

Town of Milton Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2022

As of the Measurement Date:
June 30, 2023

For the Reporting Date:
June 30, 2023

Delivered September 27, 2023



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September 27, 2023

Personal and Confidential

Ms. Amy Dexter
Finance Director/Town Accountant
Town of Milton
525 Canton Avenue
Milton, MA 02186

Dear Ms. Dexter:

We have performed an actuarial valuation of the Town of Milton 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, 2022. The figures presented in this report reflect the adoption, by the Town of Milton, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

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

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

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

Very truly yours,

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

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

September 27, 2023

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Milton other postemployment benefit programs with a Valuation Date of July 1, 2022 with a Measurement Date of June 30, 2023 for the Reporting Date & Fiscal Year Ending June 30, 2023 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

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

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

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

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

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

EXECUTIVE SUMMARY

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

Plan Experience

For the year ending on the Measurement Date of June 30, 2023, the Plan saw an experience gain of \$19,866,148 or 12.00% of the beginning Total OPEB Liability ("TOL"). This was mainly due to Medicare Supplement premiums remaining largely unchanged vs expected 9% increase over the 2-year period as well as higher than expected turnover.

Assumption Changes

Two key assumptions have changed since the prior valuation. The total impact of these assumption changes decreased disclosed liabilities by approximately \$25 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.28% to 5.81% decreasing the disclosed liability by approximately \$29 million.
- ✓ Based on ongoing actuarial research, we have modified our assumption for future increases in healthcare costs using the Getzen model to reflect higher costs in the near-term increasing the disclosed liability by approximately \$4.8 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 \$28 thousand more than expected.

Changes in Benefit Terms

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

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.72 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

Events Subsequent to the Measurement Date

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

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 74.13% 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 (5.81%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

EXECUTIVE SUMMARY

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.13% as of June 30, 2023.
- ✓ Current Asset Level – The Town had \$1,622,748 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town is expected to contribute \$100,000 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB.
- ✓ Investment Policy – The Town is expected to earn 6.30% per year on assets based on its investment policy.

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 \$162.7 million vs. the \$127.6 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$35 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

EXECUTIVE SUMMARY

Medicare Buy-In

The Town currently has 27 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

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

EXECUTIVE SUMMARY

Key Plan Metrics

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

Representative Plan Statistics		
Valuation Date	July 1, 2022	July 1, 2020
Measurement Date & Period Ending	June 30, 2023	June 30, 2022
Reporting Date/Fiscal Year End	June 30, 2023	June 30, 2022
Total OPEB Liability	127,601,852	165,514,046
Per Eligible Active Plan Participant	87,736	111,226
Per Retiree/Spouse Plan Participant	95,608	124,316
Total Annual Service Cost (Annual Benefit Accrual)	4,630,792	7,714,163
Per Eligible Active Plan Participant	5,745	9,489
Expected Employer Share of Retiree Costs	5,246,008	4,853,086
Per Retiree/Spouse Plan Participant	8,817	8,035
Net OPEB Liability as a % of Covered Payroll	199.87%	224.88%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

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

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2023	595	127,601,852	127,601,852	5,246,008	5,246,008
June 30, 2028	682	155,376,388	134,029,037	6,200,154	5,348,307
June 30, 2033	716	182,733,423	135,970,828	8,352,440	6,215,000
June 30, 2038	733	208,999,798	134,149,017	10,331,154	6,631,175
June 30, 2043	723	235,734,970	130,520,737	12,052,171	6,672,995
June 30, 2048	712	266,847,401	127,447,805	13,480,603	6,438,411
June 30, 2053	709	305,302,533	125,780,601	14,844,473	6,115,726

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)	4,704,203
June 30, 2023	5,246,008
June 30, 2022	4,853,086
June 30, 2021	5,298,306
June 30, 2020	4,971,847
June 30, 2019	4,683,581

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 \$125,979,104 assuming a discount rate of 5.81%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$100,000 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB. The balance of this fund as of June 30, 2023 was \$1,622,748. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Milton Assuming Funding - 5.81% discount rate Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2022	July 1, 2020
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	70,715,354	90,427,038
B. Retirees/Disabled	<u>56,886,498</u>	<u>75,087,008</u>
C. Total	127,601,852	165,514,046
II. Fiduciary Net Position [Plan Assets]	1,622,748	1,498,725
III. Net OPEB Liability (Asset) [I. - II.]	125,979,104	164,015,321
IV. Funded Ratio [II. / I.]	1.27%	0.91%
V. Number of Eligible Participants		
A. Actives	806	813
B. Retirees/Disabled & Dependents	<u>595</u>	<u>604</u>
C. Total	1,401	1,417
VI. Service Cost	4,630,792	7,714,163
VII. Financial Statement Expense/(Income)	8,764,305	16,655,384
VIII. Employer OPEB Trust (Contribution)/Withdrawal	0	(10,000)
IX. Deferred Inflow of Resources	(77,306,887)	(48,739,165)
X. Deferred Outflow of Resources	32,971,756	45,958,548
XI. Money Weighted Rate of Return	8.28%	(3.78%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.30%	6.41%
XIV. Crossover Year	Immediate	Immediate
XV. Discount Rate	5.81%	4.28%

PRINCIPAL RESULTS OF THE VALUATION

Town of Milton

Plan Liabilities as of the June 30, 2023 Measurement Date

	Town Employees and Retirees	School: Teachers Employees and Retirees	School: Non- Teachers Employees and Retirees	Public Safety Employees and Retirees	DPW Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Retirees	Total
I. Total OPEB Liability								
A. Actives	5,044,066	36,714,530	9,803,715	16,808,541	1,031,581	679,906	633,015	70,715,354
B. Retirees/Disabled	<u>7,163,918</u>	<u>29,017,411</u>	<u>6,077,933</u>	<u>11,737,944</u>	<u>1,271,288</u>	<u>837,895</u>	<u>780,109</u>	<u>56,886,498</u>
C. Total	12,207,984	65,731,941	15,881,648	28,546,485	2,302,869	1,517,801	1,413,124	127,601,852
II. Fiduciary Net Position [Plan Assets]	155,253	835,931	201,971	363,034	29,286	19,302	17,971	1,622,748
III. Net OPEB Liability (Asset) [I. - II.]	12,052,731	64,896,010	15,679,677	28,183,451	2,273,583	1,498,499	1,395,153	125,979,104
For the Reporting Date and Fiscal Year Ending June 30, 2023								
IV. Service Cost	404,149	2,335,387	876,989	848,557	72,912	48,056	44,742	4,630,792
V. Financial Statement Expense/(Income)	795,897	4,460,764	1,404,469	1,771,085	146,120	96,306	89,664	8,764,305
VI. Employer Share of Costs	(651,505)	(2,616,819)	(715,058)	(979,880)	(124,408)	(81,996)	(76,342)	(5,246,008)
VII. Employer OPEB Trust (Contribution)/Withdrawal	0	0	0	0	0	0	0	0
VIII. Total Employer Contribution [VI. + VII.]	(651,505)	(2,616,819)	(715,058)	(979,880)	(124,408)	(81,996)	(76,342)	(5,246,008)

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

Funding - 5.81% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.30% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [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	127,601,852	1,622,748	125,979,104	1.27%	4,630,792	5,246,008	0	5,246,008	5,246,008	0	0
2024	June 30, 2024	133,490,562	1,828,083	131,662,479	1.37%	3,132,004	4,704,203	100,000	4,804,203	4,704,203	0	100,000
2025	June 30, 2025	138,875,997	4,520,800	134,355,197	3.26%	3,194,590	5,161,027	2,500,000	7,661,027	5,161,027	0	2,500,000
2026	June 30, 2026	144,320,534	7,383,158	136,937,376	5.12%	3,260,786	5,461,942	2,500,000	7,961,942	5,461,942	0	2,500,000
2027	June 30, 2027	149,870,209	10,425,844	139,444,365	6.96%	3,346,988	5,741,665	2,500,000	8,241,665	5,741,665	0	2,500,000
2028	June 30, 2028	155,376,388	13,660,219	141,716,169	8.79%	3,428,092	6,200,154	2,500,000	8,700,154	6,200,154	0	2,500,000
2029	June 30, 2029	160,840,144	17,098,360	143,741,784	10.63%	3,511,310	6,645,925	2,500,000	9,145,925	6,645,925	0	2,500,000
2030	June 30, 2030	166,390,050	20,753,104	145,636,946	12.47%	3,611,188	6,984,644	2,500,000	9,484,644	6,984,644	0	2,500,000
2031	June 30, 2031	171,890,337	24,638,097	147,252,240	14.33%	3,710,150	7,457,217	2,500,000	9,957,217	7,457,217	0	2,500,000
2032	June 30, 2032	177,309,089	28,767,844	148,541,245	16.22%	3,795,980	7,965,521	2,500,000	10,465,521	7,965,521	0	2,500,000
2033	June 30, 2033	182,733,423	33,157,765	149,575,658	18.15%	3,902,381	8,352,440	2,500,000	10,852,440	8,352,440	0	2,500,000
2034	June 30, 2034	188,016,494	37,824,251	150,192,243	20.12%	3,982,952	8,881,982	2,500,000	11,381,982	8,881,982	0	2,500,000
2035	June 30, 2035	193,279,989	42,784,726	150,495,263	22.14%	4,090,914	9,350,364	2,500,000	11,850,364	9,350,364	0	2,500,000
2036	June 30, 2036	198,460,325	48,057,711	150,402,614	24.22%	4,208,901	9,736,356	2,500,000	12,236,356	9,736,356	0	2,500,000
2037	June 30, 2037	203,609,404	53,662,894	149,946,510	26.36%	4,320,247	10,058,919	2,500,000	12,558,919	10,058,919	0	2,500,000
2038	June 30, 2038	208,999,798	59,621,204	149,378,594	28.53%	4,435,114	10,331,154	2,500,000	12,831,154	10,331,154	0	2,500,000
2039	June 30, 2039	214,140,472	65,954,887	148,185,585	30.80%	4,563,310	10,773,923	2,500,000	13,273,923	10,773,923	0	2,500,000
2040	June 30, 2040	219,407,470	72,687,592	146,719,878	33.13%	4,683,746	11,067,658	2,500,000	13,567,658	11,067,658	0	2,500,000
2041	June 30, 2041	224,627,088	79,844,458	144,782,630	35.55%	4,811,936	11,293,179	2,500,000	13,793,179	11,293,179	0	2,500,000
2042	June 30, 2042	230,032,068	87,452,206	142,579,862	38.02%	4,948,523	11,729,134	2,500,000	14,229,134	11,729,134	0	2,500,000
2043	June 30, 2043	235,734,970	95,539,242	140,195,728	40.53%	5,098,514	12,052,171	2,500,000	14,552,171	12,052,171	0	2,500,000
2044	June 30, 2044	241,614,020	104,135,762	137,478,258	43.10%	5,238,946	12,199,239	2,500,000	14,699,239	12,199,239	0	2,500,000
2045	June 30, 2045	247,541,928	113,273,862	134,268,066	45.76%	5,394,346	12,532,933	2,500,000	15,032,933	12,532,933	0	2,500,000
2046	June 30, 2046	253,619,599	122,987,663	130,631,936	48.49%	5,556,983	12,876,286	2,500,000	15,376,286	12,876,286	0	2,500,000
2047	June 30, 2047	260,394,543	133,313,433	127,081,110	51.20%	5,735,552	13,040,403	2,500,000	15,540,403	13,040,403	0	2,500,000
2048	June 30, 2048	266,847,401	144,289,727	122,557,674	54.07%	5,917,338	13,480,603	2,500,000	15,980,603	13,480,603	0	2,500,000
2049	June 30, 2049	273,761,308	155,957,527	117,803,781	56.97%	6,105,248	13,692,303	2,500,000	16,192,303	13,692,303	0	2,500,000
2050	June 30, 2050	281,050,612	168,360,398	112,690,214	59.90%	6,310,241	13,984,758	2,500,000	16,484,758	13,984,758	0	2,500,000
2051	June 30, 2051	288,541,995	181,544,650	106,997,345	62.92%	6,518,869	14,448,444	2,500,000	16,948,444	14,448,444	0	2,500,000
2052	June 30, 2052	296,690,502	195,559,510	101,130,992	65.91%	6,739,358	14,647,130	2,500,000	17,147,130	14,647,130	0	2,500,000
2053	June 30, 2053	305,302,533	210,457,306	94,845,227	68.93%	6,976,958	14,844,473	2,500,000	17,344,473	14,844,473	0	2,500,000

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	4,630,792
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	7,171,111
III. Deferred (Inflows)/Outflows from Plan Experience*	(4,690,205)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	1,759,962
V. Projected Earnings on OPEB Plan Investments	(96,089)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	(11,266)
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.]	8,764,305
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	8,764,305

* Amortized over 6.72 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	165,514,046	1,498,725	164,015,321
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]	165,514,046	1,498,725	164,015,321
Changes for the year:			
IV. Service Cost	4,630,792	0	4,630,792
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	7,171,111	0	7,171,111
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(24,601,941)	0	(24,601,941)
VIII. Differences Between Actual and Expected Experience **	(19,866,148)	0	(19,866,148)
IX. Net Investment Income	0	124,023	(124,023)
X. Employer Contributions to Trust	0	5,246,008	(5,246,008)
XI. Benefit Payments Withdrawn from Trust	0	(5,246,008)	5,246,008
XII. Benefit Payments Excluding Implicit Cost	(3,902,598)	0	(3,902,598)
XIII. Implicit Cost Amount	(1,343,410)	0	(1,343,410)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(5,246,008)	0	(5,246,008)
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.]	(37,912,194)	124,023	(38,036,217)
XVIII. Balances for the June 30, 2023 Reporting Date [III.+XVII.]	127,601,852	1,622,748	125,979,104

* Recognized Immediately

** Amortized over 6.72 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	0	5.88	0	0					
2019	(9,346,931)	6.10	(1,685,516)	(1,532,283)	(1,532,283)	(153,233)			
2020	(370,502)	6.10	(127,550)	(60,738)	(60,738)	(60,738)	(6,074)		
2021	(972,295)	6.90	(549,559)	(140,912)	(140,912)	(140,912)	(140,912)	(126,823)	
2022	0	6.90	0	0	0	0	0	0	0
2023	(19,866,148)	6.72	(16,909,876)	(2,956,272)	(2,956,272)	(2,956,272)	(2,956,272)	(2,956,272)	(2,956,272)
2024									
2025									
2026									
Total Remaining Balance			(19,272,501)						
Net increase (decrease) in OPEB Expense				(4,690,205)	(4,690,205)	(3,311,155)	(3,103,258)	(3,083,095)	(2,956,272)

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	0	5.88	0	0					
2019	38,510,034	6.10	6,944,434	6,313,120	6,313,120	631,314			
2020	0	6.10	0	0	0	0	0		
2021	46,048,338	6.90	26,027,322	6,673,672	6,673,672	6,673,672	6,673,672	6,006,306	
2022	(52,204,212)	6.90	(37,072,558)	(7,565,827)	(7,565,827)	(7,565,827)	(7,565,827)	(7,565,827)	(6,809,250)
2023	(24,601,941)	6.72	(20,940,938)	(3,661,003)	(3,661,003)	(3,661,003)	(3,661,003)	(3,661,003)	(3,661,003)
2024									
2025									
2026									
Total Remaining Balance			(25,041,740)						
Net increase (decrease) in OPEB Expense				1,759,962	1,759,962	(3,921,844)	(4,553,158)	(5,220,524)	(10,470,253)

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	(23,609)	5.00	0						
2019	21,237	5.00	0	4,249					
2020	57,210	5.00	11,442	11,442	11,442				
2021	(270,623)	5.00	(108,248)	(54,125)	(54,125)	(54,123)			
2022	163,772	5.00	98,264	32,754	32,754	32,754	32,756		
2023	(27,934)	5.00	(22,348)	(5,586)	(5,586)	(5,586)	(5,586)	(5,590)	
2024									
2025									
2026									
Total Remaining Balance			(20,890)						
Net increase (decrease) in OPEB Expense				(11,266)	(15,515)	(26,955)	27,170	(5,590)	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	(19,272,501)	(19,272,501)
III. Changes of Assumptions	32,971,756	(58,013,496)	(25,041,740)
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	0	(20,890)	(20,890)
VI. Total [I. + II. + III. + IV.]	32,971,756	(77,306,887)	(44,335,131)

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	(2,945,758)
2025	(7,259,954)
2026	(7,629,246)
2027	(8,309,209)
2028	(13,426,525)
Thereafter	(4,764,439)

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 5.81% as of June 30, 2023 and 4.28% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.13% as of June 30, 2023. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 – Year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2023 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$5,246,008. The Town also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$5,246,008 to be reported on the financial statement for the fiscal year ending June 30, 2023.

6. Investment Policy

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

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

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

EXHIBIT A

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

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2023	10,669,619	(5,246,008)	5,423,611	63,029,782	8.32%
June 30, 2022	14,216,352	(4,863,086)	9,353,266	72,933,477	6.67%
June 30, 2021	12,820,323	(5,298,306)	7,522,017	70,809,201	7.48%
June 30, 2020	14,561,183	(5,021,847)	9,539,336	61,603,680	8.15%
June 30, 2019	13,964,938	(4,766,331)	9,198,607	59,809,398	7.97%
June 30, 2018	11,711,542	(3,354,294)	8,357,248	59,402,583	5.65%
June 30, 2017	11,561,933	(3,109,895)	8,452,038	57,672,411	5.39%

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)	108,636,336	125,979,104	147,861,052

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)	145,338,525	5.81%	110,421,903

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	1,498,725	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>0</u>	0	0.0000
II. Total net external cash flow	0		
III. Earnings and increase in fair value	124,023		
IV. Ending value - June 30, 2023 [I.+II.+III.]	1,622,748		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	1,622,748		
Money Weighted Rate of Return	8.28%		

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: Teachers Employees and Retirees	School: Non- Teachers Employees and Retirees	Public Safety Employees and Retirees	DPW Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Retirees	Total
I. Total OPEB Liability as of June 30, 2023	12,207,984	65,731,941	15,881,648	28,546,485	2,302,869	1,517,801	1,413,124	127,601,852
II. Fiduciary Net Position as of June 30, 2023	155,253	835,931	201,971	363,034	29,286	19,302	17,971	1,622,748
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	12,052,731	64,896,010	15,679,677	28,183,451	2,273,583	1,498,499	1,395,153	125,979,104
IV. Service Cost	404,149	2,335,387	876,989	848,557	72,912	48,056	44,742	4,630,792
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	682,360	3,690,142	905,553	1,602,086	128,027	84,381	78,562	7,171,111
VI. Projected Earnings on OPEB Plan Investments	(9,192)	(49,496)	(11,965)	(21,497)	(1,733)	(1,142)	(1,064)	(96,089)
VII. Net Recognition of Deferred (Inflows)/Outflows	(281,420)	(1,515,269)	(366,108)	(658,061)	(53,086)	(34,989)	(32,576)	(2,941,509)
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	795,897	4,460,764	1,404,469	1,771,085	146,120	96,306	89,664	8,764,305
XI. Employer Share of Costs	(651,505)	(2,616,819)	(715,058)	(979,880)	(124,408)	(81,996)	(76,342)	(5,246,008)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	0	0	0	0	0	0	0	0
XIII. Total Employer Contribution [XI. + XII.]	(651,505)	(2,616,819)	(715,058)	(979,880)	(124,408)	(81,996)	(76,342)	(5,246,008)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	144,392	1,843,945	689,411	791,205	21,712	14,310	13,322	3,518,297

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, 2022
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	(19,272,501)
II. Deferred (Inflow)/Outflow from Investment Experience	(20,890)
III. Deferred (Inflow)/Outflow from Changes in Assumptions	(25,041,740)

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	46,116,699
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	13,035,237
IV. Change in Deferred Outflow (II. - III.)	(13,035,237)
V. Deferred Outflow at end of the period (I. + IV.)	33,081,462
VI. Deferred Inflow at the beginning of the period	(48,897,316)
VII. Deferred Inflow created during the period	(44,496,023)
VIII. Deferred Inflow recognized during the period	(15,976,746)
IX. Change in Deferred Inflow (VII. - VIII.)	(28,519,277)
X. Deferred Inflow at end of the period (VI. + IX.)	(77,416,593)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	164,015,321
II. Service Cost	4,630,792
III. Interest on Total OPEB Liability, Service Cost, and Payments	7,171,111
IV. Projected Investment Income	(96,089)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(5,246,008)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	6,459,806
IX. Deferred Outflow created during the period	0
X. Deferred Inflow created during the period	(44,496,023)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	125,979,104

Net OPEB Expense	
I. Service Cost	4,630,792
II. Interest on Total OPEB Liability, Service Cost, and Payments	7,171,111
III. Projected Investment Income	(96,089)
IV. Recognition of Deferred (Inflow)/Outflow	(2,941,509)
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.)	8,764,305
VIII. Benefit Payments	(5,246,008)
IX. Contributions to Trust	0
X. Total Employer Payments (VIII. + IX.)	(5,246,008)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	3,518,297

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, 2022	July 1, 2020	July 1, 2020	July 1, 2018	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	127,601,852	165,514,046	209,487,430	172,830,165	166,995,323
I. Service Cost	4,630,792	7,714,163	6,366,930	6,059,571	5,748,719
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	7,171,111	5,369,751	5,297,026	5,117,620	4,083,242
III. Changes in Benefit Terms	0	0	(14,784,428)	0	0
IV. Difference Between Expected & Actual Plan Experience	(19,866,148)	0	(972,295)	(370,502)	(9,346,931)
V. Changes of Assumptions	(24,601,941)	(52,204,212)	46,048,338	0	38,510,034
VI. Benefit Payments Excluding Implicit Cost	(3,902,598)	(3,526,524)	(3,331,405)	(3,650,679)	(3,418,462)
VII. Implicit Cost Amount	(1,343,410)	(1,326,562)	(1,966,901)	(1,321,168)	(1,265,119)
VIII. Total Benefit Payments	(5,246,008)	(4,853,086)	(5,298,306)	(4,971,847)	(4,683,581)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	(37,912,194)	(43,973,384)	36,657,265	5,834,842	34,311,483
XI. Total OPEB Liability - Beginning of Period	165,514,046	209,487,430	172,830,165	166,995,323	132,683,840
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	165,514,046	209,487,430	172,830,165	166,995,323	132,683,840
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	127,601,852	165,514,046	209,487,430	172,830,165	166,995,323
Plan Fiduciary Net Position	1,622,748	1,498,725	1,547,338	1,195,762	1,122,558
XV. Earnings from Plan Investments	124,023	(58,613)	351,576	23,204	53,990
XVI. Employer Contribution to Trust	5,246,008	4,863,086	5,298,306	5,021,847	4,766,331
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(5,246,008)	(4,853,086)	(5,298,306)	(4,971,847)	(4,683,581)
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.]	124,023	(48,613)	351,576	73,204	136,740
XXI. Plan Fiduciary Net Position - Beginning of Period	1,498,725	1,547,338	1,195,762	1,122,558	985,818
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	1,498,725	1,547,338	1,195,762	1,122,558	985,818
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	1,622,748	1,498,725	1,547,338	1,195,762	1,122,558
XXV. Net OPEB Liability [XIV.-XXIV.]	125,979,104	164,015,321	207,940,092	171,634,403	165,872,765
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	1.27%	0.91%	0.74%	0.69%	0.67%
XXVII. Covered Employee Payroll	63,029,782	72,933,477	70,809,201	61,603,680	59,809,398
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	199.87%	224.88%	293.66%	278.61%	277.34%
Single Discount Rate to Calculate Plan Liabilities	5.81%	4.28%	2.50%	3.00%	3.00%

EXHIBIT B

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios		
Valuation Date	July 1, 2016	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	132,683,840	132,324,671
I. Service Cost	4,598,706	4,650,097
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	5,156,943	4,525,168
III. Changes in Benefit Terms	0	0
IV. Difference Between Expected & Actual Plan Experience	(6,192,574)	0
V. Changes of Assumptions	0	0
VI. Benefit Payments Excluding Implicit Cost	N/A	N/A
VII. Implicit Cost Amount	N/A	N/A
VIII. Total Benefit Payments	(3,203,906)	(2,956,619)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	359,169	6,218,646
XI. Total OPEB Liability - Beginning of Period	132,324,671	126,106,025
XII. Prior Period Adjustment	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	132,324,671	126,106,025
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	132,683,840	132,324,671
Plan Fiduciary Net Position	985,818	752,564
XV. Earnings from Plan Investments	82,866	66,426
XVI. Employer Contribution to Trust	3,504,682	3,263,171
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(3,354,294)	(3,109,895)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	233,254	219,702
XXI. Plan Fiduciary Net Position - Beginning of Period	752,564	532,862
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	752,564	532,862
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	985,818	752,564
XXV. Net OPEB Liability [XIV.-XXIV.]	131,698,022	131,572,107
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	0.74%	0.57%
XXVII. Covered Employee Payroll	59,402,583	57,672,411
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	221.70%	228.14%
Single Discount Rate to Calculate Plan Liabilities	3.75%	3.50%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
I. Service Cost	4,630,792	7,714,163	6,366,930	6,059,571	5,748,719
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>6,038,827</u>	<u>6,502,189</u>	<u>6,453,393</u>	<u>8,501,612</u>	<u>8,216,219</u>
III. Actuarial Determined Contribution [I. + II.]	10,669,619	14,216,352	12,820,323	14,561,183	13,964,938
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(5,246,008)</u>	<u>(4,863,086)</u>	<u>(5,298,306)</u>	<u>(5,021,847)</u>	<u>(4,766,331)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>5,423,611</u>	<u>9,353,266</u>	<u>7,522,017</u>	<u>9,539,336</u>	<u>9,198,607</u>
Covered Employee Payroll	63,029,782	72,933,477	70,809,201	61,603,680	59,809,398
Contributions as a % of Covered Employee Payroll	8.32%	6.67%	7.48%	8.15%	7.97%
Discount Rate	5.81%	4.28%	2.50%	3.00%	3.00%
Money Weighted Rate of Return	8.28%	(3.78%)	29.40%	1.99%	5.69%

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	4,598,706	4,650,097
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>7,112,836</u>	<u>6,911,836</u>
III. Actuarial Determined Contribution [I. + II.]	11,711,542	11,561,933
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(3,354,294)</u>	<u>(3,109,895)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>8,357,248</u>	<u>8,452,038</u>
Covered Employee Payroll	59,402,583	57,672,411
Contributions as a % of Covered Employee Payroll	5.65%	5.39%
Discount Rate	3.75%	3.50%
Money Weighted Rate of Return	8.88%	8.12%

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: Teachers Employees and Retirees	School: Non- Teachers Employees and Retirees	Public Safety Employees and Retirees	DPW Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Retirees	Total
I. Service Cost	404,149	2,335,387	876,989	848,557	72,912	48,056	44,742	4,630,792
II. 30 Year Amortization of NOL Increasing by 3.00% per year	577,748	3,110,800	751,608	1,350,978	108,985	71,831	66,877	6,038,827
III. Actuarial Determined Contribution [I. + II.]	981,897	5,446,187	1,628,597	2,199,535	181,897	119,887	111,619	10,669,619
IV. Employer Share of Costs (Including Implicit Cost)	(651,505)	(2,616,819)	(715,058)	(979,880)	(124,408)	(81,996)	(76,342)	(5,246,008)
V. Employer OPEB Trust (Contribution)/Withdrawal	0	0	0	0	0	0	0	0
VI. Total Employer Contribution [IV. + V.]	(651,505)	(2,616,819)	(715,058)	(979,880)	(124,408)	(81,996)	(76,342)	(5,246,008)
VII. Contribution Deficiency / (Excess) [III. + VI.]	330,392	2,829,368	913,539	1,219,655	57,489	37,891	35,277	5,423,611

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, 2022.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return:	6.30%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	5.81%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

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

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Plan Membership

At July 1, 2022, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	595
Actives:	<u>806</u>
Total:	1,401

Events Subsequent to the Measurement Date

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

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

- ✓ Due to the GASB 75 standards the discount rate has been changed from 4.28% to 5.81%.
- ✓ Based on ongoing actuarial research, we have modified our assumption for future increases in healthcare costs using the Getzen model to reflect higher costs in the near-term.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$0 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 \$5,246,008. \$1,343,410 of the \$5,246,008 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:	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, 2022 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	63,029,782	0	63,029,782	0	5,246,008	0	5,246,008
June 30, 2024	59,170,384	5,750,291	64,920,675	0	4,704,203	0	4,704,203
June 30, 2025	55,970,225	10,898,070	66,868,295	0	5,161,027	0	5,161,027
June 30, 2026	53,060,193	15,814,151	68,874,344	0	5,461,942	0	5,461,942
June 30, 2027	50,775,084	20,165,490	70,940,574	0	5,741,665	0	5,741,665
June 30, 2028	48,604,381	24,464,410	73,068,791	0	6,200,154	0	6,200,154
June 30, 2029	46,528,923	28,731,932	75,260,855	0	6,645,925	0	6,645,925
June 30, 2030	44,743,937	32,774,744	77,518,681	0	6,984,644	0	6,984,644
June 30, 2031	43,020,304	36,823,937	79,844,241	0	7,457,217	0	7,457,217
June 30, 2032	41,064,603	41,174,965	82,239,568	0	7,965,521	0	7,965,521
June 30, 2033	39,324,084	45,382,671	84,706,755	0	8,352,440	0	8,352,440
June 30, 2034	37,348,191	49,899,767	87,247,958	0	8,854,457	27,525	8,881,982
June 30, 2035	35,576,117	54,289,280	89,865,397	0	9,279,135	71,229	9,350,364
June 30, 2036	34,057,651	58,503,708	92,561,359	0	9,603,734	132,622	9,736,356
June 30, 2037	32,556,645	62,781,555	95,338,200	0	9,838,437	220,482	10,058,919
June 30, 2038	31,041,278	67,157,068	98,198,346	0	10,000,591	330,563	10,331,154
June 30, 2039	29,738,332	71,405,964	101,144,296	0	10,368,446	405,477	10,773,923
June 30, 2040	28,340,369	75,838,256	104,178,625	0	10,572,798	494,860	11,067,658
June 30, 2041	26,905,439	80,398,545	107,303,984	0	10,694,755	598,424	11,293,179
June 30, 2042	25,530,823	84,992,281	110,523,104	0	11,055,796	673,338	11,729,134
June 30, 2043	24,344,982	89,493,815	113,838,797	0	11,292,227	759,944	12,052,171
June 30, 2044	23,173,281	94,080,680	117,253,961	0	11,301,922	897,317	12,199,239
June 30, 2045	21,982,034	98,789,546	120,771,580	0	11,454,974	1,077,959	12,532,933
June 30, 2046	20,783,539	103,611,188	124,394,727	0	11,571,252	1,305,034	12,876,286
June 30, 2047	19,716,723	108,409,846	128,126,569	0	11,446,343	1,594,060	13,040,403
June 30, 2048	18,608,257	113,362,109	131,970,366	0	11,548,886	1,931,717	13,480,603
June 30, 2049	17,443,669	118,485,808	135,929,477	0	11,487,112	2,205,191	13,692,303
June 30, 2050	16,369,196	123,638,165	140,007,361	0	11,474,761	2,509,997	13,984,758
June 30, 2051	15,226,288	128,981,294	144,207,582	0	11,598,905	2,849,539	14,448,444
June 30, 2052	14,052,100	134,481,709	148,533,809	0	11,510,883	3,136,247	14,647,130
June 30, 2053	13,002,281	139,987,542	152,989,823	0	11,398,900	3,445,573	14,844,473
June 30, 2054	11,869,893	145,709,625	157,579,518	0	11,356,554	3,824,740	15,181,294
June 30, 2055	10,706,572	151,600,332	162,306,904	0	11,458,421	4,246,327	15,704,748
June 30, 2056	9,618,652	157,557,459	167,176,111	0	11,359,857	4,716,125	16,075,982
June 30, 2057	8,545,296	163,646,098	172,191,394	0	11,228,282	5,243,649	16,471,931
June 30, 2058	7,469,863	169,887,273	177,357,136	0	11,178,666	5,810,747	16,989,413
June 30, 2059	6,439,574	176,238,276	182,677,850	0	11,084,978	6,357,276	17,442,254
June 30, 2060	5,520,221	182,637,965	188,158,186	0	10,972,320	6,926,655	17,898,975
June 30, 2061	4,618,132	189,184,800	193,802,932	0	10,791,674	7,527,604	18,319,278
June 30, 2062	3,749,729	195,867,291	199,617,020	0	10,646,167	8,127,823	18,773,990

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2063	2,984,252	202,621,279	205,605,531	0	10,580,391	8,753,382	19,333,773
June 30, 2064	2,314,893	209,458,804	211,773,697	0	10,322,455	9,453,921	19,776,376
June 30, 2065	1,710,885	216,416,023	218,126,908	0	10,117,800	10,205,396	20,323,196
June 30, 2066	1,257,118	223,413,597	224,670,715	0	10,025,320	11,016,678	21,041,998
June 30, 2067	859,054	230,551,782	231,410,836	0	9,832,786	11,893,009	21,725,795
June 30, 2068	654,203	237,698,958	238,353,161	0	9,631,042	12,822,488	22,453,530
June 30, 2069	344,453	245,159,303	245,503,756	0	9,519,861	13,767,259	23,287,120
June 30, 2070	197,297	252,671,572	252,868,869	0	9,337,814	14,746,491	24,084,305
June 30, 2071	122,109	260,332,826	260,454,935	0	9,148,540	15,772,073	24,920,613
June 30, 2072	48,103	268,220,480	268,268,583	0	8,958,446	16,796,943	25,755,389
June 30, 2073	15,203	276,301,437	276,316,640	0	8,732,110	17,857,039	26,589,149
June 30, 2074	0	284,606,139	284,606,139	0	8,509,931	18,971,521	27,481,452
June 30, 2075	0	293,144,323	293,144,323	0	8,245,504	20,123,486	28,368,990
June 30, 2076	0	301,938,653	301,938,653	0	7,975,637	21,325,707	29,301,344
June 30, 2077	0	310,996,813	310,996,813	0	7,699,441	22,569,308	30,268,749
June 30, 2078	0	320,326,717	320,326,717	0	7,376,615	23,850,797	31,227,412
June 30, 2079	0	329,936,519	329,936,519	0	7,068,577	25,202,699	32,271,276
June 30, 2080	0	339,834,615	339,834,615	0	6,739,993	26,585,091	33,325,084
June 30, 2081	0	350,029,653	350,029,653	0	6,395,332	28,007,609	34,402,941
June 30, 2082	0	360,530,543	360,530,543	0	6,049,216	29,487,934	35,537,150
June 30, 2083	0	371,346,459	371,346,459	0	5,677,481	31,003,205	36,680,686
June 30, 2084	0	382,486,853	382,486,853	0	5,323,158	32,568,513	37,891,671
June 30, 2085	0	393,961,459	393,961,459	0	4,957,788	34,184,754	39,142,542
June 30, 2086	0	405,780,303	405,780,303	0	4,582,288	35,853,520	40,435,808
June 30, 2087	0	417,953,712	417,953,712	0	4,223,373	37,576,990	41,800,363
June 30, 2088	0	430,492,323	430,492,323	0	3,864,774	39,355,810	43,220,584
June 30, 2089	0	443,407,093	443,407,093	0	3,510,514	41,207,154	44,717,668
June 30, 2090	0	456,709,306	456,709,306	0	3,170,498	43,111,585	46,282,083
June 30, 2091	0	470,410,585	470,410,585	0	2,843,615	45,075,485	47,919,100
June 30, 2092	0	484,522,903	484,522,903	0	2,532,577	47,114,447	49,647,024
June 30, 2093	0	499,058,590	499,058,590	0	2,237,793	49,215,326	51,453,119
June 30, 2094	0	514,030,348	514,030,348	0	1,961,635	51,383,218	53,344,853
June 30, 2095	0	529,451,258	529,451,258	0	1,705,072	53,623,353	55,328,425
June 30, 2096	0	545,334,796	545,334,796	0	1,468,710	55,942,296	57,411,006
June 30, 2097	0	561,694,840	561,694,840	0	1,252,950	58,341,714	59,594,664

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 2022 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	1,498,725	5,246,008	0	5,246,008	0	5,246,008	5,246,008	124,023	1,622,748
June 30, 2024	1,622,748	4,704,203	91,143	4,795,346	0	4,704,203	4,704,203	96,005	1,809,896
June 30, 2025	1,809,896	5,161,027	2,092,555	7,253,582	0	5,161,027	5,161,027	178,932	4,081,383
June 30, 2026	4,081,383	5,461,942	1,925,978	7,387,920	0	5,461,942	5,461,942	316,869	6,324,230
June 30, 2027	6,324,230	5,741,665	1,789,353	7,531,018	0	5,741,665	5,741,665	453,930	8,567,513
June 30, 2028	8,567,513	6,200,154	1,662,967	7,863,121	0	6,200,154	6,200,154	591,337	10,821,817
June 30, 2029	10,821,817	6,645,925	1,545,588	8,191,513	0	6,645,925	6,645,925	729,717	13,097,122
June 30, 2030	13,097,122	6,984,644	1,443,005	8,427,649	0	6,984,644	6,984,644	869,879	15,410,006
June 30, 2031	15,410,006	7,457,217	1,347,007	8,804,224	0	7,457,217	7,457,217	1,012,613	17,769,626
June 30, 2032	17,769,626	7,965,521	1,248,323	9,213,844	0	7,965,521	7,965,521	1,158,208	20,176,157
June 30, 2033	20,176,157	8,352,440	1,160,595	9,513,035	0	8,352,440	8,352,440	1,307,098	22,643,850
June 30, 2034	22,643,850	8,854,457	1,070,174	9,924,631	0	8,881,982	8,881,982	1,459,758	25,146,257
June 30, 2035	25,146,257	9,279,135	989,706	10,268,841	0	9,350,364	9,350,364	1,614,914	27,679,648
June 30, 2036	27,679,648	9,603,734	919,867	10,523,601	0	9,736,356	9,736,356	1,772,351	30,239,244
June 30, 2037	30,239,244	9,838,437	853,715	10,692,152	0	10,058,919	10,058,919	1,931,554	32,804,031
June 30, 2038	32,804,031	10,000,591	790,270	10,790,861	0	10,331,154	10,331,154	2,091,167	35,354,905
June 30, 2039	35,354,905	10,368,446	735,047	11,103,493	0	10,773,923	10,773,923	2,250,159	37,934,634
June 30, 2040	37,934,634	10,572,798	680,091	11,252,889	0	11,067,658	11,067,658	2,410,978	40,530,843
June 30, 2041	40,530,843	10,694,755	626,851	11,321,606	0	11,293,179	11,293,179	2,572,887	43,132,157
June 30, 2042	43,132,157	11,055,796	577,500	11,633,296	0	11,729,134	11,729,134	2,735,239	45,771,558
June 30, 2043	45,771,558	11,292,227	534,637	11,826,864	0	12,052,171	12,052,171	2,900,192	48,446,443
June 30, 2044	48,446,443	11,301,922	494,083	11,796,005	0	12,199,239	12,199,239	3,067,452	51,110,661
June 30, 2045	51,110,661	11,454,974	455,033	11,910,007	0	12,532,933	12,532,933	3,234,086	53,721,821
June 30, 2046	53,721,821	11,571,252	417,693	11,988,945	0	12,876,286	12,876,286	3,397,431	56,231,911
June 30, 2047	56,231,911	11,446,343	384,712	11,831,055	0	13,040,403	13,040,403	3,554,544	58,577,107
June 30, 2048	58,577,107	11,548,886	352,508	11,901,394	0	13,480,603	13,480,603	3,701,292	60,699,190
June 30, 2049	60,699,190	11,487,112	320,822	11,807,934	0	13,692,303	13,692,303	3,834,001	62,648,822
June 30, 2050	62,648,822	11,474,761	292,292	11,767,053	0	13,984,758	13,984,758	3,955,942	64,387,059
June 30, 2051	64,387,059	11,598,905	263,965	11,862,870	0	14,448,444	14,448,444	4,064,573	65,866,058
June 30, 2052	65,866,058	11,510,883	236,513	11,747,396	0	14,647,130	14,647,130	4,156,898	67,123,222
June 30, 2053	67,123,222	11,398,900	212,470	11,611,370	0	14,844,473	14,844,473	4,235,354	68,125,473
June 30, 2054	68,125,473	11,356,554	188,316	11,544,870	0	15,181,294	15,181,294	4,297,746	68,786,795
June 30, 2055	68,786,795	11,458,421	164,912	11,623,333	0	15,704,748	15,704,748	4,338,683	69,044,063
June 30, 2056	69,044,063	11,359,857	143,840	11,503,697	0	16,075,982	16,075,982	4,354,238	68,826,016
June 30, 2057	68,826,016	11,228,282	124,067	11,352,349	0	16,471,931	16,471,931	4,339,887	68,046,321
June 30, 2058	68,046,321	11,178,666	105,294	11,283,960	0	16,989,413	16,989,413	4,290,184	66,631,052
June 30, 2059	66,631,052	11,084,978	88,127	11,173,105	0	17,442,254	17,442,254	4,200,490	64,562,393
June 30, 2060	64,562,393	10,972,320	73,345	11,045,665	0	17,898,975	17,898,975	4,069,706	61,778,789
June 30, 2061	61,778,789	10,791,674	59,573	10,851,247	0	18,319,278	18,319,278	3,893,912	58,204,670
June 30, 2062	58,204,670	10,646,167	46,962	10,693,129	0	18,773,990	18,773,990	3,668,351	53,792,160

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 2022 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	53,792,160	10,580,391	36,286	10,616,677	0	19,333,773	19,333,773	3,390,032	48,465,096
June 30, 2064	48,465,096	10,322,455	27,327	10,349,782	0	19,776,376	19,776,376	3,054,149	42,092,651
June 30, 2065	42,092,651	10,117,800	19,609	10,137,409	0	20,323,196	20,323,196	2,652,445	34,559,309
June 30, 2066	34,559,309	10,025,320	13,988	10,039,308	0	21,041,998	21,041,998	2,177,670	25,734,289
June 30, 2067	25,734,289	9,832,786	9,281	9,842,067	0	21,725,795	21,725,795	1,621,548	15,472,109
June 30, 2068	15,472,109	9,631,042	6,862	9,637,904	0	22,453,530	22,453,530	974,956	3,631,439
June 30, 2069	3,631,439	9,519,861	3,508	9,523,369	0	23,287,120	23,287,120	228,889	0
June 30, 2070	0	9,337,814	1,951	9,339,765	0	24,084,305	24,084,305	61	0
June 30, 2071	0	9,148,540	1,172	9,149,712	0	24,920,613	24,920,613	36	0
June 30, 2072	0	8,958,446	448	8,958,894	0	25,755,389	25,755,389	14	0
June 30, 2073	0	8,732,110	138	8,732,248	0	26,589,149	26,589,149	4	0
June 30, 2074	0	8,509,931	0	8,509,931	0	27,481,452	27,481,452	0	0
June 30, 2075	0	8,245,504	0	8,245,504	0	28,368,990	28,368,990	0	0
June 30, 2076	0	7,975,637	0	7,975,637	0	29,301,344	29,301,344	0	0
June 30, 2077	0	7,699,441	0	7,699,441	0	30,268,749	30,268,749	0	0
June 30, 2078	0	7,376,615	0	7,376,615	0	31,227,412	31,227,412	0	0
June 30, 2079	0	7,068,577	0	7,068,577	0	32,271,276	32,271,276	0	0
June 30, 2080	0	6,739,993	0	6,739,993	0	33,325,084	33,325,084	0	0
June 30, 2081	0	6,395,332	0	6,395,332	0	34,402,941	34,402,941	0	0
June 30, 2082	0	6,049,216	0	6,049,216	0	35,537,150	35,537,150	0	0
June 30, 2083	0	5,677,481	0	5,677,481	0	36,680,686	36,680,686	0	0
June 30, 2084	0	5,323,158	0	5,323,158	0	37,891,671	37,891,671	0	0
June 30, 2085	0	4,957,788	0	4,957,788	0	39,142,542	39,142,542	0	0
June 30, 2086	0	4,582,288	0	4,582,288	0	40,435,808	40,435,808	0	0
June 30, 2087	0	4,223,373	0	4,223,373	0	41,800,363	41,800,363	0	0
June 30, 2088	0	3,864,774	0	3,864,774	0	43,220,584	43,220,584	0	0
June 30, 2089	0	3,510,514	0	3,510,514	0	44,717,668	44,717,668	0	0
June 30, 2090	0	3,170,498	0	3,170,498	0	46,282,083	46,282,083	0	0
June 30, 2091	0	2,843,615	0	2,843,615	0	47,919,100	47,919,100	0	0
June 30, 2092	0	2,532,577	0	2,532,577	0	49,647,024	49,647,024	0	0
June 30, 2093	0	2,237,793	0	2,237,793	0	51,453,119	51,453,119	0	0
June 30, 2094	0	1,961,635	0	1,961,635	0	53,344,853	53,344,853	0	0
June 30, 2095	0	1,705,072	0	1,705,072	0	55,328,425	55,328,425	0	0
June 30, 2096	0	1,468,710	0	1,468,710	0	57,411,006	57,411,006	0	0
June 30, 2097	0	1,252,950	0	1,252,950	0	59,594,664	59,594,664	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, 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.30%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.81%]	
June 30, 2023	1,498,725	5,246,008	1,498,725	3,747,283	1,498,725	3,747,283	5,246,008	Sum of Column V.
June 30, 2024	1,622,748	4,704,203	1,622,748	3,081,455	1,526,574	2,959,362	4,445,870	120,737,053
June 30, 2025	1,809,896	5,161,027	1,809,896	3,351,131	1,601,722	3,090,835	4,609,752	
June 30, 2026	4,081,383	5,461,942	4,081,383	1,380,559	3,397,876	1,222,874	4,610,619	Sum of Column VI.
June 30, 2027	6,324,230	5,741,665	5,741,665	0	4,496,813	0	4,580,582	28,060,783
June 30, 2028	8,567,513	6,200,154	6,200,154	0	4,568,106	0	4,674,724	
June 30, 2029	10,821,817	6,645,925	6,645,925	0	4,606,338	0	4,735,651	Sum of Column VII.
June 30, 2030	13,097,122	6,984,644	6,984,644	0	4,554,193	0	4,703,696	[V. + VI.]
June 30, 2031	15,410,006	7,457,217	7,457,217	0	4,574,153	0	4,746,160	148,797,836
June 30, 2032	17,769,626	7,965,521	7,965,521	0	4,596,368	0	4,791,269	
June 30, 2033	20,176,157	8,352,440	8,352,440	0	4,533,992	0	4,748,106	
June 30, 2034	22,643,850	8,854,457	8,854,457	0	4,521,640	0	4,757,071	
June 30, 2035	25,146,257	9,279,135	9,279,135	0	4,457,674	0	4,711,465	
June 30, 2036	27,679,648	9,603,734	9,603,734	0	4,340,179	0	4,608,497	
June 30, 2037	30,239,244	9,838,437	9,838,437	0	4,182,736	0	4,461,860	
June 30, 2038	32,804,031	10,000,591	10,000,591	0	3,999,693	0	4,286,336	
June 30, 2039	35,354,905	10,368,446	10,368,446	0	3,901,049	0	4,199,958	
June 30, 2040	37,934,634	10,572,798	10,572,798	0	3,742,178	0	4,047,547	
June 30, 2041	40,530,843	10,694,755	10,694,755	0	3,561,001	0	3,869,399	
June 30, 2042	43,132,157	11,055,796	11,055,796	0	3,463,044	0	3,780,362	
June 30, 2043	45,771,558	11,292,227	11,292,227	0	3,327,471	0	3,649,166	
June 30, 2044	48,446,443	11,301,922	11,301,922	0	3,132,952	0	3,451,732	
June 30, 2045	51,110,661	11,454,974	11,454,974	0	2,987,186	0	3,306,356	
June 30, 2046	53,721,821	11,571,252	11,571,252	0	2,838,672	0	3,156,505	
June 30, 2047	56,231,911	11,446,343	11,446,343	0	2,641,608	0	2,950,962	
June 30, 2048	58,577,107	11,548,886	11,548,886	0	2,507,313	0	2,813,894	
June 30, 2049	60,699,190	11,487,112	11,487,112	0	2,346,097	0	2,645,143	
June 30, 2050	62,648,822	11,474,761	11,474,761	0	2,204,680	0	2,497,196	
June 30, 2051	64,387,059	11,598,905	11,598,905	0	2,096,455	0	2,385,595	
June 30, 2052	65,866,058	11,510,883	11,510,883	0	1,957,239	0	2,237,479	
June 30, 2053	67,123,222	11,398,900	11,398,900	0	1,823,329	0	2,094,036	
June 30, 2054	68,125,473	11,356,554	11,356,554	0	1,708,895	0	1,971,689	
June 30, 2055	68,786,795	11,458,421	11,458,421	0	1,622,035	0	1,880,127	
June 30, 2056	69,044,063	11,359,857	11,359,857	0	1,512,778	0	1,761,595	
June 30, 2057	68,826,016	11,228,282	11,228,282	0	1,406,638	0	1,645,573	
June 30, 2058	68,046,321	11,178,666	11,178,666	0	1,317,424	0	1,548,334	
June 30, 2059	66,631,052	11,084,978	11,084,978	0	1,228,959	0	1,451,043	
June 30, 2060	64,562,393	10,972,320	10,972,320	0	1,144,373	0	1,357,421	
June 30, 2061	61,778,789	10,791,674	10,791,674	0	1,058,826	0	1,261,757	
June 30, 2062	58,204,670	10,646,167	10,646,167	0	982,643	0	1,176,388	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2022 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 [6.30%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [5.81%]
June 30, 2063	53,792,160	10,580,391	10,580,391	0	918,695	0	1,104,918
June 30, 2064	48,465,096	10,322,455	10,322,455	0	843,178	0	1,018,783
June 30, 2065	42,092,651	10,117,800	10,117,800	0	777,480	0	943,747
June 30, 2066	34,559,309	10,025,320	10,025,320	0	724,716	0	883,768
June 30, 2067	25,734,289	9,832,786	9,832,786	0	668,672	0	819,195
June 30, 2068	15,472,109	9,631,042	9,631,042	0	616,136	0	758,324
June 30, 2069	3,631,439	9,519,861	3,631,439	5,888,422	218,549	916,942	708,407
June 30, 2070	0	9,337,814	0	9,337,814	0	1,396,465	656,702
June 30, 2071	0	9,148,540	0	9,148,540	0	1,313,950	608,059
June 30, 2072	0	8,958,446	0	8,958,446	0	1,235,669	562,726
June 30, 2073	0	8,732,110	0	8,732,110	0	1,156,727	518,387
June 30, 2074	0	8,509,931	0	8,509,931	0	1,082,630	477,454
June 30, 2075	0	8,245,504	0	8,245,504	0	1,007,426	437,214
June 30, 2076	0	7,975,637	0	7,975,637	0	935,845	399,680
June 30, 2077	0	7,699,441	0	7,699,441	0	867,640	364,651
June 30, 2078	0	7,376,615	0	7,376,615	0	798,325	330,176
June 30, 2079	0	7,068,577	0	7,068,577	0	734,678	299,014
June 30, 2080	0	6,739,993	0	6,739,993	0	672,770	269,457
June 30, 2081	0	6,395,332	0	6,395,332	0	613,074	241,637
June 30, 2082	0	6,049,216	0	6,049,216	0	556,917	216,008
June 30, 2083	0	5,677,481	0	5,677,481	0	501,984	191,601
June 30, 2084	0	5,323,158	0	5,323,158	0	452,007	169,778
June 30, 2085	0	4,957,788	0	4,957,788	0	404,302	149,442
June 30, 2086	0	4,582,288	0	4,582,288	0	358,875	130,538
June 30, 2087	0	4,223,373	0	4,223,373	0	317,660	113,706
June 30, 2088	0	3,864,774	0	3,864,774	0	279,170	98,338
June 30, 2089	0	3,510,514	0	3,510,514	0	243,533	84,418
June 30, 2090	0	3,170,498	0	3,170,498	0	211,231	72,055
June 30, 2091	0	2,843,615	0	2,843,615	0	181,946	61,077
June 30, 2092	0	2,532,577	0	2,532,577	0	155,624	51,409
June 30, 2093	0	2,237,793	0	2,237,793	0	132,061	42,931
June 30, 2094	0	1,961,635	0	1,961,635	0	111,177	35,566
June 30, 2095	0	1,705,072	0	1,705,072	0	92,808	29,217
June 30, 2096	0	1,468,710	0	1,468,710	0	76,775	23,785
June 30, 2097	0	1,252,950	0	1,252,950	0	62,901	19,176

APPENDIX II – PLAN PROVISIONS

Plan Year

July 1 through June 30.

Premium Effective Date

Non-GIC:

Medicare Supplement Plans: effective January 1, 2023

Active Plans: effective July 1, 2023

Dental Plans: effective July 1, 2023

GIC:

Medicare Supplement Plans: effective July 1, 2023

Active Plans: effective July 1, 2023

Dental Plans: effective July 1, 2023

Creditable Service

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

Benefits Offered

Comprehensive Medical Insurance offered and \$2,000 of Group Term Life Insurance.

Medicare Part A

To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.

Medicare Part B

The Town reimburses 50% of Medicare Part B Premiums.
Medicare Part B Penalty reimbursements by the Town were not reflected in this valuation.

Surviving Spouse Coverage

Spousal benefits do not change after the death of a plan participant for non-teachers.
Surviving spouses of teachers pay 10%

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	Retired Teachers: <ul style="list-style-type: none"> • 10% to 15% of premiums depending on retirement date All Others: <ul style="list-style-type: none"> • 24% of premiums for HMO plans & Managed Blue for Seniors • 50% of premiums for VIP & Medex II 	Retired Teachers: <ul style="list-style-type: none"> • 10% to 15% of premiums depending on retirement date All Others: <ul style="list-style-type: none"> • 24% of premiums for HMO plans & Managed Blue for Seniors • 50% of premiums for VIP & Medex II
Dental	100%	100%
Life	Retired Teachers: <ul style="list-style-type: none"> • 40% of premiums All Others: <ul style="list-style-type: none"> • 100% of premiums 	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONSPre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

5.81% per annum (previously 4.28%)

Net Long Term Rate of Return

6.30% (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 & 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:

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	127,601,852	165,514,046
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>96,537,259</u>	<u>121,652,486</u>
III. Liability from Implicit Subsidy [I. - II.]	31,064,593	43,861,560

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2023</u>	<u>June 30, 2022</u>
IV. Employer Payments (Including Implicit Subsidy)	5,246,008	4,853,086
V. Actual Employer Payments	<u>3,902,598</u>	<u>3,526,524</u>
VI. Implicit Subsidy [IV. - V.]	1,343,410	1,326,562

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS* (Non-GIC)

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,753	2,996	44 & Under	9,343	6,121	65 to 69	3,000	3,081
25 to 29	7,012	3,118	45 to 49	10,262	7,730	70 to 74	3,539	3,692
30 to 34	8,861	3,913	50 to 54	12,071	10,180	75 to 79	4,107	4,360
35 to 39	9,128	4,913	55 to 59	13,956	13,234	80 to 84	4,710	5,011
40 to 44	9,343	6,121	60 to 64	16,606	16,982	85 to 89	5,265	5,583
45 to 49	10,262	7,730	65 to 69	19,906	21,183	90 & Over	5,265	5,583
50 to 54	12,071	10,180	70 to 74	23,475	25,386			
55 to 59	13,956	13,234	75 to 79	27,262	29,982			
60 to 64	16,606	16,982	80 to 84	31,257	34,463			
65 to 69	19,906	21,183	85 to 89	35,681	39,447			
70 & Over	23,475	25,386	90 & Over	35,681	39,447			

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS* (GIC)

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	5,749	3,624	44 & Under	11,300	7,405	65 to 69	3,466	3,558
25 to 29	8,481	3,771	45 to 49	12,412	9,349	70 to 74	4,088	4,265
30 to 34	10,718	4,733	50 to 54	14,601	12,313	75 to 79	4,743	5,035
35 to 39	11,041	5,943	55 to 59	16,880	16,007	80 to 84	5,440	5,788
40 to 44	11,300	7,405	60 to 64	20,086	20,542	85 to 89	6,081	6,448
45 to 49	12,412	9,349	65 to 69	24,078	25,622	90 & Over	6,081	6,448
50 to 54	14,601	12,313	70 to 74	28,394	30,706			
55 to 59	16,880	16,007	75 to 79	32,975	36,265			
60 to 64	20,086	20,542	80 to 84	37,807	41,684			
65 to 69	24,078	25,622	85 to 89	43,157	47,713			
70 & Over	28,394	30,706	90 & Over	43,157	47,713			

*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, 2022	July 1, 2020
A. Average Age at Hire	33.83	33.30
B. Average Service	<u>10.38</u>	<u>10.42</u>
C. Average Current Age	44.21	43.72

Retired Employees & Spouses

Valuation Date	July 1, 2022	July 1, 2020
A. Under Age 65	94	101
B. Age 65 & Over	<u>501</u>	<u>503</u>
C. Total	595	604

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	41	1								42
25-29	63	11	3							77
30-34	44	28	11	5						88
35-39	45	16	32	12	1					106
40-44	40	13	12	24	12	1				102
45-49	26	19	19	24	10	8				106
50-54	23	25	10	13	19	21	4			115
55-59	20	12	24	13	10	11	5	3		98
60-64	6	5	7	13	9	5	1	3	1	50
65-69	1	1	5	1	5	3	2			18
70+			1	1		1	1			4
Total	309	131	124	106	66	50	13	6	1	806

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings - Non-GIC

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
HPHC HMO	78		114	192
BCBS HMO	154		250	404
Blue Care PPO	3		2	5
VIP	1			1
Tufts Medicare Preferred		1		1
Medex	6	6		12
Managed Blue	87	67		154
Total	329	74	366	769

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
HPHC HMO	916.80		2,463.92
BCBS HMO	924.64		2,484.96
Blue Care PPO	1,271.98		3,418.46
VIP	1,252.04		3,102.61
Tufts Medicare Preferred	391.00	782.00	
Medex	416.14	832.28	
Managed Blue	345.53	691.06	
Dental Plan	53.59		166.13

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings - GIC

	Number of Contracts			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Harvard Pilgrim Access America	2		1	3
Harvard Pilgrim Explorer	4		1	5
Harvard Pilgrim Quality	1		5	6
Mass General Brigham Health Plan Complete			1	1
UniCare Total Choice	18		5	23
Unicare Medicare Extension	76	58		134
Harvard Pilgrim Medicare Enhance	11	12		23
Tufts Medicare Preferred	4	1		5
Total	116	71	13	200

	Per Contract Costs (monthly)		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Harvard Pilgrim Access America	1,176.90		2,621.20
Harvard Pilgrim Explorer	973.50		2,405.60
Harvard Pilgrim Quality	719.20		1,823.80
Mass General Brigham Health Plan Complete	889.80		2,345.40
UniCare Total Choice	1,344.40		2,974.30
Unicare Medicare Extension	423.80	847.60	
Harvard Pilgrim Medicare Enhance	420.60	841.20	
Tufts Medicare Preferred	351.70	703.40	
Dental Plan	N/A		N/A

*These rates represent the unsubsidized Indemnity premium rates

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation (Non-GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
HPHC HMO	78		114	306	4,228,767.36	3,366,489.60
BCBS HMO	154		250	654	9,163,614.72	7,256,574.72
Blue Care PPO	3		2	7	127,834.32	106,846.32
VIP	1			1	15,024.48	15,024.48
Total	236	0	366	968	13,535,240.88	10,744,935.12
Blended Average Monthly Rate:						\$ 925.01

	Medicare Supplement Plan Average Premium Calculation (Non-GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Tufts Medicare Preferred		1		2	9,384.00	9,384.00
Medex	6	6		18	89,886.24	89,886.24
Managed Blue	87	67		221	916,345.56	916,345.56
Total	93	74	0	241	1,015,615.80	1,015,615.80
Blended Average Monthly Rate:						\$ 351.18

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation (GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Harvard Pilgrim Access America	2		1	4	59,700.00	56,491.20
Harvard Pilgrim Explorer	4		1	6	75,595.20	70,092.00
Harvard Pilgrim Quality	1		5	11	118,058.40	94,934.40
Mass General Brigham Health Plan Complete			1	2	28,144.80	21,355.20
UniCare Total Choice	18		5	28	468,848.40	451,718.40
Total	25	0	13	51	750,346.80	694,591.20
Blended Average Monthly Rate:						\$ 1,134.95

	Medicare Supplement Plan Average Premium Calculation (GIC)					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Unicare Medicare Extension	76	58		192	976,435.20	976,435.20
Harvard Pilgrim Medicare Enhance	11	12		35	176,652.00	176,652.00
Tufts Medicare Preferred	4	1		6	25,322.40	25,322.40
Total	91	71	0	233	1,178,409.60	1,178,409.60
Blended Average Monthly Rate:						\$ 421.46

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 September 27, 2023 and its subject is the Town of Milton'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 Milton 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.