	4,282,797	
2030	June 30, 2030	193,533,275	26,554,039	166,979,236	13.72%	3,839,707	9,079,112	4,357,112	13,436,224	9,079,112	0	4,357,112	
2031	June 30, 2031	198,935,073	32,776,043	166,159,030	16.48%	3,967,081	9,628,550	4,431,725	14,060,275	9,628,550	0	4,431,725	
2032	June 30, 2032	204,508,880	39,462,896	165,045,984	19.30%	4,090,261	9,844,860	4,506,644	14,351,504	9,844,860	0	4,506,644	
2033	June 30, 2033	210,186,951	46,643,883	163,543,068	22.19%	4,228,736	10,255,080	4,581,879	14,836,959	10,255,080	0	4,581,879	
2034	June 30, 2034	215,860,701	54,350,120	161,510,581	25.18%	4,368,175	10,737,773	4,657,436	15,395,209	10,737,773	0	4,657,436	
2035	June 30, 2035	221,720,236	62,614,674	159,105,562	28.24%	4,513,108	10,917,730	4,733,326	15,651,056	10,917,730	0	4,733,326	
2036	June 30, 2036	227,550,556	71,472,678	156,077,878	31.41%	4,664,045	11,286,629	4,809,556	16,096,185	11,286,629	0	4,809,556	
2037	June 30, 2037	233,265,511	80,696,417	152,569,094	34.59%	4,809,198	11,741,658	4,628,977	16,370,635	11,741,658	0	4,628,977	
2038	June 30, 2038	239,517,557	90,566,809	148,950,748	37.81%	4,974,225	12,030,831	4,698,847	16,729,678	12,030,831	0	4,698,847	
2039	June 30, 2039	245,716,992	101,124,321	144,592,671	41.15%	5,141,503	12,257,586	4,768,893	17,026,479	12,257,586	0	4,768,893	
2040	June 30, 2040	252,379,555	112,152,015	140,227,540	44.44%	5,306,149	12,677,048	4,586,925	17,263,973	12,677,048	0	4,586,925	
2041	June 30, 2041	259,075,969	123,932,159	135,143,810	47.84%	5,491,098	12,993,773	4,650,402	17,644,175	12,993,773	0	4,650,402	
2042	June 30, 2042	265,881,156	136,511,630	129,369,526	51.34%	5,666,902	13,171,394	4,713,879	17,885,273	13,171,394	0	4,713,879	
2043	June 30, 2043	272,544,728	149,940,227	122,604,501	55.01%	5,848,690	13,642,311	4,777,356	18,419,667	13,642,311	0	4,777,356	
2044	June 30, 2044	279,941,141	164,254,665	115,686,476	58.67%	6,037,408	14,020,441	4,825,130	18,845,571	14,020,441	0	4,825,130	
2045	June 30, 2045	287,570,101	179,510,624	108,059,477	62.42%	6,252,912	14,353,839	4,873,381	19,227,220	14,353,839	0	4,873,381	
2046	June 30, 2046	295,657,883	195,767,258	99,890,625	66.21%	6,469,096	14,856,614	4,922,115	19,778,729	14,856,614	0	4,922,115	
2047	June 30, 2047	304,002,474	213,087,412	90,915,062	70.09%	6,692,902	15,477,375	4,971,336	20,448,711	15,477,375	0	4,971,336	
2048	June 30, 2048	312,034,943	231,537,849	80,497,094	74.20%	6,931,193	15,849,971	5,021,049	20,871,020	15,849,971	0	5,021,049	
2049	June 30, 2049	320,879,929	251,189,500	69,690,429	78.28%	7,173,721	16,111,518	5,071,260	21,182,778	16,111,518	0	5,071,260	
2050	June 30, 2050	330,229,846	272,117,717	58,112,129	82.40%	7,425,725	16,625,046	5,121,972	21,747,018	16,625,046	0	5,121,972	
2051	June 30, 2051	340,126,782	294,402,553	45,724,229	86.56%	7,699,518	16,907,071	5,173,192	22,080,263	16,907,071	0	5,173,192	
2052	June 30, 2052	350,370,007	318,129,054	32,240,953	90.80%	7,977,323	17,183,902	5,224,924	22,408,826	17,183,902	0	5,224,924	
2053	June 30, 2053	360,523,737	343,387,568	17,136,169	95.25%	8,256,680	17,719,649	5,277,173	22,996,822	17,719,649	0	5,277,173	

EXHIBIT A

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

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2023	
Description	Amount
I. Service Cost	3,183,441
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	8,840,561
III. Deferred (Inflows)/Outflows from Plan Experience*	(4,430,781)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	7,913,835
V. Projected Earnings on OPEB Plan Investments	(351,634)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	259,236
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.]	15,414,658
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	15,414,658

* Amortized over 5.93 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	153,808,252	5,240,906	148,567,346
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]	153,808,252	5,240,906	148,567,346
Changes for the year:			
IV. Service Cost	3,183,441	0	3,183,441
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	8,840,561	0	8,840,561
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(3,610,143)	0	(3,610,143)
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	525,025	(525,025)
X. Employer Contributions to Trust	0	6,918,392	(6,918,392)
XI. Benefit Payments Withdrawn from Trust	0	(6,034,108)	6,034,108
XII. Benefit Payments Excluding Implicit Cost	(4,612,960)	0	(4,612,960)
XIII. Implicit Cost Amount	(1,421,148)	0	(1,421,148)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(6,034,108)	0	(6,034,108)
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.]	2,379,751	1,409,309	970,442
XVIII. Balances for the June 30, 2023 Reporting Date [III.+XVII.]	156,188,003	6,650,215	149,537,788

* Recognized Immediately

** Amortized over 5.93 years

EXHIBIT A

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

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	(223,646)	5.20	0	(8,601)					
2019	0	5.20	0	0	0				
2020	(540,236)	5.83	(169,580)	(92,664)	(92,664)	(76,916)			
2021	0	5.83	0	0	0	0	0		
2022	(25,674,031)	5.93	(17,014,999)	(4,329,516)	(4,329,516)	(4,329,516)	(4,329,516)	(4,026,451)	
2023	0	5.93	0	0	0	0	0	0	0
2024									
2025									
2026									
Total Remaining Balance			(17,184,579)						
Net increase (decrease) in OPEB Expense				(4,430,781)	(4,422,180)	(4,406,432)	(4,329,516)	(4,026,451)	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in			2023	2024	2025	2026	2027	2028
	Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	5,539,349	5.20	0	213,054					
2019	16,198,648	5.20	623,028	3,115,124	623,028				
2020	8,100,976	5.83	2,542,848	1,389,532	1,389,532	1,153,316			
2021	15,927,746	5.83	7,731,653	2,732,031	2,732,031	2,732,031	2,267,591		
2022	6,362,225	5.93	4,216,451	1,072,887	1,072,887	1,072,887	1,072,887	997,790	
2023	(3,610,143)	5.93	(3,001,350)	(608,793)	(608,793)	(608,793)	(608,793)	(608,793)	(566,178)
2024									
2025									
2026									
Total Remaining Balance			12,112,630						
Net increase (decrease) in OPEB Expense				7,913,835	5,208,685	4,349,441	2,731,685	388,997	(566,178)

EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	(2,155)	5.00	0						
2019	31,562	5.00	0	6,314					
2020	153,959	5.00	30,791	30,792	30,791				
2021	(690,845)	5.00	(276,338)	(138,169)	(138,169)	(138,169)			
2022	1,974,886	5.00	1,184,932	394,977	394,977	394,977	394,978		
2023	(173,391)	5.00	(138,713)	(34,678)	(34,678)	(34,678)	(34,678)	(34,679)	
2024									
2025									
2026									
Total Remaining Balance			800,672						
Net increase (decrease) in OPEB Expense				259,236	252,921	222,130	360,300	(34,679)	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	0	(17,184,579)	(17,184,579)
III. Changes of Assumptions	15,113,980	(3,001,350)	12,112,630
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	800,672	0	800,672
VI. Total [I. + II. + III. + IV.]	15,914,652	(20,185,929)	(4,271,277)

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	1,039,426
	2025	165,139
	2026	(1,237,531)
	2027	(3,672,133)
	2028	(566,178)
	Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.92% as of June 30, 2023 and 5.74% 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 \$6,034,108. The Town also contributed \$884,284 to an OPEB Trust for a total contribution during the measurement period of \$6,918,392 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	26.50%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	15.50%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	13.75%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	8.50%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	17.50%	Domestic Fixed Income	1.05%
International Fixed Income	3.50%	International Fixed Income	0.96%
Alternatives	11.00%	Alternatives	5.95%
Real Estate	3.50%	Real Estate	6.25%
Cash	0.25%	Cash	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>3.98%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.48%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>6.23%</u>

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

EXHIBIT A

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

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2023	10,445,021	(6,918,392)	3,526,629	60,543,237	11.43%
June 30, 2022	11,453,921	(7,662,131)	3,791,790	58,779,842	13.04%
June 30, 2021	10,276,616	(6,434,783)	3,841,833	62,315,670	10.33%
June 30, 2020	12,529,562	(5,968,304)	6,561,258	60,500,650	9.86%
June 30, 2019	11,623,416	(4,790,933)	6,832,483	60,500,650	7.92%
June 30, 2018	10,051,332	(4,394,179)	5,657,153	58,738,497	7.48%
June 30, 2017	9,832,225	(4,381,467)	5,450,758	53,773,100	8.15%

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)	129,056,626	149,537,788	175,250,129

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)	172,588,334	5.92%	130,967,179

EXHIBIT A

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

10. Money Weighted Rate of Return

	Plan	Periods	Period
	Investments /	Invested	Weight
	Net External		
	Cash Flows		
I. Beginning value - June 30, 2022	5,240,906	12	1.0000
Monthly net external cash flows:			
July	884,284	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	884,284		
III. Earnings and increase in fair value	525,025		
IV. Ending value - June 30, 2023 [I.+II.+III.]	6,650,215		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	6,650,215		
Money Weighted Rate of Return	8.68%		

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2023								Total
	General Government Employees and Retirees	Teacher Employees and Retirees	School Non-Teacher Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Solid Waste Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2023	15,861,799	80,761,664	31,530,293	11,135,220	13,103,405	523,182	826,108	2,446,332	156,188,003
II. Fiduciary Net Position as of June 30, 2023	313,563	1,596,532	623,305	220,126	259,034	493,400	1,733,856	1,410,399	6,650,215
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	15,548,236	79,165,132	30,906,988	10,915,094	12,844,371	29,782	(907,748)	1,035,933	149,537,788
IV. Service Cost	286,269	1,331,726	859,306	312,005	276,075	24,094	49,038	44,928	3,183,441
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	508,017	4,765,043	1,889,065	667,309	781,864	31,678	51,941	145,644	8,840,561
VI. Projected Earnings on OPEB Plan Investments	(16,980)	(91,327)	(35,739)	(12,629)	(14,850)	(24,430)	(85,697)	(69,982)	(351,634)
VII. Net Recognition of Deferred (Inflows)/Outflows	380,049	1,935,063	755,471	266,802	313,960	12,536	19,794	58,615	3,742,290
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.]	1,157,355	7,940,505	3,468,103	1,233,487	1,357,049	43,878	35,076	179,205	15,414,658
XI. Employer Share of Costs	(972,409)	(3,414,244)	(1,030,227)	(199,418)	(328,886)	(37,017)	(37,282)	(14,625)	(6,034,108)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(52,043)	(264,979)	(103,451)	(36,535)	(42,992)	(49,368)	(175,898)	(159,018)	(884,284)
XIII. Total Employer Contribution [XI. + XII.]	(1,024,452)	(3,679,223)	(1,133,678)	(235,953)	(371,878)	(86,385)	(213,180)	(173,643)	(6,918,392)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	132,903	4,261,282	2,334,425	997,534	985,171	(42,507)	(178,104)	5,562	8,496,266

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	(17,184,579)
II. Deferred (Inflow)/Outflow from Investment Experience	800,672
III. Deferred (Inflow)/Outflow from Changes in Assumptions	12,112,630

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	25,284,414
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	8,954,711
IV. Change in Deferred Outflow (II. - III.)	(8,954,711)
V. Deferred Outflow at end of the period (I. + IV.)	16,329,703
VI. Deferred Inflow at the beginning of the period	(22,029,867)
VII. Deferred Inflow created during the period	(3,783,534)
VIII. Deferred Inflow recognized during the period	(5,212,421)
IX. Change in Deferred Inflow (VII. - VIII.)	1,428,887
X. Deferred inflow at end of the period (VI. + IX.)	(20,600,980)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	148,567,346
II. Service Cost	3,183,441
III. Interest on Total OPEB Liability, Service Cost, and Payments	8,840,561
IV. Projected Investment Income	(351,634)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(6,918,392)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	4,753,976
IX. Deferred Outflow created during the period	0
X. Deferred Inflow created during the period	(3,783,534)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	149,537,788

Net OPEB Expense	
I. Service Cost	3,183,441
II. Interest on Total OPEB Liability, Service Cost, and Payments	8,840,561
III. Projected Investment Income	(351,634)
IV. Recognition of Deferred (Inflow)/Outflow	3,742,290
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.)	15,414,658
VIII. Benefit Payments	(6,034,108)
IX. Contributions to Trust	(884,284)
X. Total Employer Payments (VIII. + IX.)	(6,918,392)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	8,496,266

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	156,188,003	153,808,252	166,842,521	145,096,220	132,776,940
I. Service Cost	3,183,441	4,391,128	3,472,561	3,297,628	3,566,214
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	8,840,561	7,990,312	8,017,407	6,674,967	6,719,148
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(25,674,031)	0	(540,236)	0
V. Changes of Assumptions	(3,610,143)	6,362,225	15,927,746	8,100,976	16,198,648
VI. Benefit Payments Excluding Implicit Cost	(4,612,960)	(4,672,732)	(4,363,041)	(4,032,184)	(4,025,843)
VII. Implicit Cost Amount	(1,421,148)	(1,431,171)	(1,308,372)	(1,181,871)	(166,416)
VIII. Total Benefit Payments	(6,034,108)	(6,103,903)	(5,671,413)	(5,214,055)	(4,192,259)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	2,379,751	(13,034,269)	21,746,301	12,319,280	22,291,751
XI. Total OPEB Liability - Beginning of Period	153,808,252	166,842,521	145,096,220	132,776,940	110,485,189
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	153,808,252	166,842,521	145,096,220	132,776,940	110,485,189
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	156,188,003	153,808,252	166,842,521	145,096,220	132,776,940
Plan Fiduciary Net Position	6,650,215	5,240,906	5,256,775	3,542,041	2,725,046
XV. Earnings from Plan Investments	525,025	(1,574,097)	951,364	62,746	149,980
XVI. Employer Contribution to Trust	6,918,392	7,662,131	6,434,783	5,968,304	4,790,933
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(6,034,108)	(6,103,903)	(5,671,413)	(5,214,055)	(4,192,259)
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.]	1,409,309	(15,869)	1,714,734	816,995	748,654
XXI. Plan Fiduciary Net Position - Beginning of Period	5,240,906	5,256,775	3,542,041	2,725,046	1,976,392
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	5,240,906	5,256,775	3,542,041	2,725,046	1,976,392
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	6,650,215	5,240,906	5,256,775	3,542,041	2,725,046
XXV. Net OPEB Liability [XIV.-XXIV.]	149,537,788	148,567,346	161,585,746	141,554,179	130,051,894
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	4.26%	3.41%	3.15%	2.44%	2.05%
XXVII. Covered Employee Payroll	60,543,237	58,779,842	62,315,670	60,500,650	60,500,650
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	246.99%	252.75%	259.30%	233.97%	214.96%
Single Discount Rate to Calculate Plan Liabilities	5.92%	5.74%	4.75%	5.50%	5.00%

EXHIBIT B

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios		
Valuation Date	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2018	June 30, 2017
Total OPEB Liability	110,485,189	102,734,329
I. Service Cost	2,614,496	2,886,392
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	6,206,574	6,392,540
III. Changes in Benefit Terms	(2,517,704)	0
IV. Difference Between Expected & Actual Plan Experience	5,539,349	0
V. Changes of Assumptions	(223,646)	0
VI. Benefit Payments Excluding Implicit Cost	(3,729,487)	N/A
VII. Implicit Cost Amount	(138,722)	N/A
VIII. Total Benefit Payments	(3,868,209)	(3,947,826)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	7,750,860	5,331,106
XI. Total OPEB Liability - Beginning of Period	102,734,329	97,403,223
XII. Prior Period Adjustment	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	102,734,329	97,403,223
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	110,485,189	102,734,329
Plan Fiduciary Net Position	1,976,392	1,335,864
XV. Earnings from Plan Investments	114,558	98,101
XVI. Employer Contribution to Trust	4,394,179	4,381,467
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(3,868,209)	(3,947,826)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	640,528	531,742
XXI. Plan Fiduciary Net Position - Beginning of Period	1,335,864	804,122
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	1,335,864	804,122
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	1,976,392	1,335,864
XXV. Net OPEB Liability [XIV.-XXIV.]	108,508,797	101,398,465
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	1.79%	1.30%
XXVII. Covered Employee Payroll	58,738,497	53,773,100
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	184.73%	188.57%
Single Discount Rate to Calculate Plan Liabilities	6.00%	6.50%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
I. Service Cost	3,183,441	4,391,128	3,472,561	3,297,628	3,566,214
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>7,261,580</u>	<u>7,062,793</u>	<u>6,804,055</u>	<u>9,231,934</u>	<u>8,057,202</u>
III. Actuarial Determined Contribution [I. + II.]	10,445,021	11,453,921	10,276,616	12,529,562	11,623,416
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(6,918,392)</u>	<u>(7,662,131)</u>	<u>(6,434,783)</u>	<u>(5,968,304)</u>	<u>(4,790,933)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>3,526,629</u>	<u>3,791,790</u>	<u>3,841,833</u>	<u>6,561,258</u>	<u>6,832,483</u>
Covered Employee Payroll	60,543,237	58,779,842	62,315,670	60,500,650	60,500,650
Contributions as a % of Covered Employee Payroll	11.43%	13.04%	10.33%	9.86%	7.92%
Discount Rate	5.92%	5.74%	4.75%	5.50%	5.00%
Money Weighted Rate of Return	8.68%	(23.50%)	26.86%	1.91%	5.94%

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	2,614,496	2,886,392
II. 30 Year Amortization of NOL Increasing by 3.00% per year	7,436,836	6,945,833
III. Actuarial Determined Contribution [I. + II.]	10,051,332	9,832,225
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(4,394,179)</u>	<u>(4,381,467)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>5,657,153</u>	<u>5,450,758</u>
Covered Employee Payroll	58,738,497	53,773,100
Contributions as a % of Covered Employee Payroll	7.48%	8.15%
Discount Rate	6.00%	6.50%
Money Weighted Rate of Return	7.19%	8.45%

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
	General Government Employees and Retirees	Teacher Employees and Retirees	School Non-Teacher Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Solid Waste Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	
I. Service Cost	286,269	1,331,726	859,306	312,005	276,075	24,094	49,038	44,928	3,183,441
II. 30 Year Amortization of NOL Increasing by 3.00% per year	755,025	3,844,272	1,500,848	530,039	623,725	1,446	(44,080)	50,305	7,261,580
III. Actuarial Determined Contribution [I. + II.]	1,041,294	5,175,998	2,360,154	842,044	899,800	25,540	4,958	95,233	10,445,021
IV. Employer Share of Costs (Including Implicit Cost)	(972,409)	(3,414,244)	(1,030,227)	(199,418)	(328,886)	(37,017)	(37,282)	(14,625)	(6,034,108)
V. Employer OPEB Trust (Contribution)/Withdrawal	(52,043)	(264,979)	(103,451)	(36,535)	(42,992)	(49,368)	(175,898)	(159,018)	(884,284)
VI. Total Employer Contribution [IV. + V.]	(1,024,452)	(3,679,223)	(1,133,678)	(235,953)	(371,878)	(86,385)	(213,180)	(173,643)	(6,918,392)
VII. Contribution Deficiency / (Excess) [III. + VI.]	16,842	1,496,775	1,226,476	606,091	527,922	(60,845)	(208,222)	(78,410)	3,526,629

EXHIBIT B

REQUIRED 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:	6.23%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	5.92%, 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:	793
Actives:	<u>880</u>
Total:	1,673

Events Subsequent to the Measurement Date

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

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

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.74% to 5.92%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$884,284 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 \$6,034,108. \$1,421,148 of the \$6,034,108 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	60,543,237	0	60,543,237	0	6,034,108	0	6,034,108
June 30, 2024	56,608,436	5,751,098	62,359,534	0	6,532,276	0	6,532,276
June 30, 2025	53,470,823	10,759,497	64,230,320	0	6,959,668	0	6,959,668
June 30, 2026	50,796,020	15,361,210	66,157,230	0	7,466,429	0	7,466,429
June 30, 2027	48,342,490	19,799,457	68,141,947	0	7,817,798	0	7,817,798
June 30, 2028	46,307,232	23,878,973	70,186,205	0	8,248,152	0	8,248,152
June 30, 2029	44,229,495	28,062,296	72,291,791	0	8,629,630	0	8,629,630
June 30, 2030	42,423,442	32,037,103	74,460,545	0	9,079,112	0	9,079,112
June 30, 2031	40,713,427	35,980,934	76,694,361	0	9,628,550	0	9,628,550
June 30, 2032	38,940,090	40,055,102	78,995,192	0	9,844,860	0	9,844,860
June 30, 2033	37,046,127	44,318,921	81,365,048	0	10,221,404	33,676	10,255,080
June 30, 2034	35,403,304	48,402,695	83,805,999	0	10,653,512	84,261	10,737,773
June 30, 2035	33,830,890	52,489,289	86,320,179	0	10,763,758	153,972	10,917,730
June 30, 2036	32,274,950	56,634,834	88,909,784	0	11,034,799	251,830	11,286,629
June 30, 2037	30,835,418	60,741,660	91,577,078	0	11,366,933	374,725	11,741,658
June 30, 2038	29,258,766	65,065,624	94,324,390	0	11,572,461	458,370	12,030,831
June 30, 2039	27,899,622	69,254,500	97,154,122	0	11,697,389	560,197	12,257,586
June 30, 2040	26,649,429	73,419,317	100,068,746	0	11,997,367	679,681	12,677,048
June 30, 2041	25,306,661	77,764,147	103,070,808	0	12,223,732	770,041	12,993,773
June 30, 2042	24,172,128	81,990,804	106,162,932	0	12,300,555	870,839	13,171,394
June 30, 2043	22,948,771	86,399,049	109,347,820	0	12,605,701	1,036,610	13,642,311
June 30, 2044	21,812,974	90,815,281	112,628,255	0	12,771,591	1,248,850	14,020,441
June 30, 2045	20,623,638	95,383,465	116,007,103	0	12,844,438	1,509,401	14,353,839
June 30, 2046	19,666,880	99,820,436	119,487,316	0	13,016,969	1,839,645	14,856,614
June 30, 2047	18,720,451	104,351,484	123,071,935	0	13,252,485	2,224,890	15,477,375
June 30, 2048	17,686,600	109,077,493	126,764,093	0	13,312,089	2,537,882	15,849,971
June 30, 2049	16,701,323	113,865,693	130,567,016	0	13,217,805	2,893,713	16,111,518
June 30, 2050	15,725,928	118,758,098	134,484,026	0	13,331,795	3,293,251	16,625,046
June 30, 2051	14,641,910	123,876,637	138,518,547	0	13,271,080	3,635,991	16,907,071
June 30, 2052	13,699,894	128,974,209	142,674,103	0	13,177,974	4,005,928	17,183,902
June 30, 2053	12,733,318	134,221,008	146,954,326	0	13,250,598	4,469,051	17,719,649
June 30, 2054	11,657,513	139,705,443	151,362,956	0	13,231,349	4,976,625	18,207,974
June 30, 2055	10,500,914	145,402,931	155,903,845	0	12,908,017	5,535,370	18,443,387
June 30, 2056	9,479,912	151,101,048	160,580,960	0	12,716,943	6,162,274	18,879,217
June 30, 2057	8,468,169	156,930,220	165,398,389	0	12,719,269	6,838,866	19,558,135
June 30, 2058	7,451,169	162,909,172	170,360,341	0	12,499,442	7,490,827	19,990,269
June 30, 2059	6,494,334	168,976,817	175,471,151	0	12,326,495	8,181,665	20,508,160
June 30, 2060	5,610,019	175,125,267	180,735,286	0	12,105,793	8,914,898	21,020,691
June 30, 2061	4,587,006	181,570,339	186,157,345	0	11,894,837	9,645,002	21,539,839
June 30, 2062	3,651,449	188,090,616	191,742,065	0	11,500,798	10,400,250	21,901,048

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	2,951,689	194,542,638	197,494,327	0	11,074,084	11,250,374	22,324,458
June 30, 2064	2,255,833	201,163,324	203,419,157	0	10,777,681	12,153,706	22,931,387
June 30, 2065	1,698,563	207,823,169	209,521,732	0	10,498,887	13,126,660	23,625,547
June 30, 2066	1,192,192	214,615,192	215,807,384	0	10,239,888	14,173,724	24,413,612
June 30, 2067	826,195	221,455,411	222,281,606	0	10,067,664	15,286,532	25,354,196
June 30, 2068	511,133	228,438,921	228,950,054	0	9,866,561	16,416,157	26,282,718
June 30, 2069	260,929	235,557,627	235,818,556	0	9,662,944	17,592,534	27,255,478
June 30, 2070	138,544	242,754,569	242,893,113	0	9,470,754	18,826,757	28,297,511
June 30, 2071	67,966	250,111,940	250,179,906	0	9,247,102	20,061,685	29,308,787
June 30, 2072	28,568	257,656,735	257,685,303	0	9,020,147	21,335,357	30,355,504
June 30, 2073	11,571	265,404,291	265,415,862	0	8,777,636	22,681,558	31,459,194
June 30, 2074	0	273,378,338	273,378,338	0	8,511,328	24,072,579	32,583,907
June 30, 2075	0	281,579,688	281,579,688	0	8,263,311	25,518,766	33,782,077
June 30, 2076	0	290,027,079	290,027,079	0	7,986,068	27,014,414	35,000,482
June 30, 2077	0	298,727,891	298,727,891	0	7,681,955	28,560,942	36,242,897
June 30, 2078	0	307,689,728	307,689,728	0	7,384,638	30,188,656	37,573,294
June 30, 2079	0	316,920,420	316,920,420	0	7,063,015	31,851,957	38,914,972
June 30, 2080	0	326,428,033	326,428,033	0	6,731,431	33,568,254	40,299,685
June 30, 2081	0	336,220,874	336,220,874	0	6,385,413	35,349,110	41,734,523
June 30, 2082	0	346,307,500	346,307,500	0	6,035,197	37,172,932	43,208,129
June 30, 2083	0	356,696,725	356,696,725	0	5,682,060	39,058,171	44,740,231
June 30, 2084	0	367,397,627	367,397,627	0	5,311,673	41,004,176	46,315,849
June 30, 2085	0	378,419,556	378,419,556	0	4,937,543	43,013,915	47,951,458
June 30, 2086	0	389,772,143	389,772,143	0	4,563,832	45,084,091	49,647,923
June 30, 2087	0	401,465,307	401,465,307	0	4,184,594	47,224,492	51,409,086
June 30, 2088	0	413,509,266	413,509,266	0	3,814,032	49,455,513	53,269,545
June 30, 2089	0	425,914,544	425,914,544	0	3,452,490	51,742,612	55,195,102
June 30, 2090	0	438,691,980	438,691,980	0	3,101,691	54,105,640	57,207,331
June 30, 2091	0	451,852,739	451,852,739	0	2,766,607	56,560,086	59,326,693
June 30, 2092	0	465,408,321	465,408,321	0	2,446,896	59,086,012	61,532,908
June 30, 2093	0	479,370,571	479,370,571	0	2,145,383	61,692,500	63,837,883
June 30, 2094	0	493,751,688	493,751,688	0	1,863,475	64,390,764	66,254,239
June 30, 2095	0	508,564,239	508,564,239	0	1,602,430	67,181,703	68,784,133
June 30, 2096	0	523,821,166	523,821,166	0	1,363,091	70,065,718	71,428,809
June 30, 2097	0	539,535,801	539,535,801	0	1,145,969	73,050,728	74,196,697

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2023	5,240,906	6,034,108	884,284	6,918,392	0	6,034,108	6,034,108	525,025	6,650,215
June 30, 2024	6,650,215	6,532,276	877,042	7,409,318	0	6,532,276	6,532,276	403,006	7,930,263
June 30, 2025	7,930,263	6,959,668	866,185	7,825,853	0	6,959,668	6,959,668	520,629	9,317,077
June 30, 2026	9,317,077	7,466,429	856,193	8,322,622	0	7,466,429	7,466,429	606,721	10,779,991
June 30, 2027	10,779,991	7,817,798	844,270	8,662,068	0	7,817,798	7,817,798	697,495	12,321,756
June 30, 2028	12,321,756	8,248,152	797,519	9,045,671	0	8,248,152	8,248,152	792,113	13,911,388
June 30, 2029	13,911,388	8,629,630	2,620,297	11,249,927	0	8,629,630	8,629,630	947,069	17,478,754
June 30, 2030	17,478,754	9,079,112	2,482,438	11,561,550	0	9,079,112	9,079,112	1,165,086	21,126,278
June 30, 2031	21,126,278	9,628,550	2,352,594	11,981,144	0	9,628,550	9,628,550	1,388,343	24,867,215
June 30, 2032	24,867,215	9,844,860	2,221,517	12,066,377	0	9,844,860	9,844,860	1,617,382	28,706,114
June 30, 2033	28,706,114	10,221,404	2,086,164	12,307,568	0	10,255,080	10,255,080	1,852,393	32,610,995
June 30, 2034	32,610,995	10,653,512	1,967,504	12,621,016	0	10,737,773	10,737,773	2,092,027	36,586,265
June 30, 2035	36,586,265	10,763,758	1,855,101	12,618,859	0	10,917,730	10,917,730	2,336,238	40,623,632
June 30, 2036	40,623,632	11,034,799	1,745,907	12,780,706	0	11,286,629	11,286,629	2,584,416	44,702,125
June 30, 2037	44,702,125	11,366,933	1,558,648	12,925,581	0	11,741,658	11,741,658	2,832,761	48,718,809
June 30, 2038	48,718,809	11,572,461	1,457,549	13,030,010	0	12,030,831	12,030,831	3,079,899	52,797,887
June 30, 2039	52,797,887	11,697,389	1,369,477	13,066,866	0	12,257,586	12,257,586	3,331,323	56,938,490
June 30, 2040	56,938,490	11,997,367	1,221,550	13,218,917	0	12,677,048	12,677,048	3,584,744	61,065,103
June 30, 2041	61,065,103	12,223,732	1,141,799	13,365,531	0	12,993,773	12,993,773	3,839,386	65,276,247
June 30, 2042	65,276,247	12,300,555	1,073,298	13,373,853	0	13,171,394	13,171,394	4,099,638	69,578,344
June 30, 2043	69,578,344	12,605,701	1,002,621	13,608,322	0	13,642,311	13,642,311	4,365,491	73,909,846
June 30, 2044	73,909,846	12,771,591	934,494	13,706,085	0	14,020,441	14,020,441	4,633,253	78,228,743
June 30, 2045	78,228,743	12,844,438	866,385	13,710,823	0	14,353,839	14,353,839	4,900,231	82,485,958
June 30, 2046	82,485,958	13,016,969	810,150	13,827,119	0	14,856,614	14,856,614	5,163,730	86,620,193
June 30, 2047	86,620,193	13,252,485	756,189	14,008,674	0	15,477,375	15,477,375	5,419,637	90,571,129
June 30, 2048	90,571,129	13,312,089	700,556	14,012,645	0	15,849,971	15,849,971	5,664,074	94,397,877
June 30, 2049	94,397,877	13,217,805	648,684	13,866,489	0	16,111,518	16,111,518	5,900,889	98,053,737
June 30, 2050	98,053,737	13,331,795	598,939	13,930,734	0	16,625,046	16,625,046	6,127,123	101,486,548
June 30, 2051	101,486,548	13,271,080	546,825	13,817,905	0	16,907,071	16,907,071	6,339,388	104,736,770
June 30, 2052	104,736,770	13,177,974	501,709	13,679,683	0	17,183,902	17,183,902	6,540,493	107,773,044
June 30, 2053	107,773,044	13,250,598	457,257	13,707,855	0	17,719,649	17,719,649	6,728,289	110,489,539
June 30, 2054	110,489,539	13,231,349	410,496	13,641,845	0	18,207,974	18,207,974	6,896,092	112,819,502
June 30, 2055	112,819,502	12,908,017	362,589	13,270,606	0	18,443,387	18,443,387	7,039,779	114,686,500
June 30, 2056	114,686,500	12,716,943	320,978	13,037,921	0	18,879,217	18,879,217	7,154,816	116,000,020
June 30, 2057	116,000,020	12,719,269	281,155	13,000,424	0	19,558,135	19,558,135	7,235,427	116,677,736
June 30, 2058	116,677,736	12,499,442	242,585	12,742,027	0	19,990,269	19,990,269	7,276,465	116,705,959
June 30, 2059	116,705,959	12,326,495	207,328	12,533,823	0	20,508,160	20,508,160	7,277,142	116,008,764
June 30, 2060	116,008,764	12,105,793	175,619	12,281,412	0	21,020,691	21,020,691	7,232,734	114,502,219
June 30, 2061	114,502,219	11,894,837	140,806	12,035,643	0	21,539,839	21,539,839	7,137,808	112,135,831
June 30, 2062	112,135,831	11,500,798	109,911	11,610,709	0	21,901,048	21,901,048	6,989,434	108,834,926

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2063	108,834,926	11,074,084	87,123	11,161,207	0	22,324,458	22,324,458	6,783,089	104,454,764
June 30, 2064	104,454,764	10,777,681	65,291	10,842,972	0	22,931,387	22,931,387	6,509,535	98,875,884
June 30, 2065	98,875,884	10,498,887	48,207	10,547,094	0	23,625,547	23,625,547	6,161,447	91,958,878
June 30, 2066	91,958,878	10,239,888	33,179	10,273,067	0	24,413,612	24,413,612	5,730,056	83,548,389
June 30, 2067	83,548,389	10,067,664	22,547	10,090,211	0	25,354,196	25,354,196	5,205,756	73,490,160
June 30, 2068	73,490,160	9,866,561	13,678	9,880,239	0	26,282,718	26,282,718	4,578,857	61,666,538
June 30, 2069	61,666,538	9,662,944	6,847	9,669,791	0	27,255,478	27,255,478	3,842,035	47,922,886
June 30, 2070	47,922,886	9,470,754	3,565	9,474,319	0	28,297,511	28,297,511	2,985,705	32,085,399
June 30, 2071	32,085,399	9,247,102	1,715	9,248,817	0	29,308,787	29,308,787	1,998,973	14,024,402
June 30, 2072	14,024,402	9,020,147	707	9,020,854	0	30,355,504	30,355,504	873,742	0
June 30, 2073	0	8,777,636	281	8,777,917	0	31,459,194	31,459,194	9	0
June 30, 2074	0	8,511,328	0	8,511,328	0	32,583,907	32,583,907	0	0
June 30, 2075	0	8,263,311	0	8,263,311	0	33,782,077	33,782,077	0	0
June 30, 2076	0	7,986,068	0	7,986,068	0	35,000,482	35,000,482	0	0
June 30, 2077	0	7,681,955	0	7,681,955	0	36,242,897	36,242,897	0	0
June 30, 2078	0	7,384,638	0	7,384,638	0	37,573,294	37,573,294	0	0
June 30, 2079	0	7,063,015	0	7,063,015	0	38,914,972	38,914,972	0	0
June 30, 2080	0	6,731,431	0	6,731,431	0	40,299,685	40,299,685	0	0
June 30, 2081	0	6,385,413	0	6,385,413	0	41,734,523	41,734,523	0	0
June 30, 2082	0	6,035,197	0	6,035,197	0	43,208,129	43,208,129	0	0
June 30, 2083	0	5,682,060	0	5,682,060	0	44,740,231	44,740,231	0	0
June 30, 2084	0	5,311,673	0	5,311,673	0	46,315,849	46,315,849	0	0
June 30, 2085	0	4,937,543	0	4,937,543	0	47,951,458	47,951,458	0	0
June 30, 2086	0	4,563,832	0	4,563,832	0	49,647,923	49,647,923	0	0
June 30, 2087	0	4,184,594	0	4,184,594	0	51,409,086	51,409,086	0	0
June 30, 2088	0	3,814,032	0	3,814,032	0	53,269,545	53,269,545	0	0
June 30, 2089	0	3,452,490	0	3,452,490	0	55,195,102	55,195,102	0	0
June 30, 2090	0	3,101,691	0	3,101,691	0	57,207,331	57,207,331	0	0
June 30, 2091	0	2,766,607	0	2,766,607	0	59,326,693	59,326,693	0	0
June 30, 2092	0	2,446,896	0	2,446,896	0	61,532,908	61,532,908	0	0
June 30, 2093	0	2,145,383	0	2,145,383	0	63,837,883	63,837,883	0	0
June 30, 2094	0	1,863,475	0	1,863,475	0	66,254,239	66,254,239	0	0
June 30, 2095	0	1,602,430	0	1,602,430	0	68,784,133	68,784,133	0	0
June 30, 2096	0	1,363,091	0	1,363,091	0	71,428,809	71,428,809	0	0
June 30, 2097	0	1,145,969	0	1,145,969	0	74,196,697	74,196,697	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 [6.23%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.92%]	
June 30, 2023	5,240,906	6,034,108	5,240,906	793,202	5,240,906	793,202	6,034,108	Sum of Column V.
June 30, 2024	6,650,215	6,532,276	6,532,276	0	6,149,182	0	6,166,976	160,238,151
June 30, 2025	7,930,263	6,959,668	6,959,668	0	6,167,287	0	6,203,032	
June 30, 2026	9,317,077	7,466,429	7,466,429	0	6,228,327	0	6,282,553	Sum of Column VI.
June 30, 2027	10,779,991	7,817,798	7,817,798	0	6,138,973	0	6,210,340	12,880,873
June 30, 2028	12,321,756	8,248,152	8,248,152	0	6,097,064	0	6,185,792	
June 30, 2029	13,911,388	8,629,630	8,629,630	0	6,004,946	0	6,109,963	Sum of Column VII.
June 30, 2030	17,478,754	9,079,112	9,079,112	0	5,947,208	0	6,068,726	[V. + VI.]
June 30, 2031	21,126,278	9,628,550	9,628,550	0	5,937,224	0	6,076,070	173,119,024
June 30, 2032	24,867,215	9,844,860	9,844,860	0	5,714,588	0	5,865,151	
June 30, 2033	28,706,114	10,221,404	10,221,404	0	5,585,200	0	5,748,942	
June 30, 2034	32,610,995	10,653,512	10,653,512	0	5,479,915	0	5,656,892	
June 30, 2035	36,586,265	10,763,758	10,763,758	0	5,211,920	0	5,395,811	
June 30, 2036	40,623,632	11,034,799	11,034,799	0	5,029,804	0	5,222,338	
June 30, 2037	44,702,125	11,366,933	11,366,933	0	4,877,337	0	5,078,689	
June 30, 2038	48,718,809	11,572,461	11,572,461	0	4,674,315	0	4,881,370	
June 30, 2039	52,797,887	11,697,389	11,697,389	0	4,447,685	0	4,658,142	
June 30, 2040	56,938,490	11,997,367	11,997,367	0	4,294,216	0	4,510,425	
June 30, 2041	61,065,103	12,223,732	12,223,732	0	4,118,647	0	4,338,535	
June 30, 2042	65,276,247	12,300,555	12,300,555	0	3,901,470	0	4,121,655	
June 30, 2043	69,578,344	12,605,701	12,605,701	0	3,763,773	0	3,987,693	
June 30, 2044	73,909,846	12,771,591	12,771,591	0	3,589,667	0	3,814,235	
June 30, 2045	78,228,743	12,844,438	12,844,438	0	3,398,420	0	3,621,473	
June 30, 2046	82,485,958	13,016,969	13,016,969	0	3,242,087	0	3,464,877	
June 30, 2047	86,620,193	13,252,485	13,252,485	0	3,107,170	0	3,330,297	
June 30, 2048	90,571,129	13,312,089	13,312,089	0	2,938,101	0	3,158,200	
June 30, 2049	94,397,877	13,217,805	13,217,805	0	2,746,203	0	2,960,469	
June 30, 2050	98,053,737	13,331,795	13,331,795	0	2,607,442	0	2,819,016	
June 30, 2051	101,486,548	13,271,080	13,271,080	0	2,443,347	0	2,649,249	
June 30, 2052	104,736,770	13,177,974	13,177,974	0	2,283,917	0	2,483,550	
June 30, 2053	107,773,044	13,250,598	13,250,598	0	2,161,823	0	2,357,586	
June 30, 2054	110,489,539	13,231,349	13,231,349	0	2,032,083	0	2,222,511	
June 30, 2055	112,819,502	12,908,017	12,908,017	0	1,866,164	0	2,046,949	
June 30, 2056	114,686,500	12,716,943	12,716,943	0	1,730,716	0	1,903,873	
June 30, 2057	116,000,020	12,719,269	12,719,269	0	1,629,514	0	1,797,733	
June 30, 2058	116,677,736	12,499,442	12,499,442	0	1,507,437	0	1,667,867	
June 30, 2059	116,705,959	12,326,495	12,326,495	0	1,399,397	0	1,552,809	
June 30, 2060	116,008,764	12,105,793	12,105,793	0	1,293,742	0	1,439,725	
June 30, 2061	114,502,219	11,894,837	11,894,837	0	1,196,646	0	1,335,526	
June 30, 2062	112,135,831	11,500,798	11,500,798	0	1,089,151	0	1,219,073	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.23%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.92%]
June 30, 2063	108,834,926	11,074,084	11,074,084	0	987,235	0	1,108,198
June 30, 2064	104,454,764	10,777,681	10,777,681	0	904,463	0	1,018,222
June 30, 2065	98,875,884	10,498,887	10,498,887	0	829,395	0	936,415
June 30, 2066	91,958,878	10,239,888	10,239,888	0	761,494	0	862,239
June 30, 2067	83,548,389	10,067,664	10,067,664	0	704,779	0	800,330
June 30, 2068	73,490,160	9,866,561	9,866,561	0	650,194	0	740,481
June 30, 2069	61,666,538	9,662,944	9,662,944	0	599,431	0	684,645
June 30, 2070	47,922,886	9,470,754	9,470,754	0	553,053	0	633,502
June 30, 2071	32,085,399	9,247,102	9,247,102	0	508,324	0	583,952
June 30, 2072	14,024,402	9,020,147	9,020,147	0	466,769	0	537,765
June 30, 2073	0	8,777,636	0	8,777,636	0	1,162,758	494,043
June 30, 2074	0	8,511,328	0	8,511,328	0	1,082,807	452,264
June 30, 2075	0	8,263,311	0	8,263,311	0	1,009,602	414,530
June 30, 2076	0	7,986,068	0	7,986,068	0	937,069	378,219
June 30, 2077	0	7,681,955	0	7,681,955	0	865,670	343,471
June 30, 2078	0	7,384,638	0	7,384,638	0	799,194	311,713
June 30, 2079	0	7,063,015	0	7,063,015	0	734,100	281,464
June 30, 2080	0	6,731,431	0	6,731,431	0	671,916	253,249
June 30, 2081	0	6,385,413	0	6,385,413	0	612,123	226,797
June 30, 2082	0	6,035,197	0	6,035,197	0	555,627	202,371
June 30, 2083	0	5,682,060	0	5,682,060	0	502,389	179,875
June 30, 2084	0	5,311,673	0	5,311,673	0	451,032	158,746
June 30, 2085	0	4,937,543	0	4,937,543	0	402,652	139,313
June 30, 2086	0	4,563,832	0	4,563,832	0	357,429	121,567
June 30, 2087	0	4,184,594	0	4,184,594	0	314,743	105,232
June 30, 2088	0	3,814,032	0	3,814,032	0	275,505	90,550
June 30, 2089	0	3,452,490	0	3,452,490	0	239,508	77,383
June 30, 2090	0	3,101,691	0	3,101,691	0	206,647	65,632
June 30, 2091	0	2,766,607	0	2,766,607	0	177,019	55,268
June 30, 2092	0	2,446,896	0	2,446,896	0	150,359	46,148
June 30, 2093	0	2,145,383	0	2,145,383	0	126,608	38,199
June 30, 2094	0	1,863,475	0	1,863,475	0	105,614	31,324
June 30, 2095	0	1,602,430	0	1,602,430	0	87,221	25,429
June 30, 2096	0	1,363,091	0	1,363,091	0	71,254	20,422
June 30, 2097	0	1,145,969	0	1,145,969	0	57,530	16,209

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Non-GIC: Medicare Supplement Plans: effective January 1, 2022 Active Plans: effective July 1, 2022 Dental Plans: N/A GIC: Medicare Supplement Plans: effective January 1, 2022 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 and \$5,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements have been reflected.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

Group	Individual	Two-Person / Family
Medical	<ul style="list-style-type: none"> • Several grandfathered retirees pay 17%-18% • All other Town retirees pay 25% of premiums • Retired Teachers pay 10%-15% of premiums based on retirement date 	<ul style="list-style-type: none"> • Several grandfathered retirees pay 17%-18% • All other Town retirees pay 25% of premiums • Retired Teachers pay 10%-15% of premiums based on retirement date
Dental	N/A	N/A
Life	<ul style="list-style-type: none"> • Town retirees pay 25% of premiums • Retired Teachers pay 40% of premiums 	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

5.92% per annum (previously 5.74%)

Net Long Term Rate of Return

6.23% (based on investment policy)

Municipal Bond Rate

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

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

Non-Public Safety Employees

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

Public Safety Employees

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

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

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

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2023</u>	<u>June 30, 2022</u>
I. Total OPEB Liability	156,188,003	153,808,252
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>118,946,763</u>	<u>117,280,042</u>
III. Liability from Implicit Subsidy [I. - II.]	37,241,240	36,528,210

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2023</u>	<u>June 30, 2022</u>
IV. Employer Payments (Including Implicit Subsidy)	6,034,108	6,103,903
V. Actual Employer Payments	<u>4,612,960</u>	<u>4,672,732</u>
VI. Implicit Subsidy [IV. - V.]	1,421,148	1,431,171

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS* (Non-GIC)

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,382	2,762	44 & Under	8,612	5,643	65 to 69	3,204	3,290
25 to 29	6,464	2,874	45 to 49	9,460	7,125	70 to 74	3,780	3,942
30 to 34	8,168	3,607	50 to 54	11,128	9,383	75 to 79	4,385	4,656
35 to 39	8,414	4,529	55 to 59	12,864	12,200	80 to 84	5,030	5,351
40 to 44	8,612	5,643	60 to 64	15,308	15,655	85 to 89	5,622	5,962
45 to 49	9,460	7,125	65 to 69	18,350	19,528	90 & Over	5,622	5,962
50 to 54	11,128	9,383	70 to 74	21,639	23,401			
55 to 59	12,864	12,200	75 to 79	25,131	27,639			
60 to 64	15,308	15,655	80 to 84	28,814	31,768			
65 to 69	18,350	19,528	85 to 89	32,891	36,363			
70 & Over	21,639	23,401	90 & Over	32,891	36,363			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS* (GIC)

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	5,519	3,479	44 & Under	10,848	7,108	65 to 69	3,281	3,368
25 to 29	8,142	3,620	45 to 49	11,916	8,975	70 to 74	3,870	4,037
30 to 34	10,289	4,544	50 to 54	14,017	11,820	75 to 79	4,490	4,767
35 to 39	10,599	5,706	55 to 59	16,205	15,367	80 to 84	5,150	5,479
40 to 44	10,848	7,108	60 to 64	19,283	19,720	85 to 89	5,756	6,104
45 to 49	11,916	8,975	65 to 69	23,115	24,597	90 & Over	5,756	6,104
50 to 54	14,017	11,820	70 to 74	27,258	29,477			
55 to 59	16,205	15,367	75 to 79	31,656	34,815			
60 to 64	19,283	19,720	80 to 84	36,295	40,017			
65 to 69	23,115	24,597	85 to 89	41,431	45,805			
70 & Over	27,258	29,477	90 & Over	41,431	45,805			

*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	34.37
B. Average Service	<u>10.59</u>
C. Average Current Age	44.96

Retired Employees & Spouses

Valuation Date	July 1, 2021
A. Under Age 65	188
B. Age 65 & Over	<u>605</u>
C. Total	793

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	35	4								39
25-29	66	16	6							88
30-34	53	21	17	5						96
35-39	49	19	26	8	5					107
40-44	37	18	11	22	12					100
45-49	26	14	21	23	34	6				124
50-54	26	12	23	20	19	13	6			119
55-59	24	12	13	22	17	1	5			94
60-64	13	7	9	12	24	1	5			71
65-69	1	5	3	6	8	5				28
70+	1	2	3	2	3	1	1	1		14
Total	331	130	132	120	122	27	17	1		880

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings - Non-GIC

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO	271		365	636
PPO	21		27	48
Medex LIS	2			2
Managed Blue	8	6		14
Medex	100	78		178
Total	402	84	392	878

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO	816.56		2,140.06
PPO	1,464.36		3,644.18
Medex LIS	247.24	494.48	
Managed Blue	352.16	704.32	
Medex	379.64	759.28	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation (Non-GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO	271		365	1,001	12,028,915.92	9,808,518.72
PPO	21		27	75	1,549,733.04	1,317,924.00
Total	292	0	392	1,076	13,578,648.96	11,126,442.72
Blended Average Monthly Rate:						\$ 861.71

	Medicare Supplement Plan Average Premium Calculation (Non-GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex LIS	2			2	5,933.76	5,933.76
Managed Blue	8	6		20	84,518.40	84,518.40
Medex	100	78		256	1,166,254.08	1,166,254.08
Total	110	84	0	278	1,256,706.24	1,256,706.24
Blended Average Monthly Rate:						\$ 376.71

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings - GIC

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Harvard Pilgrim	1			1
Harvard Primary Choice	1		1	2
Allways Health Partners			1	1
Tufts Navigator	2		1	3
Unicare Basic w/ CIC*	27		17	44
Unicare Comm Choice	1		1	2
Unicare Plus	2		1	3
Unicare OME w/ CIC*	105	102		207
Tufts Medicare Complement	3	3		6
Harvard Senior	2	3		5
Total	144	108	22	274

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Harvard Pilgrim	1,036.03		2,534.63
Harvard Primary Choice	746.72		1,909.58
Allways Health Partners	669.71		1,602.13
Tufts Navigator	891.16		2,183.15
Unicare Basic w/ CIC*	1,239.09		2,752.65
Unicare Comm Choice	623.83		1,553.41
Unicare Plus	811.39		1,938.75
Unicare OME w/ CIC*	413.37	826.74	
Tufts Medicare Complement	406.02	812.04	
Harvard Senior	423.97	847.94	
Dental Plan	N/A		N/A

*These rates represent the unsubsidized Indemnity premium rates

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation (GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Harvard Pilgrim	1			1	12,432.36	12,432.36
Harvard Primary Choice	1		1	3	31,875.60	26,881.92
Allways Health Partners			1	2	19,225.56	16,073.04
Tufts Navigator	2		1	4	47,585.64	42,775.68
Unicare Basic w/ CIC*	27		17	61	916,353.84	863,701.44
Unicare Comm Choice	1		1	3	26,126.88	22,457.88
Unicare Plus	2		1	4	42,738.36	38,946.72
Total	34	0	22	78	1,096,338.24	1,023,269.04
Blended Average Monthly Rate:						\$ 1,093.24

	Medicare Supplement Plan Average Premium Calculation (GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Unicare OME w/ CIC*	105	102		309	1,490,653.08	1,490,653.08
Tufts Medicare Complement	3	3		9	43,850.16	43,850.16
Harvard Senior	2	3		8	40,701.12	40,701.12
Total	110	108	0	326	1,575,204.36	1,575,204.36
Blended Average Monthly Rate:						\$ 402.66

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is August 16, 2023 and its subject is the Town of North Attleborough'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 North Attleborough 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.