

Town of Duxbury Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2021

As of the Measurement Date:
June 30, 2023

For the Reporting Date:
June 30, 2023

Delivered August 9, 2023



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	41
V OVERVIEW OF GASB 74 & 75	44
VI ASOP 41 DISCLOSURES	46
<u>GLOSSARY</u>	49



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

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

August 9, 2023

Personal and Confidential

Ms. Mary MacKinnon
Finance Director
Town of Duxbury
878 Tremont Street
Duxbury, MA 02332

Dear Ms. MacKinnon:

We have performed an actuarial valuation of the Town of Duxbury 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 Duxbury, 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', with a long horizontal flourish extending to the right.

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

August 9, 2023

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Duxbury 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 horizontal line.

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

A handwritten signature in black ink, appearing to read 'Andrew D. Taggart', written over a horizontal line.

Andrew D. Taggart, ASA, EA, ACA, MAAA
Consulting Actuary

EXECUTIVE SUMMARY

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

Plan Experience

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

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change increased disclosed liabilities by approximately \$1.7 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.71% to 5.52% increasing the disclosed liability by approximately \$1.7 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 \$240 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 5.63 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

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 75.25% 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 (5.52%) – 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 \$5,102,319 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town is expected to contribute \$300,000 annually until Fiscal 2029 and then \$1.8 Million annually thereafter beyond pay-as-you-go costs.
- ✓ Investment Policy – The Town is expected to earn 5.88% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

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.

Low Default Risk Obligation Measure (LDROM)

For purposes of this LDROM, we have used a discount rate of 4.13% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDROM Total OPEB Liability is \$83.7 million vs. the \$68.1 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$16 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 5 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	68,108,109	63,598,683
Per Eligible Active Plan Participant	54,372	52,664
Per Retiree/Spouse Plan Participant	59,007	53,163
Total Annual Service Cost (Annual Benefit Accrual)	1,494,256	1,103,966
Per Eligible Active Plan Participant	2,458	1,816
Expected Employer Share of Retiree Costs	2,289,178	2,256,002
Per Retiree/Spouse Plan Participant	3,854	3,798
Net OPEB Liability as a % of Covered Payroll	125.58%	121.76%

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	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	628	68,108,109	66,124,378	2,289,178	2,222,503
June 30, 2028	663	82,219,014	68,857,130	3,201,490	2,681,197
June 30, 2033	671	96,692,828	69,852,956	4,383,776	3,166,933
June 30, 2038	647	111,175,018	69,280,596	5,239,060	3,264,809
June 30, 2043	609	128,103,445	68,861,914	5,998,073	3,224,260
June 30, 2048	577	147,500,500	68,395,204	7,308,840	3,389,071
June 30, 2053	559	172,248,127	68,897,037	7,902,499	3,160,898

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)	2,401,876
June 30, 2023	2,289,178
June 30, 2022	2,256,002
June 30, 2021	2,142,378
June 30, 2020	2,060,313
June 30, 2019	1,642,697

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 \$63,005,790 assuming a discount rate of 5.52%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$300,000 annually until Fiscal 2029 and then \$1.8 Million annually thereafter beyond pay-as-you-go costs. The balance of this fund as of June 30, 2023 was \$5,102,319. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Duxbury Assuming Funding - 5.52% 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	33,057,997	32,019,933
B. Retirees/Disabled	<u>35,050,112</u>	<u>31,578,750</u>
C. Total	68,108,109	63,598,683
II. Fiduciary Net Position [Plan Assets]	5,102,319	4,287,807
III. Net OPEB Liability (Asset) [I. - II.]	63,005,790	59,310,876
IV. Funded Ratio [II. / I.]	7.49%	6.74%
V. Number of Eligible Participants		
A. Actives	608	608
B. Retirees/Disabled & Dependents	<u>594</u>	<u>594</u>
C. Total	1,202	1,202
VI. Service Cost	1,494,256	1,103,966
VII. Financial Statement Expense/(Income)	6,129,323	4,653,925
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(300,000)	(300,000)
IX. Deferred Inflow of Resources	(1,174,519)	(4,421,185)
X. Deferred Outflow of Resources	14,395,956	17,487,853
XI. Money Weighted Rate of Return	12.00%	(6.68%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	5.88%	6.13%
XIV. Crossover Year	2069	2069
XV. Discount Rate	5.52%	5.71%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Dispatch Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability							
A. Actives	4,115,237	23,671,895	2,323,685	1,959,104	433,654	554,422	33,057,997
B. Retirees/Disabled	<u>13,238,189</u>	<u>20,135,779</u>	<u>282,258</u>	<u>473,600</u>	<u>0</u>	<u>920,286</u>	<u>35,050,112</u>
C. Total	17,353,426	43,807,674	2,605,943	2,432,704	433,654	1,474,708	68,108,109
II. Fiduciary Net Position [Plan Assets]	1,337,508	3,376,459	200,852	187,500	0	0	5,102,319
III. Net OPEB Liability (Asset) [I. - II.]	16,015,918	40,431,215	2,405,091	2,245,204	433,654	1,474,708	63,005,790
For the Reporting Date and Fiscal Year Ending June 30, 2023							
IV. Service Cost	233,719	1,002,620	109,669	100,894	29,429	17,925	1,494,256
V. Financial Statement Expense/(Income)	1,294,725	4,071,826	296,386	274,554	65,070	126,762	6,129,323
VI. Employer Share of Costs	(1,034,929)	(1,187,785)	(14,552)	(16,331)	0	(35,581)	(2,289,178)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(78,642)	(198,525)	(11,809)	(11,024)	0	0	(300,000)
VIII. Total Employer Contribution [VI. + VII.]	(1,113,571)	(1,386,310)	(26,361)	(27,355)	0	(35,581)	(2,589,178)

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

Funding - 5.52% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 5.88% 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.]
		Date										
2023	June 30, 2023	68,108,109	5,102,319	63,005,790	7.49%	1,494,256	2,289,178	300,000	2,589,178	2,289,178	0	300,000
2024	June 30, 2024	70,882,419	5,711,029	65,171,390	8.06%	1,630,827	2,401,876	300,000	2,701,876	2,401,876	0	300,000
2025	June 30, 2025	73,700,758	6,355,532	67,345,226	8.62%	1,691,747	2,574,521	300,000	2,874,521	2,574,521	0	300,000
2026	June 30, 2026	76,500,069	7,037,931	69,462,138	9.20%	1,751,911	2,824,714	300,000	3,124,714	2,824,714	0	300,000
2027	June 30, 2027	79,355,333	7,760,455	71,594,878	9.78%	1,825,174	3,001,676	300,000	3,301,676	3,001,676	0	300,000
2028	June 30, 2028	82,219,014	8,525,464	73,693,550	10.37%	1,884,825	3,201,490	300,000	3,501,490	3,201,490	0	300,000
2029	June 30, 2029	85,091,432	9,335,455	75,755,977	10.97%	1,954,513	3,451,419	300,000	3,751,419	3,451,419	0	300,000
2030	June 30, 2030	87,969,390	11,736,544	76,232,846	13.34%	2,029,911	3,695,718	1,800,000	5,495,718	3,695,718	0	1,800,000
2031	June 30, 2031	90,907,953	14,278,817	76,629,136	15.71%	2,098,114	3,857,879	1,800,000	5,657,879	3,857,879	0	1,800,000
2032	June 30, 2032	93,832,624	16,970,576	76,862,048	18.09%	2,173,611	4,083,630	1,800,000	5,883,630	4,083,630	0	1,800,000
2033	June 30, 2033	96,692,828	19,820,610	76,872,218	20.50%	2,242,173	4,383,776	1,800,000	6,183,776	4,383,776	0	1,800,000
2034	June 30, 2034	99,533,583	22,838,226	76,695,357	22.95%	2,319,892	4,590,963	1,800,000	6,390,963	4,590,963	0	1,800,000
2035	June 30, 2035	102,379,697	26,033,278	76,346,419	25.43%	2,394,607	4,771,144	1,800,000	6,571,144	4,771,144	0	1,800,000
2036	June 30, 2036	105,163,676	29,416,199	75,747,477	27.97%	2,474,483	5,024,190	1,800,000	6,824,190	5,024,190	0	1,800,000
2037	June 30, 2037	108,112,653	32,998,036	75,114,617	30.52%	2,553,797	5,133,568	1,800,000	6,933,568	5,133,568	0	1,800,000
2038	June 30, 2038	111,175,018	36,790,485	74,384,533	33.09%	2,642,635	5,239,060	1,800,000	7,039,060	5,239,060	0	1,800,000
2039	June 30, 2039	114,241,268	40,805,930	73,435,338	35.72%	2,729,042	5,498,427	1,800,000	7,298,427	5,498,427	0	1,800,000
2040	June 30, 2040	117,584,139	45,057,483	72,526,656	38.32%	2,821,038	5,594,212	1,800,000	7,394,212	5,594,212	0	1,800,000
2041	June 30, 2041	120,985,094	49,559,027	71,426,067	40.96%	2,918,332	5,609,583	1,800,000	7,409,583	5,609,583	0	1,800,000
2042	June 30, 2042	124,336,102	54,325,262	70,010,840	43.69%	3,018,091	5,826,759	1,800,000	7,626,759	5,826,759	0	1,800,000
2043	June 30, 2043	128,103,445	59,371,752	68,731,693	46.35%	3,118,734	5,998,073	1,800,000	7,798,073	5,998,073	0	1,800,000
2044	June 30, 2044	131,792,377	64,714,975	67,077,402	49.10%	3,233,257	6,279,432	1,800,000	8,079,432	6,279,432	0	1,800,000
2045	June 30, 2045	135,412,275	70,372,380	65,039,895	51.97%	3,345,568	6,590,338	1,800,000	8,390,338	6,590,338	0	1,800,000
2046	June 30, 2046	139,286,876	76,362,440	62,924,436	54.82%	3,462,687	6,774,373	1,800,000	8,574,373	6,774,373	0	1,800,000
2047	June 30, 2047	143,257,482	82,704,716	60,552,766	57.73%	3,591,341	7,087,085	1,800,000	8,887,085	7,087,085	0	1,800,000
2048	June 30, 2048	147,500,500	89,419,917	58,080,583	60.62%	3,721,526	7,308,840	1,800,000	9,108,840	7,308,840	0	1,800,000
2049	June 30, 2049	152,042,240	96,529,972	55,512,268	63.49%	3,860,933	7,362,782	1,800,000	9,162,782	7,362,782	0	1,800,000
2050	June 30, 2050	156,685,283	104,058,098	52,627,185	66.41%	4,005,515	7,578,198	1,800,000	9,378,198	7,578,198	0	1,800,000
2051	June 30, 2051	161,527,391	112,028,878	49,498,513	69.36%	4,151,940	7,712,878	1,800,000	9,512,878	7,712,878	0	1,800,000
2052	June 30, 2052	166,828,997	120,468,340	46,360,657	72.21%	4,309,443	7,722,358	1,800,000	9,522,358	7,722,358	0	1,800,000
2053	June 30, 2053	172,248,127	129,404,043	42,844,084	75.13%	4,470,501	7,902,499	1,800,000	9,702,499	7,902,499	0	1,800,000

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

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

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2023	
Description	Amount
I. Service Cost	1,494,256
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	3,652,358
III. Deferred (Inflows)/Outflows from Plan Experience*	(506,445)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	1,798,029
V. Projected Earnings on OPEB Plan Investments	(271,845)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(37,030)
VII. OPEB Plan Administrative Expense	0
VIII. Other Changes in Fiduciary Net Position	0
IX. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ ... + VII. + VIII.]	6,129,323
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	6,129,323

* Amortized over 5.63 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	63,598,683	4,287,807	59,310,876
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]	63,598,683	4,287,807	59,310,876
Changes for the year:			
IV. Service Cost	1,494,256	0	1,494,256
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	3,652,358	0	3,652,358
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	1,651,990	0	1,651,990
VIII. Differences Between Actual and Expected Experience **	0	0	0
IX. Net Investment Income	0	514,512	(514,512)
X. Employer Contributions to Trust	0	2,589,178	(2,589,178)
XI. Benefit Payments Withdrawn from Trust	0	(2,289,178)	2,289,178
XII. Benefit Payments Excluding Implicit Cost	(1,866,780)	0	(1,866,780)
XIII. Implicit Cost Amount	(422,398)	0	(422,398)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(2,289,178)	0	(2,289,178)
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.]	4,509,426	814,512	3,694,914
XVIII. Balances for the June 30, 2023 Reporting Date [III.+XVII.]	68,108,109	5,102,319	63,005,790

* Recognized Immediately

** Amortized over 5.63 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2017									
2018	(1,896,167)	6.20	(61,174)	(305,832)	(61,174)				
2019	0	6.20	0	0	0	0			
2020	(681,729)	5.63	(197,377)	(121,088)	(121,088)	(76,289)			
2021	0	5.63	0	0	0	0	0		
2022	(447,731)	5.63	(288,681)	(79,525)	(79,525)	(79,525)	(79,525)	(50,106)	
2023	0	5.63	0	0	0	0	0	0	0
2024									
2025									
2026									
Total Remaining Balance			(547,232)						
Net increase (decrease) in OPEB Expense				(506,445)	(261,787)	(155,814)	(79,525)	(50,106)	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2017									
2018	(17,398,798)	6.20	(561,250)	(2,806,258)	(561,250)				
2019	0	6.20	0	0	0	0			
2020	7,350,083	5.63	2,128,003	1,305,520	1,305,520	822,483			
2021	0	5.63	0	0	0	0	0		
2022	16,920,071	5.63	10,909,389	3,005,341	3,005,341	3,005,341	3,005,341	1,893,366	
2023	1,651,990	5.63	1,358,564	293,426	293,426	293,426	293,426	293,426	184,860
2024									
2025									
2026									
Total Remaining Balance			13,834,706						
Net increase (decrease) in OPEB Expense				1,798,029	4,043,037	4,121,250	3,298,767	2,186,792	184,860

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2017									
2018	(30,595)	5.00	0						
2019	(19,964)	5.00	0	(3,992)					
2020	98,575	5.00	19,715	19,715	19,715				
2021	(605,210)	5.00	(242,084)	(121,042)	(121,042)	(121,042)			
2022	584,110	5.00	350,466	116,822	116,822	116,822	116,822		
2023	(242,667)	5.00	(194,134)	(48,533)	(48,533)	(48,533)	(48,533)	(48,535)	
2024									
2025									
2026									
Total Remaining Balance			(66,037)						
Net increase (decrease) in OPEB Expense				(37,030)	(33,038)	(52,753)	68,289	(48,535)	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	(547,232)	(547,232)
III. Changes of Assumptions	14,395,956	(561,250)	13,834,706
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	0	(66,037)	(66,037)
VI. Total [I. + II. + III. + IV.]	14,395,956	(1,174,519)	13,221,437

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	3,748,212
	2025	3,912,683
	2026	3,287,531
	2027	2,088,151
	2028	184,860
	Thereafter	0

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.52% as of June 30, 2023 and 5.71% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until Fiscal Year 2069 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 \$2,289,178. The Town also contributed \$300,000 to an OPEB Trust for a total contribution during the measurement period of \$2,589,178 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	47.75%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	6.00%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	5.50%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	2.75%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	21.00%	Domestic Fixed Income	1.05%
International Fixed Income	3.50%	International Fixed Income	0.96%
Alternatives	9.75%	Alternatives	5.95%
Real Estate	2.50%	Real Estate	6.25%
Cash	1.25%	Cash	0.00%
Total	100.00%		
		I. Real Rate of Return	3.63%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.13%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	5.88%

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

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2023	4,411,753	(2,589,178)	1,822,575	50,171,460	5.16%
June 30, 2022	3,913,532	(2,556,002)	1,357,530	48,710,155	5.25%
June 30, 2021	3,143,100	(2,742,378)	400,722	48,996,784	5.60%
June 30, 2020	3,899,586	(2,060,313)	1,839,273	47,569,693	4.33%
June 30, 2019	2,220,064	(1,942,697)	277,367	45,331,009	4.29%
June 30, 2018	2,220,064	(1,920,064)	300,000	43,798,076	4.38%
June 30, 2017	2,292,355	(1,992,355)	300,000	44,107,553	4.52%

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)	53,473,096	63,005,790	75,074,783

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)	73,889,269	5.52%	54,312,776

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2022	4,287,807	12	1.0000
Monthly net external cash flows:			
July	0	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>300,000</u>	0	0.0000
II. Total net external cash flow	300,000		
III. Earnings and increase in fair value	514,512		
IV. Ending value - June 30, 2023 [I.+II.+III.]	5,102,319		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	5,102,319		
Money Weighted Rate of Return	12.00%		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2023						
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Dispatch Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2023	17,353,426	43,807,674	2,605,943	2,432,704	433,654	1,474,708	68,108,109
II. Fiduciary Net Position as of June 30, 2023	1,337,508	3,376,459	200,852	187,500	0	0	5,102,319
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	16,015,918	40,431,215	2,405,091	2,245,204	433,654	1,474,708	63,005,790
IV. Service Cost	233,719	1,002,620	109,669	100,894	29,429	17,925	1,494,256
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	812,490	2,442,257	149,433	138,852	27,653	81,673	3,652,358
VI. Projected Earnings on OPEB Plan Investments	(71,134)	(179,990)	(10,718)	(10,003)	0	0	(271,845)
VII. Net Recognition of Deferred (Inflows)/Outflows	319,650	806,939	48,002	44,811	7,988	27,164	1,254,554
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	1,294,725	4,071,826	296,386	274,554	65,070	126,762	6,129,323
XI. Employer Share of Costs	(1,034,929)	(1,187,785)	(14,552)	(16,331)	0	(35,581)	(2,289,178)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(78,642)	(198,525)	(11,809)	(11,024)	0	0	(300,000)
XIII. Total Employer Contribution [XI. + XII.]	(1,113,571)	(1,386,310)	(26,361)	(27,355)	0	(35,581)	(2,589,178)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	181,154	2,685,516	270,025	247,199	65,070	91,181	3,540,145

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	(547,232)
II. Deferred (Inflow)/Outflow from Investment Experience	(66,037)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	13,834,706

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	17,854,971
II. Deferred Outflow created during the period	1,651,990
III. Deferred Outflow recognized during the period	4,740,824
IV. Change in Deferred Outflow (II. - III.)	(3,088,834)
V. Deferred Outflow at end of the period (I. + IV.)	14,766,137
VI. Deferred Inflow at the beginning of the period	(4,788,303)
VII. Deferred Inflow created during the period	(242,667)
VIII. Deferred Inflow recognized during the period	(3,486,270)
IX. Change in Deferred Inflow (VII. - VIII.)	3,243,603
X. Deferred Inflow at end of the period (VI. + IX.)	(1,544,700)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	59,310,876
II. Service Cost	1,494,256
III. Interest on Total OPEB Liability, Service Cost, and Payments	3,652,358
IV. Projected Investment Income	(271,845)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(2,589,178)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	2,285,591
IX. Deferred Outflow created during the period	1,651,990
X. Deferred Inflow created during the period	(242,667)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	63,005,790

Net OPEB Expense	
I. Service Cost	1,494,256
II. Interest on Total OPEB Liability, Service Cost, and Payments	3,652,358
III. Projected Investment Income	(271,845)
IV. Recognition of Deferred (Inflow)/Outflow	1,254,554
V. OPEB Plan Administrative Expense	0
VI. Expense Related to Change in Benefit Terms	0
VII. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. + VI.)	6,129,323
VIII. Benefit Payments	(2,289,178)
IX. Contributions to Trust	(300,000)
X. Total Employer Payments (VIII. + IX.)	(2,589,178)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	3,540,145

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, 2018
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	68,108,109	63,598,683	45,438,883	43,778,129	35,481,007
I. Service Cost	1,494,256	1,103,966	1,066,291	1,026,856	767,015
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	3,652,358	2,839,496	2,736,841	2,662,225	2,555,588
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(447,731)	0	(681,729)	0
V. Changes of Assumptions	1,651,990	16,920,071	0	7,350,083	0
VI. Benefit Payments Excluding Implicit Cost	(1,866,780)	(1,826,287)	(1,642,870)	(1,556,612)	N/A
VII. Implicit Cost Amount	(422,398)	(429,715)	(499,508)	(503,701)	N/A
VIII. Total Benefit Payments	(2,289,178)	(2,256,002)	(2,142,378)	(2,060,313)	(1,642,697)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	4,509,426	18,159,800	1,660,754	8,297,122	1,679,906
XI. Total OPEB Liability - Beginning of Period	63,598,683	45,438,883	43,778,129	35,481,007	33,801,101
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	63,598,683	45,438,883	43,778,129	35,481,007	33,801,101
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	68,108,109	63,598,683	45,438,883	43,778,129	35,481,007
Plan Fiduciary Net Position	5,102,319	4,287,807	4,278,839	2,864,459	2,776,977
XV. Earnings from Plan Investments	514,512	(291,032)	814,380	87,482	208,212
XVI. Employer Contribution to Trust	2,589,178	2,556,002	2,742,378	2,060,313	1,942,697
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(2,289,178)	(2,256,002)	(2,142,378)	(2,060,313)	(1,642,697)
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.]	814,512	8,968	1,414,380	87,482	508,212
XXI. Plan Fiduciary Net Position - Beginning of Period	4,287,807	4,278,839	2,864,459	2,776,977	2,268,765
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	4,287,807	4,278,839	2,864,459	2,776,977	2,268,765
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	5,102,319	4,287,807	4,278,839	2,864,459	2,776,977
XXV. Net OPEB Liability [XIV.-XXIV.]	63,005,790	59,310,876	41,160,044	40,913,670	32,704,030
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	7.49%	6.74%	9.42%	6.54%	7.83%
XXVII. Covered Employee Payroll	50,171,460	48,710,155	48,996,784	47,569,693	45,331,009
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	125.58%	121.76%	84.01%	86.01%	72.14%
Single Discount Rate to Calculate Plan Liabilities	5.52%	5.71%	6.25%	6.25%	7.50%

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, 2018	July 1, 2016
Measurement Date	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2018	June 30, 2017
Total OPEB Liability	33,801,101	51,784,190
I. Service Cost	733,986	1,574,616
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,197,954	2,145,961
III. Changes in Benefit Terms	0	0
IV. Difference Between Expected & Actual Plan Experience	(1,896,167)	0
V. Changes of Assumptions	(17,398,798)	0
VI. Benefit Payments Excluding Implicit Cost	N/A	N/A
VII. Implicit Cost Amount	N/A	N/A
VIII. Total Benefit Payments	(1,620,064)	(1,692,355)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	(17,983,089)	2,028,222
XI. Total OPEB Liability - Beginning of Period	51,784,190	49,755,968
XII. Prior Period Adjustment	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	51,784,190	49,755,968
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	33,801,101	51,784,190
Plan Fiduciary Net Position	2,268,765	1,847,698
XV. Earnings from Plan Investments	121,067	90,773
XVI. Employer Contribution to Trust	1,920,064	1,992,355
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,620,064)	(1,692,355)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	421,067	390,773
XXI. Plan Fiduciary Net Position - Beginning of Period	1,847,698	1,456,925
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	1,847,698	1,456,925
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	2,268,765	1,847,698
XXV. Net OPEB Liability [XIV.-XXIV.]	31,532,336	49,936,492
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	6.71%	3.57%
XXVII. Covered Employee Payroll	43,798,076	44,107,553
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	71.99%	113.22%
Single Discount Rate to Calculate Plan Liabilities	7.50%	6.00%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
I. Service Cost	1,494,256	1,103,966	1,066,290	1,026,856	767,015
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>2,917,497</u>	<u>2,809,566</u>	<u>2,076,810</u>	<u>2,872,730</u>	<u>1,453,049</u>
III. Actuarial Determined Contribution [I. + II.]	4,411,753	3,913,532	3,143,100	3,899,586	2,220,064
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(2,589,178)</u>	<u>(2,556,002)</u>	<u>(2,742,378)</u>	<u>(2,060,313)</u>	<u>(1,942,697)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>1,822,575</u>	<u>1,357,530</u>	<u>400,722</u>	<u>1,839,273</u>	<u>277,367</u>
Covered Employee Payroll	50,171,460	48,710,155	48,996,784	47,569,693	45,331,009
Contributions as a % of Covered Employee Payroll	5.16%	5.25%	5.60%	4.33%	4.29%
Discount Rate	5.52%	5.71%	6.25%	6.25%	7.50%
Money Weighted Rate of Return	12.00%	(6.68%)	26.00%	3.15%	8.89%

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	733,986	1,574,616
II. 30 Year Amortization of NOL Increasing by 3.00% per year	1,486,078	717,739
III. Actuarial Determined Contribution [I. + II.]	2,220,064	2,292,355
IV. Contributions in Relation to the Actuarially Determined Contribution	(1,920,064)	(1,992,355)
V. Contribution Deficiency / (Excess) [III. + IV.]	300,000	300,000
Covered Employee Payroll	43,798,076	44,107,553
Contributions as a % of Covered Employee Payroll	4.38%	4.52%
Discount Rate	7.50%	6.00%
Money Weighted Rate of Return	6.30%	5.93%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2023						
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Dispatch Enterprise Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Service Cost	233,719	1,002,620	109,669	100,894	29,429	17,925	1,494,256
II. 30 Year Amortization of NOL Increasing by 3.00% per year	741,621	1,872,176	111,368	103,965	20,080	68,287	2,917,497
III. Actuarial Determined Contribution [I. + II.]	975,340	2,874,796	221,037	204,859	49,509	86,212	4,411,753
IV. Employer Share of Costs (Including Implicit Cost)	(1,034,929)	(1,187,785)	(14,552)	(16,331)	0	(35,581)	(2,289,178)
V. Employer OPEB Trust (Contribution)/Withdrawal	(78,642)	(198,525)	(11,809)	(11,024)	0	0	(300,000)
VI. Total Employer Contribution [IV. + V.]	(1,113,571)	(1,386,310)	(26,361)	(27,355)	0	(35,581)	(2,589,178)
VII. Contribution Deficiency / (Excess) [III. + VI.]	(138,231)	1,488,486	194,676	177,504	49,509	50,631	1,822,575

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	5.88%, 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:	5.52%, 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 BREQUIRED 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:	594
Actives:	<u>608</u>
Total:	1,202

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 5.71% to 5.52%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$300,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$2,289,178. \$422,398 of the \$2,289,178 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	50,171,460	0	50,171,460	0	2,289,178	0	2,289,178
June 30, 2024	47,170,484	4,506,120	51,676,604	0	2,401,876	0	2,401,876
June 30, 2025	44,523,433	8,703,469	53,226,902	0	2,574,521	0	2,574,521
June 30, 2026	42,247,983	12,575,726	54,823,709	0	2,824,714	0	2,824,714
June 30, 2027	40,086,282	16,382,138	56,468,420	0	3,001,676	0	3,001,676
June 30, 2028	38,422,500	19,739,973	58,162,473	0	3,201,490	0	3,201,490
June 30, 2029	36,569,063	23,338,284	59,907,347	0	3,451,419	0	3,451,419
June 30, 2030	34,805,055	26,899,512	61,704,567	0	3,695,718	0	3,695,718
June 30, 2031	33,349,110	30,206,594	63,555,704	0	3,857,879	0	3,857,879
June 30, 2032	31,875,099	33,587,276	65,462,375	0	4,083,630	0	4,083,630
June 30, 2033	30,525,171	36,901,075	67,426,246	0	4,369,408	14,368	4,383,776
June 30, 2034	29,126,102	40,322,931	69,449,033	0	4,552,868	38,095	4,590,963
June 30, 2035	27,835,524	43,696,980	71,532,504	0	4,698,674	72,470	4,771,144
June 30, 2036	26,521,480	47,156,999	73,678,479	0	4,901,725	122,465	5,024,190
June 30, 2037	25,271,297	50,617,536	75,888,833	0	4,947,154	186,414	5,133,568
June 30, 2038	24,044,481	54,121,017	78,165,498	0	5,010,963	228,097	5,239,060
June 30, 2039	22,968,502	57,541,961	80,510,463	0	5,219,831	278,596	5,498,427
June 30, 2040	21,824,335	61,101,442	82,925,777	0	5,256,548	337,664	5,594,212
June 30, 2041	20,762,295	64,651,255	85,413,550	0	5,231,206	378,377	5,609,583
June 30, 2042	19,705,580	68,270,377	87,975,957	0	5,403,921	422,838	5,826,759
June 30, 2043	18,667,089	71,948,147	90,615,236	0	5,499,525	498,548	5,998,073
June 30, 2044	17,654,323	75,679,370	93,333,693	0	5,681,746	597,686	6,279,432
June 30, 2045	16,793,260	79,340,444	96,133,704	0	5,868,775	721,563	6,590,338
June 30, 2046	15,872,165	83,145,550	99,017,715	0	5,888,142	886,231	6,774,373
June 30, 2047	14,894,860	87,093,386	101,988,246	0	6,005,973	1,081,112	7,087,085
June 30, 2048	14,006,227	91,041,666	105,047,893	0	6,073,475	1,235,365	7,308,840
June 30, 2049	13,114,653	95,084,677	108,199,330	0	5,952,746	1,410,036	7,362,782
June 30, 2050	12,279,481	99,165,829	111,445,310	0	5,971,857	1,606,341	7,578,198
June 30, 2051	11,426,467	103,362,202	114,788,669	0	5,946,633	1,766,245	7,712,878
June 30, 2052	10,431,784	107,800,545	118,232,329	0	5,787,174	1,935,184	7,722,358
June 30, 2053	9,418,279	112,361,020	121,779,299	0	5,753,292	2,149,207	7,902,499
June 30, 2054	8,497,027	116,935,651	125,432,678	0	5,634,102	2,384,256	8,018,358
June 30, 2055	7,486,362	121,709,296	129,195,658	0	5,497,499	2,643,061	8,140,560
June 30, 2056	6,667,529	126,403,999	133,071,528	0	5,500,590	2,943,998	8,444,588
June 30, 2057	5,815,262	131,248,412	137,063,674	0	5,498,827	3,270,432	8,769,259
June 30, 2058	4,984,327	136,191,257	141,175,584	0	5,391,842	3,581,846	8,973,688
June 30, 2059	4,290,465	141,120,387	145,410,852	0	5,235,794	3,911,044	9,146,838
June 30, 2060	3,513,497	146,259,681	149,773,178	0	5,222,840	4,263,529	9,486,369
June 30, 2061	2,848,883	151,417,490	154,266,373	0	5,128,873	4,610,348	9,739,221
June 30, 2062	2,331,403	156,562,961	158,894,364	0	5,017,281	4,964,590	9,981,871

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2063	1,882,626	161,778,569	163,661,195	0	4,927,811	5,369,734	10,297,545
June 30, 2064	1,489,444	167,081,587	168,571,031	0	4,817,757	5,800,125	10,617,882
June 30, 2065	1,050,594	172,577,568	173,628,162	0	4,701,201	6,263,908	10,965,109
June 30, 2066	830,030	178,006,977	178,837,007	0	4,611,277	6,772,438	11,383,715
June 30, 2067	567,901	183,634,216	184,202,117	0	4,506,131	7,313,253	11,819,384
June 30, 2068	359,050	189,369,131	189,728,181	0	4,436,272	7,861,855	12,298,127
June 30, 2069	188,982	195,231,044	195,420,026	0	4,395,787	8,434,655	12,830,442
June 30, 2070	63,221	201,219,406	201,282,627	0	4,311,203	9,037,684	13,348,887
June 30, 2071	41,873	207,279,233	207,321,106	0	4,232,323	9,633,494	13,865,817
June 30, 2072	12,393	213,528,346	213,540,739	0	4,143,587	10,245,428	14,389,015
June 30, 2073	0	219,946,961	219,946,961	0	4,034,935	10,895,246	14,930,181
June 30, 2074	0	226,545,370	226,545,370	0	3,935,538	11,565,486	15,501,024
June 30, 2075	0	233,341,731	233,341,731	0	3,806,695	12,258,188	16,064,883
June 30, 2076	0	240,341,983	240,341,983	0	3,669,582	12,980,901	16,650,483
June 30, 2077	0	247,552,242	247,552,242	0	3,517,998	13,725,440	17,243,438
June 30, 2078	0	254,978,809	254,978,809	0	3,366,690	14,509,439	17,876,129
June 30, 2079	0	262,628,173	262,628,173	0	3,217,876	15,315,090	18,532,966
June 30, 2080	0	270,507,018	270,507,018	0	3,042,859	16,144,835	19,187,694
June 30, 2081	0	278,622,229	278,622,229	0	2,876,977	17,007,308	19,884,285
June 30, 2082	0	286,980,896	286,980,896	0	2,704,107	17,889,943	20,594,050
June 30, 2083	0	295,590,323	295,590,323	0	2,523,961	18,802,100	21,326,061
June 30, 2084	0	304,458,033	304,458,033	0	2,346,932	19,745,807	22,092,739
June 30, 2085	0	313,591,774	313,591,774	0	2,164,872	20,715,875	22,880,747
June 30, 2086	0	322,999,527	322,999,527	0	1,985,774	21,718,377	23,704,151
June 30, 2087	0	332,689,513	332,689,513	0	1,810,222	22,756,184	24,566,406
June 30, 2088	0	342,670,198	342,670,198	0	1,634,798	23,834,254	25,469,052
June 30, 2089	0	352,950,304	352,950,304	0	1,466,605	24,944,845	26,411,450
June 30, 2090	0	363,538,813	363,538,813	0	1,306,834	26,091,427	27,398,261
June 30, 2091	0	374,444,977	374,444,977	0	1,155,293	27,282,937	28,438,230
June 30, 2092	0	385,678,326	385,678,326	0	1,013,714	28,509,276	29,522,990
June 30, 2093	0	397,248,676	397,248,676	0	882,513	29,773,234	30,655,747
June 30, 2094	0	409,166,136	409,166,136	0	762,055	31,082,754	31,844,809
June 30, 2095	0	421,441,120	421,441,120	0	652,432	32,434,058	33,086,490
June 30, 2096	0	434,084,354	434,084,354	0	553,511	33,830,494	34,384,005
June 30, 2097	0	447,106,885	447,106,885	0	465,030	35,277,070	35,742,100

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2023	4,287,807	2,289,178	300,000	2,589,178	0	2,289,178	2,289,178	514,512	5,102,319
June 30, 2024	5,102,319	2,401,876	273,840	2,675,716	0	2,401,876	2,401,876	281,791	5,657,950
June 30, 2025	5,657,950	2,574,521	250,945	2,825,466	0	2,574,521	2,574,521	339,960	6,248,855
June 30, 2026	6,248,855	2,824,714	231,185	3,055,899	0	2,824,714	2,824,714	374,132	6,854,172
June 30, 2027	6,854,172	3,001,676	212,967	3,214,643	0	3,001,676	3,001,676	409,197	7,476,336
June 30, 2028	7,476,336	3,201,490	198,182	3,399,672	0	3,201,490	3,201,490	445,352	8,119,870
June 30, 2029	8,119,870	3,451,419	183,128	3,634,547	0	3,451,419	3,451,419	482,755	8,785,753
June 30, 2030	8,785,753	3,695,718	1,015,307	4,711,025	0	3,695,718	3,695,718	546,026	10,347,086
June 30, 2031	10,347,086	3,857,879	944,501	4,802,380	0	3,857,879	3,857,879	635,780	11,927,367
June 30, 2032	11,927,367	4,083,630	876,460	4,960,090	0	4,083,630	4,083,630	726,729	13,530,556
June 30, 2033	13,530,556	4,369,408	814,895	5,184,303	0	4,383,776	4,383,776	819,212	15,150,295
June 30, 2034	15,150,295	4,552,868	754,899	5,307,767	0	4,590,963	4,590,963	912,714	16,779,813
June 30, 2035	16,779,813	4,698,674	700,436	5,399,110	0	4,771,144	4,771,144	1,006,952	18,414,731
June 30, 2036	18,414,731	4,901,725	647,932	5,549,657	0	5,024,190	5,024,190	1,101,563	20,041,761
June 30, 2037	20,041,761	4,947,154	599,407	5,546,561	0	5,133,568	5,133,568	1,195,826	21,650,580
June 30, 2038	21,650,580	5,010,963	553,698	5,564,661	0	5,239,060	5,239,060	1,289,100	23,265,281
June 30, 2039	23,265,281	5,219,831	513,515	5,733,346	0	5,498,427	5,498,427	1,382,880	24,883,080
June 30, 2040	24,883,080	5,256,548	473,722	5,730,270	0	5,594,212	5,594,212	1,476,854	26,495,992
June 30, 2041	26,495,992	5,231,206	437,543	5,668,749	0	5,609,583	5,609,583	1,570,644	28,125,802
June 30, 2042	28,125,802	5,403,921	403,179	5,807,100	0	5,826,759	5,826,759	1,665,481	29,771,624
June 30, 2043	29,771,624	5,499,525	370,807	5,870,332	0	5,998,073	5,998,073	1,761,318	31,405,201
June 30, 2044	31,405,201	5,681,746	340,475	6,022,221	0	6,279,432	6,279,432	1,856,493	33,004,483
June 30, 2045	33,004,483	5,868,775	314,436	6,183,211	0	6,590,338	6,590,338	1,949,776	34,547,132
June 30, 2046	34,547,132	5,888,142	288,533	6,176,675	0	6,774,373	6,774,373	2,039,733	35,989,167
June 30, 2047	35,989,167	6,005,973	262,881	6,268,854	0	7,087,085	7,087,085	2,123,781	37,294,717
June 30, 2048	37,294,717	6,073,475	239,997	6,313,472	0	7,308,840	7,308,840	2,199,884	38,499,233
June 30, 2049	38,499,233	5,952,746	218,175	6,170,921	0	7,362,782	7,362,782	2,270,078	39,577,450
June 30, 2050	39,577,450	5,971,857	198,331	6,170,188	0	7,578,198	7,578,198	2,332,902	40,502,342
June 30, 2051	40,502,342	5,946,633	179,178	6,125,811	0	7,712,878	7,712,878	2,386,730	41,302,005
June 30, 2052	41,302,005	5,787,174	158,816	5,945,990	0	7,722,358	7,722,358	2,433,160	41,958,797
June 30, 2053	41,958,797	5,753,292	139,210	5,892,502	0	7,902,499	7,902,499	2,471,212	42,420,012
June 30, 2054	42,420,012	5,634,102	121,935	5,756,037	0	8,018,358	8,018,358	2,497,830	42,655,521
June 30, 2055	42,655,521	5,497,499	104,303	5,601,802	0	8,140,560	8,140,560	2,511,167	42,627,930
June 30, 2056	42,627,930	5,500,590	90,189	5,590,779	0	8,444,588	8,444,588	2,509,136	42,283,257
June 30, 2057	42,283,257	5,498,827	76,369	5,575,196	0	8,769,259	8,769,259	2,488,469	41,577,663
June 30, 2058	41,577,663	5,391,842	63,551	5,455,393	0	8,973,688	8,973,688	2,446,608	40,505,976
June 30, 2059	40,505,976	5,235,794	53,110	5,288,904	0	9,146,838	9,146,838	2,383,291	39,031,333
June 30, 2060	39,031,333	5,222,840	42,226	5,265,066	0	9,486,369	9,486,369	2,296,266	37,106,296
June 30, 2061	37,106,296	5,128,873	33,241	5,162,114	0	9,739,221	9,739,221	2,182,814	34,712,003
June 30, 2062	34,712,003	5,017,281	26,411	5,043,692	0	9,981,871	9,981,871	2,041,831	31,815,655

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	31,815,655	4,927,811	20,706	4,948,517	0	10,297,545	10,297,545	1,871,361	28,337,988
June 30, 2064	28,337,988	4,817,757	15,904	4,833,661	0	10,617,882	10,617,882	1,666,735	24,220,502
June 30, 2065	24,220,502	4,701,201	10,891	4,712,092	0	10,965,109	10,965,109	1,424,481	19,391,966
June 30, 2066	19,391,966	4,611,277	8,354	4,619,631	0	11,383,715	11,383,715	1,140,490	13,768,372
June 30, 2067	13,768,372	4,506,131	5,549	4,511,680	0	11,819,384	11,819,384	809,741	7,270,409
June 30, 2068	7,270,409	4,436,272	3,406	4,439,678	0	12,298,127	12,298,127	427,599	0
June 30, 2069	0	4,395,787	1,741	4,397,528	0	12,830,442	12,830,442	50	0
June 30, 2070	0	4,311,203	565	4,311,768	0	13,348,887	13,348,887	16	0
June 30, 2071	0	4,232,323	364	4,232,687	0	13,865,817	13,865,817	11	0
June 30, 2072	0	4,143,587	104	4,143,691	0	14,389,015	14,389,015	3	0
June 30, 2073	0	4,034,935	0	4,034,935	0	14,930,181	14,930,181	0	0
June 30, 2074	0	3,935,538	0	3,935,538	0	15,501,024	15,501,024	0	0
June 30, 2075	0	3,806,695	0	3,806,695	0	16,064,883	16,064,883	0	0
June 30, 2076	0	3,669,582	0	3,669,582	0	16,650,483	16,650,483	0	0
June 30, 2077	0	3,517,998	0	3,517,998	0	17,243,438	17,243,438	0	0
June 30, 2078	0	3,366,690	0	3,366,690	0	17,876,129	17,876,129	0	0
June 30, 2079	0	3,217,876	0	3,217,876	0	18,532,966	18,532,966	0	0
June 30, 2080	0	3,042,859	0	3,042,859	0	19,187,694	19,187,694	0	0
June 30, 2081	0	2,876,977	0	2,876,977	0	19,884,285	19,884,285	0	0
June 30, 2082	0	2,704,107	0	2,704,107	0	20,594,050	20,594,050	0	0
June 30, 2083	0	2,523,961	0	2,523,961	0	21,326,061	21,326,061	0	0
June 30, 2084	0	2,346,932	0	2,346,932	0	22,092,739	22,092,739	0	0
June 30, 2085	0	2,164,872	0	2,164,872	0	22,880,747	22,880,747	0	0
June 30, 2086	0	1,985,774	0	1,985,774	0	23,704,151	23,704,151	0	0
June 30, 2087	0	1,810,222	0	1,810,222	0	24,566,406	24,566,406	0	0
June 30, 2088	0	1,634,798	0	1,634,798	0	25,469,052	25,469,052	0	0
June 30, 2089	0	1,466,605	0	1,466,605	0	26,411,450	26,411,450	0	0
June 30, 2090	0	1,306,834	0	1,306,834	0	27,398,261	27,398,261	0	0
June 30, 2091	0	1,155,293	0	1,155,293	0	28,438,230	28,438,230	0	0
June 30, 2092	0	1,013,714	0	1,013,714	0	29,522,990	29,522,990	0	0
June 30, 2093	0	882,513	0	882,513	0	30,655,747	30,655,747	0	0
June 30, 2094	0	762,055	0	762,055	0	31,844,809	31,844,809	0	0
June 30, 2095	0	652,432	0	652,432	0	33,086,490	33,086,490	0	0
June 30, 2096	0	553,511	0	553,511	0	34,384,005	34,384,005	0	0
June 30, 2097	0	465,030	0	465,030	0	35,742,100	35,742,100	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 [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [5.88%]	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 [5.52%]	
June 30, 2023	4,287,807	2,289,178	2,289,178	0	2,289,178	0	2,289,178	Sum of Column V.
June 30, 2024	5,102,319	2,401,876	2,401,876	0	2,268,489	0	2,276,260	70,335,406
June 30, 2025	5,657,950	2,574,521	2,574,521	0	2,296,511	0	2,312,272	
June 30, 2026	6,248,855	2,824,714	2,824,714	0	2,379,757	0	2,404,297	Sum of Column VI.
June 30, 2027	6,854,172	3,001,676	3,001,676	0	2,388,406	0	2,421,300	7,933,756
June 30, 2028	7,476,336	3,201,490	3,201,490	0	2,405,927	0	2,447,418	
June 30, 2029	8,119,870	3,451,419	3,451,419	0	2,449,707	0	2,500,488	Sum of Column VII.
June 30, 2030	8,785,753	3,695,718	3,695,718	0	2,477,429	0	2,537,448	[V. + VI.]
June 30, 2031	10,347,086	3,857,879	3,857,879	0	2,442,514	0	2,510,257	78,269,162
June 30, 2032	11,927,367	4,083,630	4,083,630	0	2,441,861	0	2,518,182	
June 30, 2033	13,530,556	4,369,408	4,369,408	0	2,467,648	0	2,553,492	
June 30, 2034	15,150,295	4,552,868	4,552,868	0	2,428,465	0	2,521,554	
June 30, 2035	16,779,813	4,698,674	4,698,674	0	2,367,054	0	2,466,208	
June 30, 2036	18,414,731	4,901,725	4,901,725	0	2,332,211	0	2,438,229	
June 30, 2037	20,041,761	4,947,154	4,947,154	0	2,223,107	0	2,332,127	
June 30, 2038	21,650,580	5,010,963	5,010,963	0	2,126,729	0	2,238,665	
June 30, 2039	23,265,281	5,219,831	5,219,831	0	2,092,346	0	2,210,017	
June 30, 2040	24,883,080	5,256,548	5,256,548	0	1,990,049	0	2,109,167	
June 30, 2041	26,495,992	5,231,206	5,231,206	0	1,870,471	0	1,989,222	
June 30, 2042	28,125,802	5,403,921	5,403,921	0	1,824,922	0	1,947,429	
June 30, 2043	29,771,624	5,499,525	5,499,525	0	1,754,068	0	1,878,231	
June 30, 2044	31,405,201	5,681,746	5,681,746	0	1,711,549	0	1,838,980	
June 30, 2045	33,004,483	5,868,775	5,868,775	0	1,669,710	0	1,800,171	
June 30, 2046	34,547,132	5,888,142	5,888,142	0	1,582,187	0	1,711,653	
June 30, 2047	35,989,167	6,005,973	6,005,973	0	1,524,225	0	1,654,596	
June 30, 2048	37,294,717	6,073,475	6,073,475	0	1,455,757	0	1,585,686	
June 30, 2049	38,499,233	5,952,746	5,952,746	0	1,347,582	0	1,472,884	
June 30, 2050	39,577,450	5,971,857	5,971,857	0	1,276,830	0	1,400,334	
June 30, 2051	40,502,342	5,946,633	5,946,633	0	1,200,829	0	1,321,492	
June 30, 2052	41,302,005	5,787,174	5,787,174	0	1,103,729	0	1,218,797	
June 30, 2053	41,958,797	5,753,292	5,753,292	0	1,036,331	0	1,148,292	
June 30, 2054	42,420,012	5,634,102	5,634,102	0	958,501	0	1,065,692	
June 30, 2055	42,655,521	5,497,499	5,497,499	0	883,323	0	985,470	
June 30, 2056	42,627,930	5,500,590	5,500,590	0	834,737	0	934,456	
June 30, 2057	42,283,257	5,498,827	5,498,827	0	788,127	0	885,301	
June 30, 2058	41,577,663	5,391,842	5,391,842	0	729,877	0	822,676	
June 30, 2059	40,505,976	5,235,794	5,235,794	0	669,393	0	757,087	
June 30, 2060	39,031,333	5,222,840	5,222,840	0	630,654	0	715,716	
June 30, 2061	37,106,296	5,128,873	5,128,873	0	584,915	0	666,082	
June 30, 2062	34,712,003	5,017,281	5,017,281	0	540,412	0	617,512	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [5.88%]	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 [5.52%]
June 30, 2063	31,815,655	4,927,811	4,927,811	0	501,299	0	574,780
June 30, 2064	28,337,988	4,817,757	4,817,757	0	462,886	0	532,554
June 30, 2065	24,220,502	4,701,201	4,701,201	0	426,603	0	492,492
June 30, 2066	19,391,966	4,611,277	4,611,277	0	395,205	0	457,807
June 30, 2067	13,768,372	4,506,131	4,506,131	0	364,746	0	423,971
June 30, 2068	7,270,409	4,436,272	4,436,272	0	339,150	0	395,569
June 30, 2069	0	4,395,787	0	4,395,787	0	684,509	371,460
June 30, 2070	0	4,311,203	0	4,311,203	0	644,738	345,259
June 30, 2071	0	4,232,323	0	4,232,323	0	607,863	321,215
June 30, 2072	0	4,143,587	0	4,143,587	0	571,539	298,033
June 30, 2073	0	4,034,935	0	4,034,935	0	534,501	275,040
June 30, 2074	0	3,935,538	0	3,935,538	0	500,677	254,235
June 30, 2075	0	3,806,695	0	3,806,695	0	465,098	233,051
June 30, 2076	0	3,669,582	0	3,669,582	0	430,581	212,907
June 30, 2077	0	3,517,998	0	3,517,998	0	396,439	193,437
June 30, 2078	0	3,366,690	0	3,366,690	0	364,356	175,436
June 30, 2079	0	3,217,876	0	3,217,876	0	334,452	158,912
June 30, 2080	0	3,042,859	0	3,042,859	0	303,731	142,410
June 30, 2081	0	2,876,977	0	2,876,977	0	275,795	127,604
June 30, 2082	0	2,704,107	0	2,704,107	0	248,952	113,664
June 30, 2083	0	2,523,961	0	2,523,961	0	223,160	100,544
June 30, 2084	0	2,346,932	0	2,346,932	0	199,286	88,602
June 30, 2085	0	2,164,872	0	2,164,872	0	176,543	77,454
June 30, 2086	0	1,985,774	0	1,985,774	0	155,522	67,331
June 30, 2087	0	1,810,222	0	1,810,222	0	136,155	58,169
June 30, 2088	0	1,634,798	0	1,634,798	0	118,089	49,784
June 30, 2089	0	1,466,605	0	1,466,605	0	101,742	42,326
June 30, 2090	0	1,306,834	0	1,306,834	0	87,066	35,743
June 30, 2091	0	1,155,293	0	1,155,293	0	73,920	29,946
June 30, 2092	0	1,013,714	0	1,013,714	0	62,292	24,902
June 30, 2093	0	882,513	0	882,513	0	52,081	20,545
June 30, 2094	0	762,055	0	762,055	0	43,190	16,813
June 30, 2095	0	652,432	0	652,432	0	35,512	13,641
June 30, 2096	0	553,511	0	553,511	0	28,934	10,968
June 30, 2097	0	465,030	0	465,030	0	23,346	8,733

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Medicare Supplement Plans: effective December 1, 2021

Active Plans: effective June 1, 2022

Dental Plans: N/A

Creditable Service

Elapsed time from date of hire to termination of service date.

Benefits Offered

Comprehensive Medical & \$2,000 of Life Insurance.

Medicare Part A

The Town pays Medicare Part A premiums and penalties for a select group of retirees who would have otherwise been ineligible for Medicare. These payments were reflected in the valuation.

Medicare Part B

Medicare Part B Premium reimbursements by the Town were not reflected in this valuation.

Medicare Part B Penalty reimbursements have been reflected.

Surviving Spouse Coverage

Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

Group	Individual	Two-Person / Family
Medical	50%	50%
Dental	100%	100%
Life	50%	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

5.52% per annum (previously 5.71%)

Net Long Term Rate of Return

5.88% (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	68,108,109	63,598,683
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>50,568,760</u>	<u>47,269,666</u>
III. Liability from Implicit Subsidy [I. - II.]	17,539,349	16,329,017

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2023</u>	<u>June 30, 2022</u>
IV. Employer Payments (Including Implicit Subsidy)	2,289,178	2,256,002
V. Actual Employer Payments	<u>1,866,780</u>	<u>1,826,287</u>
VI. Implicit Subsidy [IV. - V.]	422,398	429,715

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS*

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,368	2,754	44 & Under	8,585	5,626	65 to 69	2,864	2,941
25 to 29	6,444	2,865	45 to 49	9,431	7,103	70 to 74	3,378	3,525
30 to 34	8,143	3,596	50 to 54	11,094	9,355	75 to 79	3,921	4,162
35 to 39	8,388	4,515	55 to 59	12,825	12,162	80 to 84	4,497	4,784
40 to 44	8,585	5,626	60 to 64	15,261	15,607	85 to 89	5,026	5,329
45 to 49	9,431	7,103	65 to 69	18,294	19,467	90 & Over	5,026	5,329
50 to 54	11,094	9,355	70 to 74	21,573	23,329			
55 to 59	12,825	12,162	75 to 79	25,054	27,553			
60 to 64	15,261	15,607	80 to 84	28,726	31,671			
65 to 69	18,294	19,467	85 to 89	32,790	36,251			
70 & Over	21,573	23,329	90 & Over	32,790	36,251			

*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	34.61
B. Average Service	<u>10.55</u>
C. Average Current Age	45.16

Retired Employees & Spouses

Valuation Date	July 1, 2021
A. Under Age 65	91
B. Age 65 & Over	<u>503</u>
C. Total	594

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	25									25
25-29	36	6		1						43
30-34	44	23	9	1						77
35-39	26	18	24	7	3					78
40-44	20	15	12	13	7					67
45-49	27	12	16	13	18	4				90
50-54	29	12	19	7	6	5	1	2		81
55-59	7	14	13	10	17	6	8		1	76
60-64	5	7	7	14	9	5	5		1	53
65-69		3	2	5	2	1	1			14
70+			1	2	1					4
Total	219	110	103	73	63	21	15	2	2	608

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Blue Care Elect PPO	53		100	153
Network Blue NE HMO	114		219	333
Medex	184	159		343
Total	351	159	319	829

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Blue Care Elect PPO	965.61		2,416.20
Network Blue NE HMO	797.40		1,995.66
Medex	334.40	668.80	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Blue Care Elect PPO	53		100	253	3,513,567.96	2,931,591.96
Network Blue NE HMO	114		219	552	6,335,437.68	5,281,977.60
Total	167	0	319	805	9,849,005.64	8,213,569.56
Blended Average Monthly Rate:						\$ 850.27

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex	184	159		502	2,014,425.60	2,014,425.60
Total	184	159	0	502	2,014,425.60	2,014,425.60
Blended Average Monthly Rate:						\$ 334.40

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is August 9, 2023 and its subject is the Town of Duxbury'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 Duxbury 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.