

# Town of Hamilton 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 September 7, 2023



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September 7, 2023

*Personal and Confidential*

Ms. Wendy Markiewicz  
Finance Director/Town Accountant  
Town of Hamilton  
577 Bay Road, PO Box 429  
Hamilton, MA 01936

Dear Ms. Markiewicz:

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

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

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

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

Very truly yours,

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

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



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ACTUARIAL CERTIFICATION

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

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

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Kurtis J. Thompson, ASA, 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

- ✓ None

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 \$24 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 5.55 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

### Events Subsequent to the Measurement Date

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

### Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 71.13% 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 (6.10%) – 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 \$1,198,272 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town is expected to contribute \$125,000 annually beyond pay-as-you-go costs.
- ✓ Investment Policy – The Town is expected to earn 6.13% per year on assets based on its investment policy.

## EXECUTIVE SUMMARY

### Low Default Risk Obligation Measure (LDRM)

For purposes of this LDRM, we have used a discount rate of 4.13% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDRM Total OPEB Liability is \$7.8 million vs. the \$5.9 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$2 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 2 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.

<b>Representative Plan Statistics</b>		
<b>Valuation Date</b>	<b>July 1, 2021</b>	<b>July 1, 2021</b>
<b>Measurement Date &amp; Period Ending</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Reporting Date/Fiscal Year End</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Total OPEB Liability	5,925,404	5,680,168
Per Eligible Active Plan Participant	48,298	47,489
Per Retiree/Spouse Plan Participant	77,833	73,054
Total Annual Service Cost (Annual Benefit Accrual)	129,005	108,782
Per Eligible Active Plan Participant	2,346	1,978
Expected Employer Share of Retiree Costs	234,840	216,637
Per Retiree/Spouse Plan Participant	5,591	5,158
Net OPEB Liability as a % of Covered Payroll	89.32%	91.38%



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.

<b>For the Period Ending on the Measurement Date of:</b>	<b>Number of Retirees, Spouses, &amp; Surviving Spouses</b>	<b>Total OPEB Liability</b>	<b>Present Value at 3.00% of Total OPEB Liability</b>	<b>Employer Share of Premiums/Claims Including "Implicit Cost"</b>	<b>Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"</b>
June 30, 2023	44	5,925,404	5,752,819	234,840	228,000
June 30, 2028	50	6,860,687	5,745,717	376,877	315,629
June 30, 2033	54	7,806,781	5,639,785	422,745	305,400
June 30, 2038	52	8,946,868	5,575,392	449,359	280,026
June 30, 2043	48	10,181,816	5,473,228	558,581	300,265
June 30, 2048	45	11,701,632	5,425,985	604,275	280,199
June 30, 2053	43	13,664,959	5,465,808	718,335	287,325

## 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)	253,292
June 30, 2023		234,840
June 30, 2022		216,637
June 30, 2021		208,167
June 30, 2020		208,167
June 30, 2019		180,976

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 \$4,727,132 assuming a discount rate of 6.10%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$125,000 annually beyond pay-as-you-go costs. The balance of this fund as of June 30, 2023 was \$1,198,272. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

**Town of Hamilton**

**Assuming Funding - 6.10% 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	2,656,408	2,611,920
B. Retirees/Disabled	<u>3,268,996</u>	<u>3,068,248</u>
C. Total	5,925,404	5,680,168
II. Fiduciary Net Position [Plan Assets]	1,198,272	984,816
III. Net OPEB Liability (Asset) [I. - II.]	4,727,132	4,695,352
IV. Funded Ratio [II. / I.]	20.22%	17.34%
V. Number of Eligible Participants		
A. Actives	55	55
B. Retirees/Disabled & Dependents	<u>42</u>	<u>42</u>
C. Total	97	97
VI. Service Cost	129,005	108,782
VII. Financial Statement Expense/(Income)	(77,741)	(59,988)
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(125,000)	(125,000)
IX. Deferred Inflow of Resources	(2,313,592)	(3,166,155)
X. Deferred Outflow of Resources	929,949	1,313,151
XI. Money Weighted Rate of Return	8.05%	(14.29%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.13%	6.14%
XIV. Crossover Year	2089	2087
XV. Discount Rate	6.10%	6.10%

PRINCIPAL RESULTS OF THE VALUATION

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

	Town Employees and Retirees	Public Safety Employees and Retirees	Public Service Employees and Retirees	Joint Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Total OPEB Liability						
A. Actives	263,174	1,858,226	318,093	55,996	160,919	2,656,408
B. Retirees/Disabled	<u>706,112</u>	<u>1,232,194</u>	<u>924,741</u>	<u>0</u>	<u>405,949</u>	<u>3,268,996</u>
C. Total	969,286	3,090,420	1,242,834	55,996	566,868	5,925,404
II. Fiduciary Net Position [Plan Assets]	196,014	624,964	251,334	11,324	114,636	1,198,272
III. Net OPEB Liability (Asset) [I. - II.]	773,272	2,465,456	991,500	44,672	452,232	4,727,132
<b>For the Reporting Date and Fiscal Year Ending June 30, 2023</b>						
IV. Service Cost	91,008	27,425	6,627	1,573	2,372	129,005
V. Financial Statement Expense/(Income)	46,273	(73,038)	(34,232)	(16)	(16,728)	(77,741)
VI. Employer Share of Costs	(85,641)	(100,840)	(33,468)	(2,826)	(12,065)	(234,840)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(20,449)	(65,194)	(26,218)	(1,181)	(11,958)	(125,000)
VIII. Total Employer Contribution [VI. + VII.]	(106,090)	(166,034)	(59,686)	(4,007)	(24,023)	(359,840)

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

**Funding - 6.10% 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		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.]
			with an expected 6.13% return	with an expected 6.13% return									
2023	June 30, 2023	5,925,404	1,198,272	4,727,132	20.22%	129,005	234,840	125,000	359,840	234,840	0	125,000	
2024	June 30, 2024	6,137,481	1,400,500	4,736,981	22.82%	132,390	253,292	125,000	378,292	253,292	0	125,000	
2025	June 30, 2025	6,332,459	1,615,125	4,717,334	25.51%	136,377	292,489	125,000	417,489	292,489	0	125,000	
2026	June 30, 2026	6,519,976	1,842,906	4,677,070	28.27%	140,867	319,402	125,000	444,402	319,402	0	125,000	
2027	June 30, 2027	6,692,343	2,084,650	4,607,693	31.15%	140,784	348,072	125,000	473,072	348,072	0	125,000	
2028	June 30, 2028	6,860,687	2,341,213	4,519,474	34.13%	149,708	376,877	125,000	501,877	376,877	0	125,000	
2029	June 30, 2029	7,034,157	2,613,504	4,420,653	37.15%	154,094	386,258	125,000	511,258	386,258	0	125,000	
2030	June 30, 2030	7,222,416	2,902,486	4,319,930	40.19%	160,660	387,251	125,000	512,251	387,251	0	125,000	
2031	June 30, 2031	7,414,858	3,209,183	4,205,675	43.28%	162,434	394,480	125,000	519,480	394,480	0	125,000	
2032	June 30, 2032	7,605,371	3,534,680	4,070,691	46.48%	166,018	412,721	125,000	537,721	412,721	0	125,000	
2033	June 30, 2033	7,806,781	3,880,130	3,926,651	49.70%	175,488	422,745	125,000	547,745	422,745	0	125,000	
2034	June 30, 2034	8,039,701	4,246,756	3,792,945	52.82%	180,855	401,200	125,000	526,200	401,200	0	125,000	
2035	June 30, 2035	8,256,241	4,635,856	3,620,385	56.15%	187,682	397,641	125,000	522,641	397,641	0	125,000	
2036	June 30, 2036	8,478,737	5,048,808	3,429,929	59.55%	193,464	430,634	125,000	555,634	430,634	0	125,000	
2037	June 30, 2037	8,712,424	5,487,074	3,225,350	62.98%	200,009	444,112	125,000	569,112	444,112	0	125,000	
2038	June 30, 2038	8,946,868	5,952,206	2,994,662	66.53%	205,203	449,359	125,000	574,359	449,359	0	125,000	
2039	June 30, 2039	9,208,384	6,445,850	2,762,534	70.00%	212,504	478,106	125,000	603,106	478,106	0	125,000	
2040	June 30, 2040	9,461,772	6,969,755	2,492,017	73.66%	219,656	513,707	125,000	638,707	513,707	0	125,000	
2041	June 30, 2041	9,682,428	7,525,775	2,156,653	77.73%	227,475	536,819	125,000	661,819	536,819	0	125,000	
2042	June 30, 2042	9,906,182	8,115,879	1,790,303	81.93%	234,696	548,125	125,000	673,125	548,125	0	125,000	
2043	June 30, 2043	10,181,816	8,742,157	1,439,659	85.86%	242,177	558,581	125,000	683,581	558,581	0	125,000	
2044	June 30, 2044	10,462,843	9,406,825	1,056,018	89.91%	250,754	580,089	125,000	705,089	580,089	0	125,000	
2045	June 30, 2045	10,791,469	10,112,238	679,231	93.71%	259,644	548,729	125,000	673,729	548,729	0	125,000	
2046	June 30, 2046	11,129,150	10,860,892	268,258	97.59%	268,828	569,289	125,000	694,289	569,289	0	125,000	
2047	June 30, 2047	11,409,020	11,655,439	(246,419)	102.16%	278,594	586,190	125,000	711,190	586,190	0	125,000	
2048	June 30, 2048	11,701,632	12,043,766	(342,134)	102.92%	287,683	604,275	(316,592)	287,683	604,275	0	(316,592)	
2049	June 30, 2049	12,067,302	12,441,572	(374,270)	103.10%	297,578	628,076	(330,498)	297,578	628,076	0	(330,498)	
2050	June 30, 2050	12,445,527	12,853,011	(407,484)	103.27%	309,171	650,106	(340,935)	309,171	650,106	0	(340,935)	
2051	June 30, 2051	12,842,977	13,287,681	(444,704)	103.46%	319,792	662,659	(342,867)	319,792	662,659	0	(342,867)	
2052	June 30, 2052	13,247,495	13,729,033	(481,538)	103.63%	331,915	694,160	(362,245)	331,915	694,160	0	(362,245)	
2053	June 30, 2053	13,664,959	14,184,891	(519,932)	103.80%	343,909	718,335	(374,426)	343,909	718,335	0	(374,426)	

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

<b>Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2023</b>	
<b>Description</b>	<b>Amount</b>
I. Service Cost	129,005
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	351,071
III. Deferred (Inflows)/Outflows from Plan Experience*	(293,616)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	(238,220)
V. Projected Earnings on OPEB Plan Investments	(64,283)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	38,302
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.]	(77,741)
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	(77,741)

\* Amortized over 5.55 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
<b>I.</b>	<b>Balances for the June 30, 2022 Reporting Date</b>	5,680,168	984,816	4,695,352
<b>II.</b>	<b>Prior Period Adjustment</b>	0	0	0
<b>III.</b>	<b>Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]</b>	5,680,168	984,816	4,695,352
<b>Changes for the year:</b>				
IV.	Service Cost	129,005	0	129,005
V.	Interest on Total OPEB Liability, Service Cost, and Benefit Payments	351,071	0	351,071
VI.	Changes in Benefit Terms *	0	0	0
VII.	Change in Assumptions **	0	0	0
VIII.	Differences Between Actual and Expected Experience **	0	0	0
IX.	Net Investment Income	0	88,456	(88,456)
X.	Employer Contributions to Trust	0	359,840	(359,840)
XI.	Benefit Payments Withdrawn from Trust	0	(234,840)	234,840
XII.	Benefit Payments Excluding Implicit Cost	(170,489)	0	(170,489)
XIII.	Implicit Cost Amount	(64,351)	0	(64,351)
XIV.	Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(234,840)	0	(234,840)
XV.	Administrative Expense	0	0	0
XVI.	Other Charges	0	0	0
<b>XVII.</b>	<b>Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]</b>	<b>245,236</b>	<b>213,456</b>	<b>31,780</b>
<b>XVIII.</b>	<b>Balances for the June 30, 2023 Reporting Date [III.+XVII.]</b>	<b>5,925,404</b>	<b>1,198,272</b>	<b>4,727,132</b>

\* Recognized Immediately

\*\* Amortized over 5.55 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	556,505	5.37	0	38,345					
2019	0	5.37	0	0	0				
2020	(1,250,224)	5.94	(408,324)	(210,475)	(210,475)	(197,849)			
2021	0	5.94	0	0	0	0	0		
2022	(674,250)	5.55	(431,278)	(121,486)	(121,486)	(121,486)	(121,486)	(66,820)	
2023	0	5.55	0	0	0	0	0	0	0
2024									
2025									
2026									
Total Remaining Balance			(839,602)						
Net increase (decrease) in OPEB Expense				(293,616)	(331,961)	(319,335)	(121,486)	(66,820)	0

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in			2023	2024	2025	2026	2027	2028
	Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	0	5.37	0	0					
2019	314,827	5.37	21,692	58,627	21,692				
2020	(336,109)	5.94	(109,773)	(56,584)	(56,584)	(53,189)			
2021	(2,756,271)	5.94	(1,364,217)	(464,018)	(464,018)	(464,018)	(436,181)		
2022	1,241,842	5.55	794,332	223,755	223,755	223,755	223,755	123,067	
2023	0	5.55	0	0	0	0	0	0	0
2024									
2025									
2026									
Total Remaining Balance			(657,966)						
Net increase (decrease) in OPEB Expense				(238,220)	(275,155)	(293,452)	(212,426)	123,067	0



EXHIBIT A

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

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	0	5.00	0						
2019	0	5.00	0	0					
2020	0	5.00	0	0	0				
2021	(19,272)	5.00	(7,710)	(3,854)	(3,854)	(3,856)			
2022	234,954	5.00	140,974	46,990	46,990	46,990	46,994		
2023	(24,173)	5.00	(19,339)	(4,834)	(4,834)	(4,834)	(4,834)	(4,837)	
2024									
2025									
2026									
Total Remaining Balance			113,925						
Net increase (decrease) in OPEB Expense				38,302	38,302	38,300	42,160	(4,837)	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	(839,602)	(839,602)
III. Changes of Assumptions	816,024	(1,473,990)	(657,966)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	113,925	0	113,925
VI. Total [I. + II. + III. + IV.]	929,949	(2,313,592)	(1,383,643)

## EXHIBIT A

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

#### 3. Changes in Net OPEB Expense (Continued)

<b>Annual Amortization of Deferred (Inflows) &amp; Outflows</b>	
The balance of deferred (inflows) & outflows as of the Reporting Date of June 30, 2023 will be recognized in future years as shown below.	
<b>Year ending June 30:</b>	
2024	(568,814)
2025	(574,487)
2026	(291,752)
2027	51,410
2028	0
Thereafter	0

#### 4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.10% as of June 30, 2023 and 6.10% 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 2089 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 \$234,840. The Town also contributed \$125,000 to an OPEB Trust for a total contribution during the measurement period of \$359,840 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	27.75%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	15.50%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	13.75%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	8.75%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	17.75%	Domestic Fixed Income	1.05%
International Fixed Income	4.50%	International Fixed Income	0.96%
Alternatives	8.25%	Alternatives	5.95%
Real Estate	3.25%	Real Estate	6.25%
Cash	0.50%	Cash	0.00%
Total	100.00%		
		I. Real Rate of Return	3.88%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.38%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	6.13%

\* 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	363,427	(359,840)	3,587	5,292,480	6.80%
June 30, 2022	341,628	(341,637)	(9)	5,138,330	6.65%
June 30, 2021	437,277	(1,179,367)	(742,090)	5,548,620	21.26%
June 30, 2020	613,310	(208,167)	460,188	5,230,107	3.98%
June 30, 2020	659,391	(199,203)	487,330	5,230,107	3.81%
June 30, 2019	668,306	(180,976)	273,684	4,938,721	3.66%
June 30, 2018	628,305	(354,621)	273,684	4,794,875	7.40%

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)	3,988,802	4,727,132	5,637,402

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)	5,558,270	6.10%	4,054,100

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	984,816	12	1.0000
Monthly net external cash flows:			
July	125,000	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
<u>June</u>	<u>0</u>	0	0.0000
II. Total net external cash flow	125,000		
III. Earnings and increase in fair value	88,456		
IV. Ending value - June 30, 2023 [I.+II.+III.]	1,198,272		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	1,198,272		
Money Weighted Rate of Return	8.05%		

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

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2023					Total
	Town Employees and Retirees	Public Safety Employees and Retirees	Public Service Employees and Retirees	Joint Employees and Retirees	Water Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2023	969,286	3,090,420	1,242,834	55,996	566,868	5,925,404
II. Fiduciary Net Position as of June 30, 2023	196,014	624,964	251,334	11,324	114,636	1,198,272
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	773,272	2,465,456	991,500	44,672	452,232	4,727,132
IV. Service Cost	91,008	27,425	6,627	1,573	2,372	129,005
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	46,416	190,537	76,162	3,687	34,269	351,071
VI. Projected Earnings on OPEB Plan Investments	(10,418)	(33,595)	(13,504)	(612)	(6,154)	(64,283)
VII. Net Recognition of Deferred (Inflows)/Outflows	(80,733)	(257,405)	(103,517)	(4,664)	(47,215)	(493,534)
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	46,273	(73,038)	(34,232)	(16)	(16,728)	(77,741)
XI. Employer Share of Costs	(85,641)	(100,840)	(33,468)	(2,826)	(12,065)	(234,840)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(20,449)	(65,194)	(26,218)	(1,181)	(11,958)	(125,000)
XIII. Total Employer Contribution [XI. + XII.]	(106,090)	(166,034)	(59,686)	(4,007)	(24,023)	(359,840)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	(59,817)	(239,072)	(93,918)	(4,023)	(40,751)	(437,581)



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
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(839,602)
II. Deferred (Inflow)/Outflow from Investment Experience	113,925
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(657,966)
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	1,324,715
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	367,717
IV. Change in Deferred Outflow (II. - III. )	(367,717)
V. Deferred Outflow at end of the period (I. + IV. )	956,998
VI. Deferred Inflow at the beginning of the period	(3,177,719)
VII. Deferred Inflow created during the period	(24,173)
VIII. Deferred Inflow recognized during the period	(861,251)
IX. Change in Deferred Inflow (VII. - VIII. )	837,078
X. Deferred Inflow at end of the period (VI. + IX. )	(2,340,641)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	4,695,352
II. Service Cost	129,005
III. Interest on Total OPEB Liability, Service Cost, and Payments	351,071
IV. Projected Investment Income	(64,283)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(359,840)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII. )	55,953
IX. Deferred Outflow created during the period	0
X. Deferred Inflow created during the period	(24,173)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X. )	4,727,132
<b>Net OPEB Expense</b>	
I. Service Cost	129,005
II. Interest on Total OPEB Liability, Service Cost, and Payments	351,071
III. Projected Investment Income	(64,283)
IV. Recognition of Deferred (Inflow)/Outflow	(493,534)
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. )	(77,741)
VIII. Benefit Payments	(234,840)
IX. Contributions to Trust	(125,000)
X. Total Employer Payments (VIII. + IX. )	(359,840)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X. )	(437,581)

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

<b>Schedule of Changes in the Town's Net OPEB Liability and Related Ratios</b>					
Valuation Date	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2019
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	July 1, 2019
For the Reporting Period & Fiscal Year Ending on:	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2020
<b>Total OPEB Liability</b>	5,925,404	5,680,168	4,893,404	7,373,550	7,106,401
I. Service Cost	129,005	108,782	232,207	232,207	224,658
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	351,071	327,027	252,085	243,109	256,109
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	(674,250)	0	0	(1,250,224)
V. Changes of Assumptions	0	1,241,842	(2,756,271)	0	(336,109)
VI. Benefit Payments Excluding Implicit Cost	(170,489)	(153,761)	(144,637)	(151,146)	(144,637)
VII. Implicit Cost Amount	(64,351)	(62,876)	(63,530)	(57,021)	(54,566)
VIII. Total Benefit Payments	(234,840)	(216,637)	(208,167)	(208,167)	(199,203)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	245,236	786,764	(2,480,146)	267,149	(1,304,769)
XI. Total OPEB Liability - Beginning of Period	5,680,168	4,893,404	7,373,550	7,106,401	8,411,170
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	5,680,168	4,893,404	7,373,550	7,106,401	8,411,170
XIV. Total OPEB Liability - End of Period [XIII.+XIV.]	5,925,404	5,680,168	4,893,404	7,373,550	7,106,401
<b>Plan Fiduciary Net Position</b>	1,198,272	984,816	1,022,386	0	0
XV. Earnings from Plan Investments	88,456	(162,570)	51,186	0	0
XVI. Employer Contribution to Trust	359,840	341,637	1,179,367	208,167	199,203
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(234,840)	(216,637)	(208,167)	(208,167)	(199,203)
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.]	213,456	(37,570)	1,022,386	0	0
XXI. Plan Fiduciary Net Position - Beginning of Period	984,816	1,022,386	0	0	0
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	984,816	1,022,386	0	0	0
XXIV. Plan Fiduciary Net Position - End of Period [XXIII.+XXIV.]	1,198,272	984,816	1,022,386	0	0
XXV. Net OPEB Liability [XIV.-XXIV.]	4,727,132	4,695,352	3,871,018	7,373,550	7,106,401
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	20.22%	17.34%	20.89%	0.00%	0.00%
XXVII. Covered Employee Payroll	5,292,480	5,138,330	5,548,620	5,230,107	5,230,107
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	89.32%	91.38%	69.77%	140.98%	135.87%
Single Discount Rate to Calculate Plan Liabilities	6.10%	6.10%	6.68%	3.36%	3.36%

**EXHIBIT B**

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

<b>Schedule of Changes in the Town's Net OPEB Liability and Related Ratios</b>		
Valuation Date	July 1, 2017	July 1, 2017
Measurement Date	July 1, 2018	July 1, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>	8,411,170	7,754,655
I. Service Cost	284,193	232,636
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	238,471	232,202
III. Changes in Benefit Terms	0	0
IV. Difference Between Expected & Actual Plan Experience	0	556,505
V. Changes of Assumptions	314,827	0
VI. Benefit Payments Excluding Implicit Cost	(159,458)	N/A
VII. Implicit Cost Amount	(21,518)	N/A
VIII. Total Benefit Payments	(180,976)	(354,621)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	656,515	666,722
XI. Total OPEB Liability - Beginning of Period	7,754,655	6,456,754
XII. Prior Period Adjustment	0	631,179
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	7,754,655	7,087,933
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	8,411,170	7,754,655
<b>Plan Fiduciary Net Position</b>	0	0
XV. Earnings from Plan Investments	0	0
XVI. Employer Contribution to Trust	180,976	354,621
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(180,976)	(354,621)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	0	0
XXI. Plan Fiduciary Net Position - Beginning of Period	0	0
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	0	0
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	0	0
XXV. Net OPEB Liability [XIV.-XXIV.]	8,411,170	7,754,655
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	0.00%	0.00%
XXVII. Covered Employee Payroll	4,938,721	4,794,875
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	170.31%	161.73%
Single Discount Rate to Calculate Plan Liabilities	3.00%	3.25%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

<b>Actuarially Determined Contribution - Deficiency / (Excess)</b>					
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, 2020</u>
I. Service Cost	129,005	108,782	232,207	232,207	224,658
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>234,422</u>	<u>232,846</u>	<u>205,070</u>	<u>381,103</u>	<u>434,733</u>
III. Actuarial Determined Contribution [I. + II.]	363,427	341,628	437,277	613,310	659,391
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(359,840)</u>	<u>(341,637)</u>	<u>(1,179,367)</u>	<u>(208,167)</u>	<u>(199,203)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>3,587</u>	<u>(9)</u>	<u>(742,090)</u>	460,188	487,330
Covered Employee Payroll	5,292,480	5,138,330	5,548,620	5,230,107	5,230,107
Contributions as a % of Covered Employee Payroll	6.80%	6.65%	21.26%	3.98%	3.81%
Discount Rate	6.10%	6.10%	6.68%	3.36%	3.00%
Money Weighted Rate of Return	8.05%	<u>(14.29%)</u>	36.09%	N/A	N/A

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

<b>Actuarially Determined Contribution - Deficiency / (Excess) (Continued)</b>		
<b><u>For the Fiscal Year Ending:</u></b>	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>
I. Service Cost	284,193	232,636
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>384,113</u>	<u>395,669</u>
III. Actuarial Determined Contribution [I. + II.]	668,306	628,305
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(180,976)</u>	<u>(354,621)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>273,684</u>	<u>273,684</u>
Covered Employee Payroll	4,938,721	4,794,875
Contributions as a % of Covered Employee Payroll	3.66%	7.40%
Discount Rate	3.25%	3.25%
Money Weighted Rate of Return	N/A	N/A

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	Public Safety Employees and Retirees	Public Service Employees and Retirees	Joint Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Service Cost	91,008	27,425	6,627	1,573	2,372	129,005
II. 30 Year Amortization of NOL Increasing by 3.00% per year	38,347	122,264	49,169	2,215	22,427	234,422
III. Actuarial Determined Contribution [I. + II.]	129,355	149,689	55,796	3,788	24,799	363,427
IV. Employer Share of Costs (Including Implicit Cost)	(85,641)	(100,840)	(33,468)	(2,826)	(12,065)	(234,840)
V. Employer OPEB Trust (Contribution)/Withdrawal	(20,449)	(65,194)	(26,218)	(1,181)	(11,958)	(125,000)
VI. Total Employer Contribution [IV. + V.]	(106,090)	(166,034)	(59,686)	(4,007)	(24,023)	(359,840)
VII. Contribution Deficiency / (Excess) [III. + VI.]	23,265	(16,345)	(3,890)	(219)	776	3,587

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Notes to Required Supplementary Information:

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

Actuarial Assumptions:

Investment Rate of Return:	6.13%, 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:	6.10%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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



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:	42
Actives:	<u>55</u>
Total:	97

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

✓ None

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$125,000 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 \$234,840. \$64,351 of the \$234,840 represents implicit cost.

EXHIBIT B

REQUIRED 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:	N/A
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	5,292,480	0	5,292,480	0	234,840	0	234,840
June 30, 2024	4,976,952	474,302	5,451,254	0	253,292	0	253,292
June 30, 2025	4,708,902	905,890	5,614,792	0	292,489	0	292,489
June 30, 2026	4,467,960	1,315,276	5,783,236	0	319,402	0	319,402
June 30, 2027	4,254,808	1,701,925	5,956,733	0	348,072	0	348,072
June 30, 2028	3,886,085	2,249,350	6,135,435	0	376,877	0	376,877
June 30, 2029	3,686,742	2,632,756	6,319,498	0	386,258	0	386,258
June 30, 2030	3,453,305	3,055,778	6,509,083	0	387,251	0	387,251
June 30, 2031	3,271,917	3,432,438	6,704,355	0	394,480	0	394,480
June 30, 2032	2,959,064	3,946,422	6,905,486	0	412,721	0	412,721
June 30, 2033	2,620,442	4,492,209	7,112,651	0	421,449	1,296	422,745
June 30, 2034	2,464,285	4,861,746	7,326,031	0	397,821	3,379	401,200
June 30, 2035	2,264,460	5,281,352	7,545,812	0	391,227	6,414	397,641
June 30, 2036	2,106,725	5,665,461	7,772,186	0	419,814	10,820	430,634
June 30, 2037	1,948,817	6,056,535	8,005,352	0	427,597	16,515	444,112
June 30, 2038	1,825,386	6,420,127	8,245,513	0	428,393	20,966	449,359
June 30, 2039	1,685,222	6,807,656	8,492,878	0	452,147	25,959	478,106
June 30, 2040	1,593,903	7,153,761	8,747,664	0	481,804	31,903	513,707
June 30, 2041	1,507,481	7,502,613	9,010,094	0	500,248	36,571	536,819
June 30, 2042	1,443,000	7,837,397	9,280,397	0	506,282	41,843	548,125
June 30, 2043	1,373,562	8,185,247	9,558,809	0	509,618	48,963	558,581
June 30, 2044	1,303,490	8,542,083	9,845,573	0	521,161	58,928	580,089
June 30, 2045	1,229,309	8,911,631	10,140,940	0	477,568	71,161	548,729
June 30, 2046	1,153,318	9,291,850	10,445,168	0	483,186	86,103	569,289
June 30, 2047	1,084,429	9,674,094	10,758,523	0	482,610	103,580	586,190
June 30, 2048	1,024,826	10,056,453	11,081,279	0	486,267	118,008	604,275
June 30, 2049	946,584	10,467,133	11,413,717	0	493,060	135,016	628,076
June 30, 2050	860,144	10,895,985	11,756,129	0	496,897	153,209	650,106
June 30, 2051	816,024	11,292,789	12,108,813	0	493,883	168,776	662,659
June 30, 2052	724,021	11,748,056	12,472,077	0	508,118	186,042	694,160
June 30, 2053	648,704	12,197,535	12,846,239	0	512,890	205,445	718,335
June 30, 2054	576,803	12,654,823	13,231,626	0	495,112	228,328	723,440
June 30, 2055	534,579	13,093,996	13,628,575	0	499,219	253,532	752,751
June 30, 2056	476,035	13,561,397	14,037,432	0	487,003	280,708	767,711
June 30, 2057	413,054	14,045,501	14,458,555	0	453,513	309,713	763,226
June 30, 2058	375,112	14,517,200	14,892,312	0	444,048	337,312	781,360
June 30, 2059	340,499	14,998,582	15,339,081	0	425,425	367,735	793,160
June 30, 2060	285,467	15,513,786	15,799,253	0	406,106	398,545	804,651
June 30, 2061	230,896	16,042,335	16,273,231	0	384,583	428,724	813,307
June 30, 2062	180,185	16,581,243	16,761,428	0	378,423	461,293	839,716

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	138,817	17,125,454	17,264,271	0	358,058	496,985	855,043
June 30, 2064	105,715	17,676,484	17,782,199	0	337,357	535,100	872,457
June 30, 2065	86,354	18,229,311	18,315,665	0	332,545	576,663	909,208
June 30, 2066	70,496	18,794,639	18,865,135	0	313,942	621,560	935,502
June 30, 2067	48,614	19,382,475	19,431,089	0	304,219	668,271	972,490
June 30, 2068	39,655	19,974,367	20,014,022	0	293,719	716,050	1,009,769
June 30, 2069	0	20,614,443	20,614,443	0	285,023	766,309	1,051,332
June 30, 2070	0	21,232,876	21,232,876	0	274,828	818,853	1,093,681
June 30, 2071	0	21,869,862	21,869,862	0	266,629	870,633	1,137,262
June 30, 2072	0	22,525,958	22,525,958	0	256,059	924,552	1,180,611
June 30, 2073	0	23,201,737	23,201,737	0	245,376	981,513	1,226,889
June 30, 2074	0	23,897,789	23,897,789	0	237,712	1,039,872	1,277,584
June 30, 2075	0	24,614,723	24,614,723	0	227,646	1,100,476	1,328,122
June 30, 2076	0	25,353,165	25,353,165	0	219,418	1,162,714	1,382,132
June 30, 2077	0	26,113,760	26,113,760	0	209,945	1,226,200	1,436,145
June 30, 2078	0	26,897,173	26,897,173	0	200,254	1,292,336	1,492,590
June 30, 2079	0	27,704,088	27,704,088	0	190,412	1,360,560	1,550,972
June 30, 2080	0	28,535,211	28,535,211	0	180,207	1,430,226	1,610,433
June 30, 2081	0	29,391,267	29,391,267	0	171,349	1,501,639	1,672,988
June 30, 2082	0	30,273,005	30,273,005	0	159,391	1,575,636	1,735,027
June 30, 2083	0	31,181,195	31,181,195	0	150,074	1,653,208	1,803,282
June 30, 2084	0	32,116,631	32,116,631	0	139,840	1,731,846	1,871,686
June 30, 2085	0	33,080,130	33,080,130	0	128,763	1,812,909	1,941,672
June 30, 2086	0	34,072,534	34,072,534	0	119,357	1,897,012	2,016,369
June 30, 2087	0	35,094,710	35,094,710	0	109,072	1,983,450	2,092,522
June 30, 2088	0	36,147,551	36,147,551	0	99,196	2,073,288	2,172,484
June 30, 2089	0	37,231,978	37,231,978	0	89,753	2,165,258	2,255,011
June 30, 2090	0	38,348,937	38,348,937	0	80,739	2,260,954	2,341,693
June 30, 2091	0	39,499,405	39,499,405	0	72,179	2,359,851	2,432,030
June 30, 2092	0	40,684,387	40,684,387	0	64,072	2,461,638	2,525,710
June 30, 2093	0	41,904,919	41,904,919	0	56,445	2,567,473	2,623,918
June 30, 2094	0	43,162,067	43,162,067	0	49,297	2,676,138	2,725,435
June 30, 2095	0	44,456,929	44,456,929	0	42,644	2,788,484	2,831,128
June 30, 2096	0	45,790,637	45,790,637	0	36,506	2,905,055	2,941,561
June 30, 2097	0	47,164,356	47,164,356	0	30,890	3,025,183	3,056,073

**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 [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. +VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2023	984,816	234,840	125,000	359,840	0	234,840	234,840	88,456	1,198,272
June 30, 2024	1,198,272	253,292	114,124	367,416	0	253,292	253,292	70,509	1,382,905
June 30, 2025	1,382,905	292,489	104,833	397,322	0	292,489	292,489	87,937	1,575,675
June 30, 2026	1,575,675	319,402	96,571	415,973	0	319,402	319,402	99,505	1,771,751
June 30, 2027	1,771,751	348,072	89,286	437,358	0	348,072	348,072	111,304	1,972,341
June 30, 2028	1,972,341	376,877	79,173	456,050	0	376,877	376,877	123,295	2,174,809
June 30, 2029	2,174,809	386,258	72,924	459,182	0	386,258	386,258	135,518	2,383,251
June 30, 2030	2,383,251	387,251	66,317	453,568	0	387,251	387,251	148,096	2,597,664
June 30, 2031	2,597,664	394,480	61,004	455,484	0	394,480	394,480	161,079	2,819,747
June 30, 2032	2,819,747	412,721	53,564	466,285	0	412,721	412,721	174,468	3,047,779
June 30, 2033	3,047,779	421,449	46,052	467,501	0	422,745	422,745	188,219	3,280,754
June 30, 2034	3,280,754	397,821	42,047	439,868	0	401,200	401,200	202,380	3,521,802
June 30, 2035	3,521,802	391,227	37,512	428,739	0	397,641	397,641	217,019	3,769,919
June 30, 2036	3,769,919	419,814	33,882	453,696	0	430,634	430,634	232,119	4,025,100
June 30, 2037	4,025,100	427,597	30,430	458,027	0	444,112	444,112	247,657	4,286,672
June 30, 2038	4,286,672	428,393	27,672	456,065	0	449,359	449,359	263,609	4,556,987
June 30, 2039	4,556,987	452,147	24,803	476,950	0	478,106	478,106	280,092	4,835,923
June 30, 2040	4,835,923	481,804	22,776	504,580	0	513,707	513,707	297,130	5,123,926
June 30, 2041	5,123,926	500,248	20,914	521,162	0	536,819	536,819	314,728	5,422,997
June 30, 2042	5,422,997	506,282	19,436	525,718	0	548,125	548,125	333,017	5,733,607
June 30, 2043	5,733,607	509,618	17,962	527,580	0	558,581	558,581	352,012	6,054,618
June 30, 2044	6,054,618	521,161	16,549	537,710	0	580,089	580,089	371,648	6,383,887
June 30, 2045	6,383,887	477,568	15,153	492,721	0	548,729	548,729	391,790	6,719,669
June 30, 2046	6,719,669	483,186	13,802	496,988	0	569,289	569,289	412,332	7,059,700
June 30, 2047	7,059,700	482,610	12,600	495,210	0	586,190	586,190	433,140	7,401,860
June 30, 2048	7,401,860	486,267	11,560	497,827	0	604,275	604,275	454,083	7,749,495
June 30, 2049	7,749,495	493,060	10,367	503,427	0	628,076	628,076	475,357	8,100,203
June 30, 2050	8,100,203	496,897	9,146	506,043	0	650,106	650,106	496,819	8,452,959
June 30, 2051	8,452,959	493,883	8,424	502,307	0	662,659	662,659	518,421	8,811,028
June 30, 2052	8,811,028	508,118	7,256	515,374	0	694,160	694,160	540,335	9,172,577
June 30, 2053	9,172,577	512,890	6,312	519,202	0	718,335	718,335	562,470	9,535,914
June 30, 2054	9,535,914	495,112	5,449	500,561	0	723,440	723,440	584,716	9,897,751
June 30, 2055	9,897,751	499,219	4,903	504,122	0	752,751	752,751	606,880	10,256,002
June 30, 2056	10,256,002	487,003	4,239	491,242	0	767,711	767,711	628,821	10,608,354
June 30, 2057	10,608,354	453,513	3,571	457,084	0	763,226	763,226	650,400	10,952,612
June 30, 2058	10,952,612	444,048	3,149	447,197	0	781,360	781,360	671,490	11,289,939
June 30, 2059	11,289,939	425,425	2,775	428,200	0	793,160	793,160	692,157	11,617,136
June 30, 2060	11,617,136	406,106	2,259	408,365	0	804,651	804,651	712,199	11,933,049
June 30, 2061	11,933,049	384,583	1,774	386,357	0	813,307	813,307	731,549	12,237,648
June 30, 2062	12,237,648	378,423	1,344	379,767	0	839,716	839,716	750,208	12,527,907

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	12,527,907	358,058	1,005	359,063	0	855,043	855,043	767,991	12,799,918
June 30, 2064	12,799,918	337,357	743	338,100	0	872,457	872,457	784,657	13,050,218
June 30, 2065	13,050,218	332,545	589	333,134	0	909,208	909,208	799,996	13,274,140
June 30, 2066	13,274,140	313,942	467	314,409	0	935,502	935,502	813,719	13,466,766
June 30, 2067	13,466,766	304,219	313	304,532	0	972,490	972,490	825,522	13,624,330
June 30, 2068	13,624,330	293,719	248	293,967	0	1,009,769	1,009,769	835,179	13,743,707
June 30, 2069	13,743,707	285,023	0	285,023	0	1,051,332	1,051,332	842,489	13,819,887
June 30, 2070	13,819,887	274,828	0	274,828	0	1,093,681	1,093,681	847,159	13,848,193
June 30, 2071	13,848,193	266,629	0	266,629	0	1,137,262	1,137,262	848,894	13,826,454
June 30, 2072	13,826,454	256,059	0	256,059	0	1,180,611	1,180,611	847,562	13,749,464
June 30, 2073	13,749,464	245,376	0	245,376	0	1,226,889	1,226,889	842,842	13,610,793
June 30, 2074	13,610,793	237,712	0	237,712	0	1,277,584	1,277,584	834,342	13,405,263
June 30, 2075	13,405,263	227,646	0	227,646	0	1,328,122	1,328,122	821,743	13,126,530
June 30, 2076	13,126,530	219,418	0	219,418	0	1,382,132	1,382,132	804,656	12,768,472
June 30, 2077	12,768,472	209,945	0	209,945	0	1,436,145	1,436,145	782,707	12,324,979
June 30, 2078	12,324,979	200,254	0	200,254	0	1,492,590	1,492,590	755,521	11,788,164
June 30, 2079	11,788,164	190,412	0	190,412	0	1,550,972	1,550,972	722,614	11,150,218
June 30, 2080	11,150,218	180,207	0	180,207	0	1,610,433	1,610,433	683,508	10,403,500
June 30, 2081	10,403,500	171,349	0	171,349	0	1,672,988	1,672,988	637,735	9,539,596
June 30, 2082	9,539,596	159,391	0	159,391	0	1,735,027	1,735,027	584,777	8,548,737
June 30, 2083	8,548,737	150,074	0	150,074	0	1,803,282	1,803,282	524,038	7,419,567
June 30, 2084	7,419,567	139,840	0	139,840	0	1,871,686	1,871,686	454,819	6,142,540
June 30, 2085	6,142,540	128,763	0	128,763	0	1,941,672	1,941,672	376,538	4,706,169
June 30, 2086	4,706,169	119,357	0	119,357	0	2,016,369	2,016,369	288,488	3,097,645
June 30, 2087	3,097,645	109,072	0	109,072	0	2,092,522	2,092,522	189,886	1,304,081
June 30, 2088	1,304,081	99,196	0	99,196	0	2,172,484	2,172,484	79,940	0
June 30, 2089	0	89,753	0	89,753	0	2,255,011	2,255,011	0	0
June 30, 2090	0	80,739	0	80,739	0	2,341,693	2,341,693	0	0
June 30, 2091	0	72,179	0	72,179	0	2,432,030	2,432,030	0	0
June 30, 2092	0	64,072	0	64,072	0	2,525,710	2,525,710	0	0
June 30, 2093	0	56,445	0	56,445	0	2,623,918	2,623,918	0	0
June 30, 2094	0	49,297	0	49,297	0	2,725,435	2,725,435	0	0
June 30, 2095	0	42,644	0	42,644	0	2,831,128	2,831,128	0	0
June 30, 2096	0	36,506	0	36,506	0	2,941,561	2,941,561	0	0
June 30, 2097	0	30,890	0	30,890	0	3,056,073	3,056,073	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 [6.13%]	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 [6.10%]
June 30, 2023	984,816	234,840	234,840	0	234,840	0	234,840
June 30, 2024	1,198,272	253,292	253,292	0	238,662	0	238,723
June 30, 2025	1,382,905	292,489	292,489	0	259,677	0	259,809
June 30, 2026	1,575,675	319,402	319,402	0	267,192	0	267,396
June 30, 2027	1,771,751	348,072	348,072	0	274,357	0	274,638
June 30, 2028	1,972,341	376,877	376,877	0	279,904	0	280,261
June 30, 2029	2,174,809	386,258	386,258	0	270,302	0	270,716
June 30, 2030	2,383,251	387,251	387,251	0	255,344	0	255,800
June 30, 2031	2,597,664	394,480	394,480	0	245,087	0	245,588
June 30, 2032	2,819,747	412,721	412,721	0	241,609	0	242,165
June 30, 2033	3,047,779	421,449	421,449	0	232,468	0	233,062
June 30, 2034	3,280,754	397,821	397,821	0	206,761	0	207,342
June 30, 2035	3,521,802	391,227	391,227	0	191,589	0	192,177
June 30, 2036	3,769,919	419,814	419,814	0	193,714	0	194,358
June 30, 2037	4,025,100	427,597	427,597	0	185,909	0	186,574
June 30, 2038	4,286,672	428,393	428,393	0	175,497	0	176,170
June 30, 2039	4,556,987	452,147	452,147	0	174,530	0	175,244
June 30, 2040	4,835,923	481,804	481,804	0	175,235	0	175,997
June 30, 2041	5,123,926	500,248	500,248	0	171,435	0	172,224
June 30, 2042	5,422,997	506,282	506,282	0	163,481	0	164,276
June 30, 2043	5,733,607	509,618	509,618	0	155,053	0	155,847
June 30, 2044	6,054,618	521,161	521,161	0	149,407	0	150,210
June 30, 2045	6,383,887	477,568	477,568	0	129,002	0	129,728
June 30, 2046	6,719,669	483,186	483,186	0	122,981	0	123,705
June 30, 2047	7,059,700	482,610	482,610	0	115,739	0	116,450
June 30, 2048	7,401,860	486,267	486,267	0	109,881	0	110,584
June 30, 2049	7,749,495	493,060	493,060	0	104,980	0	105,679
June 30, 2050	8,100,203	496,897	496,897	0	99,686	0	100,376
June 30, 2051	8,452,959	493,883	493,883	0	93,359	0	94,028
June 30, 2052	8,811,028	508,118	508,118	0	90,502	0	91,174
June 30, 2053	9,172,577	512,890	512,890	0	86,075	0	86,737
June 30, 2054	9,535,914	495,112	495,112	0	78,293	0	78,914
June 30, 2055	9,897,751	499,219	499,219	0	74,382	0	74,992
June 30, 2056	10,256,002	487,003	487,003	0	68,371	0	68,949
June 30, 2057	10,608,354	453,513	453,513	0	59,992	0	60,515
June 30, 2058	10,952,612	444,048	444,048	0	55,347	0	55,844
June 30, 2059	11,289,939	425,425	425,425	0	49,963	0	50,424
June 30, 2060	11,617,136	406,106	406,106	0	44,939	0	45,366
June 30, 2061	11,933,049	384,583	384,583	0	40,100	0	40,490
June 30, 2062	12,237,648	378,423	378,423	0	37,178	0	37,550
							<b>Sum of Column V.</b>
							6,525,117
							<b>Sum of Column VI.</b>
							35,654
							<b>Sum of Column VII.</b>
							[V. + VI.]
							6,560,771

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

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

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.13%]	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 [6.10%]
June 30, 2063	12,527,907	358,058	358,058	0	33,146	0	33,486
June 30, 2064	12,799,918	337,357	337,357	0	29,426	0	29,735
June 30, 2065	13,050,218	332,545	332,545	0	27,330	0	27,625
June 30, 2066	13,274,140	313,942	313,942	0	24,311	0	24,580
June 30, 2067	13,466,766	304,219	304,219	0	22,198	0	22,448
June 30, 2068	13,624,330	293,719	293,719	0	20,194	0	20,427
June 30, 2069	13,743,707	285,023	285,023	0	18,464	0	18,682
June 30, 2070	13,819,887	274,828	274,828	0	16,775	0	16,978
June 30, 2071	13,848,193	266,629	266,629	0	15,335	0	15,524
June 30, 2072	13,826,454	256,059	256,059	0	13,876	0	14,051
June 30, 2073	13,749,464	245,376	245,376	0	12,529	0	12,690
June 30, 2074	13,610,793	237,712	237,712	0	11,437	0	11,587
June 30, 2075	13,405,263	227,646	227,646	0	10,320	0	10,458
June 30, 2076	13,126,530	219,418	219,418	0	9,372	0	9,500
June 30, 2077	12,768,472	209,945	209,945	0	8,450	0	8,567
June 30, 2078	12,324,979	200,254	200,254	0	7,594	0	7,702
June 30, 2079	11,788,164	190,412	190,412	0	6,804	0	6,902
June 30, 2080	11,150,218	180,207	180,207	0	6,067	0	6,156
June 30, 2081	10,403,500	171,349	171,349	0	5,436	0	5,517
June 30, 2082	9,539,596	159,391	159,391	0	4,764	0	4,837
June 30, 2083	8,548,737	150,074	150,074	0	4,227	0	4,292
June 30, 2084	7,419,567	139,840	139,840	0	3,711	0	3,769
June 30, 2085	6,142,540	128,763	128,763	0	3,220	0	3,271
June 30, 2086	4,706,169	119,357	119,357	0	2,812	0	2,858
June 30, 2087	3,097,645	109,072	109,072	0	2,421	0	2,461
June 30, 2088	1,304,081	99,196	99,196	0	2,075	0	2,110
June 30, 2089	0	89,753	0	89,753	0	6,226	1,799
June 30, 2090	0	80,739	0	80,739	0	5,379	1,525
June 30, 2091	0	72,179	0	72,179	0	4,618	1,285
June 30, 2092	0	64,072	0	64,072	0	3,937	1,075
June 30, 2093	0	56,445	0	56,445	0	3,331	893
June 30, 2094	0	49,297	0	49,297	0	2,794	735
June 30, 2095	0	42,644	0	42,644	0	2,321	599
June 30, 2096	0	36,506	0	36,506	0	1,908	483
June 30, 2097	0	30,890	0	30,890	0	1,551	385



APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	<b>Medicare Supplement Plans:</b> effective January 1, 2022 <b>Active Plans:</b> effective July 1, 2022 <b>Dental Plans:</b> effective July 1, 2022
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical & Dental Insurance, and \$15,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements by the Town were not reflected in this valuation.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

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

Participant Contributions

Group	Individual	Two-Person / Family
Medical	45%	45%
Dental	100%	100%
Life	25%	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-Retirement Mortality

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

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

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

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

6.10% per annum (previously 6.10%)

Net Long Term Rate of Return

6.13% (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**

<b>Service</b>	<b>Male</b>	<b>Female</b>
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**

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

**Medicare Part A & B Premiums & Penalties:** N/A

**Medical & Dental 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:

<b>Year</b>	<b>Rate</b>
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 70% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 70% 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.

<b>Impact of Implicit Subsidy</b>		
	<b>As of the Measurement Date</b>	
<b>Impact on Liability</b>	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
I. Total OPEB Liability	5,925,404	5,680,168
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>4,168,656</u>	<u>3,995,370</u>
III. Liability from Implicit Subsidy [I. - II.]	1,756,748	1,684,798

	<b>For the Measurement Period Ending</b>	
<b>Impact on Payments</b>	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
IV. Employer Payments (Including Implicit Subsidy)	234,840	216,637
V. Actual Employer Payments	<u>170,489</u>	<u>153,761</u>
VI. Implicit Subsidy [IV. - V.]	64,351	62,876



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	4,918	3,101	44 & Under	9,668	6,335	65 to 69	2,969	3,049
25 to 29	7,257	3,227	45 to 49	10,619	7,999	70 to 74	3,502	3,653
30 to 34	9,170	4,050	50 to 54	12,493	10,535	75 to 79	4,063	4,314
35 to 39	9,446	5,084	55 to 59	14,441	13,695	80 to 84	4,661	4,959
40 to 44	9,668	6,335	60 to 64	17,185	17,574	85 to 89	5,210	5,524
45 to 49	10,619	7,999	65 to 69	20,601	21,922	90 & Over	5,210	5,524
50 to 54	12,493	10,535	70 to 74	24,293	26,271			
55 to 59	14,441	13,695	75 to 79	28,213	31,028			
60 to 64	17,185	17,574	80 to 84	32,348	35,664			
65 to 69	20,601	21,922	85 to 89	36,924	40,822			
70 & Over	24,293	26,271	90 & Over	36,924	40,822			

\*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	37.97
B. Average Service	<u>10.62</u>
C. Average Current Age	48.59

Retired Employees & Spouses

Valuation Date	July 1, 2021
A. Under Age 65	8
B. Age 65 & Over	<u>34</u>
C. Total	42

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	2									2
25-29	2									2
30-34	4	1								5
35-39	4	1	1							6
40-44	1	1		1	2					5
45-49	2		1		1					4
50-54	5	1	1	2	1					10
55-59	1		1	2	3	1		4		12
60-64	5	1				1				7
65-69	2									2
70+										
<b>Total</b>	28	5	4	5	7	2		4		55

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HMO Blue Benchmark	21		23	44
Medex 2	12	10		22
Total	33	10	23	66

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HMO Blue Benchmark	969.40		2,545.05
Medex 2	349.08	698.16	
Dental Blue Freedom High	55.40		117.17
Dental Blue Freedom Low	44.57		93.23

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HMO Blue Benchmark	21		23	67	946,722.60	779,397.60
Total	21	0	23	67	946,722.60	779,397.60
Blended Average Monthly Rate:						\$ 969.40

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Medex 2	12	10		32	134,046.72	134,046.72
Total	12	10	0	32	134,046.72	134,046.72
Blended Average Monthly Rate:						\$ 349.08

## 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 organizations<sup>1</sup>, 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 Conduct<sup>2</sup>, 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 September 7, 2023 and its subject is the Town of Hamilton's GASB 75 OPEB liabilities.

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<sup>1</sup> 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.

<sup>2</sup> 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 Hamilton 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.