

Town of Sherborn Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2023

As of the Measurement Date:
June 30, 2024

For the Reporting Date:
June 30, 2024

Delivered September 11, 2024



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September 11, 2024

Personal and Confidential

Ms. Debra Siefring
Finance Director
Town of Sherborn
19 Washington Street
Sherborn, MA 01770

Dear Ms. Siefring:

We have performed an actuarial valuation of the Town of Sherborn Other Postemployment Benefits Plan for the Reporting Date & Fiscal Year Ending June 30, 2024 with a Measurement Date of June 30, 2024 and a Valuation Date of July 1, 2023. The figures presented in this report reflect the adoption, by the Town of Sherborn, 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,



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

September 11, 2024

ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Sherborn other postemployment benefit programs with a Valuation Date of July 1, 2023 with a Measurement Date of June 30, 2024 for the Reporting Date & Fiscal Year Ending June 30, 2024 in accordance with Governmental Accounting 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.



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

EXECUTIVE SUMMARY

How did plan liabilities change from FY 23 to FY 24?

Plan Experience

For the year ending on the Measurement Date of June 30, 2024, the Plan saw an experience gain of \$3,114,186 or 25.53% of the beginning Total OPEB Liability ("TOL"). This was mainly due to three (3) retirees over age 65 who transitioned from active health plans to Medicare Supplement plans as well as the average premium for Medicare Supplement premium decreasing by 2% vs the expected 4.5% increase over the one-year period.

Assumption Changes

One key assumption has changed since the prior valuation. The impact of this assumption change decreased disclosed liabilities by approximately \$1.0 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.08% to 6.97% decreasing the disclosed liability by approximately \$1.0 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 \$130 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 6.32 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 72.66% 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 5.00% increase in fiscal year 2024 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (6.97%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.21% as of June 30, 2024.
- ✓ Current Asset Level – The Town had \$3,097,991 of OPEB assets as of June 30, 2024.
- ✓ Future Funding Policy – The Town is expected to contribute \$200,000 annually beyond pay-as-you-go costs.
- ✓ Investment Policy – The Town is expected to earn 6.97% per year on assets based on its investment policy.

EXECUTIVE SUMMARY

Low Default Risk Obligation Measure (LDROM)

For purposes of this LDROM, we have used a discount rate of 4.21% 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 \$12.7 million vs. the \$8.7 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$4 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

Medicare Buy-In

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. The Town currently has no retirees or covered spouses who are over the age of 65 and enrolled in an Active medical plan, but it is something you’ll want to monitor to avoid larger OPEB costs than they otherwise would be.

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, 2023	July 1, 2021
Measurement Date & Period Ending	June 30, 2024	June 30, 2023
Reporting Date/Fiscal Year End	June 30, 2024	June 30, 2023
Total OPEB Liability	8,744,328	12,199,330
Per Eligible Active Plan Participant	41,687	50,024
Per Retiree/Spouse Plan Participant	40,626	71,871
Total Annual Service Cost (Annual Benefit Accrual)	361,699	371,236
Per Eligible Active Plan Participant	2,917	3,200
Expected Employer Share of Retiree Costs	494,479	457,867
Per Retiree/Spouse Plan Participant	5,619	5,145
Net OPEB Liability as a % of Covered Payroll	47.18%	111.31%

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, 2024	88	8,744,328	8,744,328	494,479	494,479
June 30, 2029	103	11,442,078	9,870,037	493,973	426,105
June 30, 2034	104	14,305,385	10,644,550	692,586	515,349
June 30, 2039	106	17,336,532	11,127,660	973,251	624,693
June 30, 2044	102	20,667,358	11,443,015	1,082,708	599,469
June 30, 2049	99	24,691,269	11,792,688	1,400,009	668,652
June 30, 2054	99	29,259,679	12,054,600	1,579,607	650,777

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, 2025 (Projected)	350,891
June 30, 2024	494,479
June 30, 2023	457,867
June 30, 2022	496,566
June 30, 2021	486,975
June 30, 2020	529,960

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2024 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$5,646,337 assuming a discount rate of 6.97%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$200,000 annually beyond pay-as-you-go costs. The balance of this fund as of June 30, 2024 was \$3,097,991. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Sherborn Assuming Funding - 6.97% discount rate Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2023	July 1, 2021
For the Measurement Period ending on the Measurement Date of:	June 30, 2024	June 30, 2023
For the Reporting Period & Fiscal Year ending on:	June 30, 2024	June 30, 2023
I. Total OPEB Liability		
A. Actives	5,169,228	5,802,808
B. Retirees/Disabled	<u>3,575,100</u>	<u>6,396,522</u>
C. Total	8,744,328	12,199,330
II. Fiduciary Net Position [Plan Assets]	3,097,991	2,603,602
III. Net OPEB Liability (Asset) [I. - II.]	5,646,337	9,595,728
IV. Funded Ratio [II. / I.]	35.43%	21.34%
V. Number of Eligible Participants		
A. Actives	124	116
B. Retirees/Disabled & Dependents	<u>88</u>	<u>89</u>
C. Total	212	205
VI. Service Cost	361,699	371,236
VII. Financial Statement Expense/(Income)	662,205	1,325,722
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(200,000)	(100,000)
IX. Deferred Inflow of Resources	(4,137,192)	(970,939)
X. Deferred Outflow of Resources	1,678,273	2,429,137
XI. Money Weighted Rate of Return	10.87%	6.94%
XII. 20-year Municipal Bond Rate (SAPIHG)	4.21%	4.13%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.97%	6.26%
XIV. Crossover Year	N/A	2078
XV. Discount Rate	6.97%	6.08%

PRINCIPAL RESULTS OF THE VALUATION

Town of Sherborn Plan Liabilities as of the June 30, 2024 Measurement Date

	Administration Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Library Employees and Retirees	Highway Employees and Retirees	Total
I. Total OPEB Liability						
A. Actives	513,280	3,440,066	925,951	20,613	269,318	5,169,228
B. Retirees/Disabled	<u>526,850</u>	<u>1,986,728</u>	<u>704,004</u>	<u>125,467</u>	<u>232,051</u>	<u>3,575,100</u>
C. Total	1,040,130	5,426,794	1,629,955	146,080	501,369	8,744,328
II. Fiduciary Net Position [Plan Assets]	368,503	1,922,636	577,470	51,754	177,628	3,097,991
III. Net OPEB Liability (Asset) [I. - II.]	671,627	3,504,158	1,052,485	94,326	323,741	5,646,337
For the Reporting Date and Fiscal Year Ending June 30, 2024						
IV. Service Cost	36,237	199,660	98,388	5,814	21,600	361,699
V. Financial Statement Expense/(Income)	70,978	384,976	156,310	10,825	39,116	662,205
VI. Employer Share of Costs	(45,227)	(294,502)	(77,853)	(7,297)	(69,600)	(494,479)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(23,791)	(124,121)	(37,280)	(3,341)	(11,467)	(200,000)
VIII. Total Employer Contribution [VI. + VII.]	(69,018)	(418,623)	(115,133)	(10,638)	(81,067)	(694,479)

PRINCIPAL RESULTS OF THE VALUATION

CURRENT FUNDING POLICY (OPEN GROUP)

Funding - 6.97% 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 6.97% 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.]
2024	June 30, 2024	8,744,328	3,097,991	5,646,337	35.43%	361,699	494,479	200,000	694,479	494,479	0	200,000
2025	June 30, 2025	9,293,447	3,520,774	5,772,673	37.88%	282,839	350,891	200,000	550,891	350,891	0	200,000
2026	June 30, 2026	9,817,016	3,973,025	5,843,991	40.47%	292,165	389,403	200,000	589,403	389,403	0	200,000
2027	June 30, 2027	10,340,009	4,456,797	5,883,212	43.10%	301,882	440,568	200,000	640,568	440,568	0	200,000
2028	June 30, 2028	10,890,312	4,974,288	5,916,024	45.68%	310,554	449,233	200,000	649,233	449,233	0	200,000
2029	June 30, 2029	11,442,078	5,527,848	5,914,230	48.31%	317,763	493,973	200,000	693,973	493,973	0	200,000
2030	June 30, 2030	11,985,367	6,119,992	5,865,375	51.06%	329,094	561,481	200,000	761,481	561,481	0	200,000
2031	June 30, 2031	12,556,655	6,753,408	5,803,247	53.78%	340,638	575,756	200,000	775,756	575,756	0	200,000
2032	June 30, 2032	13,120,779	7,430,973	5,689,806	56.64%	351,423	627,101	200,000	827,101	627,101	0	200,000
2033	June 30, 2033	13,695,035	8,155,764	5,539,271	59.55%	363,918	679,789	200,000	879,789	679,789	0	200,000
2034	June 30, 2034	14,305,385	8,931,073	5,374,312	62.43%	376,173	692,586	200,000	892,586	692,586	0	200,000
2035	June 30, 2035	14,893,204	9,760,421	5,132,783	65.54%	387,226	746,867	200,000	946,867	746,867	0	200,000
2036	June 30, 2036	15,488,062	10,647,575	4,840,487	68.75%	398,244	816,097	200,000	1,016,097	816,097	0	200,000
2037	June 30, 2037	16,098,461	11,596,564	4,501,897	72.04%	410,367	836,051	200,000	1,036,051	836,051	0	200,000
2038	June 30, 2038	16,709,640	12,611,697	4,097,943	75.48%	424,592	905,608	200,000	1,105,608	905,608	0	200,000
2039	June 30, 2039	17,336,532	13,697,585	3,638,947	79.01%	439,154	973,251	200,000	1,173,251	973,251	0	200,000
2040	June 30, 2040	17,967,904	14,859,159	3,108,745	82.70%	452,527	988,445	200,000	1,188,445	988,445	0	200,000
2041	June 30, 2041	18,611,944	16,101,695	2,510,249	86.51%	466,899	1,030,051	200,000	1,230,051	1,030,051	0	200,000
2042	June 30, 2042	19,252,294	17,430,836	1,821,458	90.54%	481,234	1,089,492	200,000	1,289,492	1,089,492	0	200,000
2043	June 30, 2043	19,937,553	18,852,618	1,084,935	94.56%	496,888	1,096,291	200,000	1,296,291	1,096,291	0	200,000
2044	June 30, 2044	20,667,358	20,373,498	293,860	98.58%	513,038	1,082,708	200,000	1,282,708	1,082,708	0	200,000
2045	June 30, 2045	21,439,632	22,000,383	(560,751)	102.62%	528,756	1,178,240	200,000	1,378,240	1,178,240	0	200,000
2046	June 30, 2046	22,238,446	22,848,351	(609,905)	102.74%	546,945	1,209,696	(662,751)	546,945	1,209,696	0	(662,751)
2047	June 30, 2047	23,052,328	23,748,470	(696,142)	103.02%	564,155	1,233,628	(669,473)	564,155	1,233,628	0	(669,473)
2048	June 30, 2048	23,840,321	24,665,933	(825,612)	103.46%	583,430	1,296,793	(713,363)	583,430	1,296,793	0	(713,363)
2049	June 30, 2049	24,691,269	25,559,805	(868,536)	103.52%	602,007	1,400,009	(798,002)	602,007	1,400,009	0	(798,002)
2050	June 30, 2050	25,556,854	26,533,850	(976,996)	103.82%	623,578	1,404,301	(780,723)	623,578	1,404,301	0	(780,723)
2051	June 30, 2051	26,441,767	27,542,807	(1,101,040)	104.16%	644,200	1,456,810	(812,610)	644,200	1,456,810	0	(812,610)
2052	June 30, 2052	27,337,449	28,588,749	(1,251,300)	104.58%	666,016	1,510,861	(844,845)	666,016	1,510,861	0	(844,845)
2053	June 30, 2053	28,352,110	29,738,176	(1,386,066)	104.89%	690,672	1,505,947	(815,275)	690,672	1,505,947	0	(815,275)
2054	June 30, 2054	29,259,679	30,916,935	(1,657,256)	105.66%	715,231	1,579,607	(864,376)	715,231	1,579,607	0	(864,376)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024	
Description	Amount
I. Service Cost	361,699
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	748,900
III. Deferred (Inflows)/Outflows from Plan Experience*	(689,490)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	403,399
V. Projected Earnings on OPEB Plan Investments	(169,285)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	6,982
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.]	662,205
X. Expense Related to Change in Benefit Terms***	0
XI. Financial Statement Expense/(Income) [IX. + X.]	662,205

* Amortized over 6.32 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2023 Reporting Date	12,199,330	2,603,602	9,595,728
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2023 Reporting Date with Adjustment [I. + II.]	12,199,330	2,603,602	9,595,728
Changes for the year:			
IV. Service Cost	361,699	0	361,699
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	748,900	0	748,900
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	(956,936)	0	(956,936)
VIII. Differences Between Actual and Expected Experience **	(3,114,186)	0	(3,114,186)
IX. Net Investment Income	0	294,389	(294,389)
X. Employer Contributions to Trust	0	694,479	(694,479)
XI. Benefit Payments Withdrawn from Trust	0	(494,479)	494,479
XII. Benefit Payments Excluding Implicit Cost	(446,610)	0	(446,610)
XIII. Implicit Cost Amount	(47,869)	0	(47,869)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(494,479)	0	(494,479)
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.]	(3,455,002)	494,389	(3,949,391)
XVIII. Balances for the June 30, 2024 Reporting Date [III.+XVII.]	8,744,328	3,097,991	5,646,337

* Recognized Immediately

** Amortized over 6.32 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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	2024	2025	2026	2027	2028	2029
2017									
2018	(54,976)	5.00	0						
2019	0	5.00	0						
2020	(305,567)	5.59	(32,252)	(54,663)	(32,252)				
2021	0	5.59	0	0	0	0			
2022	(849,625)	5.98	(423,394)	(142,077)	(142,077)	(142,077)	(139,240)		
2023	0	5.98	0	0	0	0	0	0	
2024	(3,114,186)	6.32	(2,621,436)	(492,750)	(492,750)	(492,750)	(492,750)	(492,750)	(492,750)
2025									
2026									
Total Remaining Balance			(3,077,082)						
Net increase (decrease) in OPEB Expense				(689,490)	(667,079)	(634,827)	(631,990)	(492,750)	(492,750)

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	2024	2025	2026	2027	2028	2029
2017									
2018	0	5.00	0						
2019	0	5.00	0						
2020	251,911	5.59	26,591	45,064	26,591				
2021	255,614	5.59	72,706	45,727	45,727	26,979			
2022	3,157,368	5.98	1,573,407	527,987	527,987	527,987	517,433		
2023	(382,519)	5.98	(254,587)	(63,966)	(63,966)	(63,966)	(63,966)	(62,689)	
2024	(956,936)	6.32	(805,523)	(151,413)	(151,413)	(151,413)	(151,413)	(151,413)	(151,413)
2025									
2026									
Total Remaining Balance			612,594						
Net increase (decrease) in OPEB Expense				403,399	384,926	339,587	302,054	(214,102)	(151,413)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
2017									
2018	(15,186)	5.00	0						
2019	20,107	5.00	0						
2020	66,488	5.00	0	13,300					
2021	(359,910)	5.00	(71,982)	(71,982)	(71,982)				
2022	472,088	5.00	188,837	94,417	94,417	94,420			
2023	(18,668)	5.00	(11,202)	(3,733)	(3,733)	(3,733)	(3,736)		
2024	(125,104)	5.00	(100,084)	(25,020)	(25,020)	(25,020)	(25,020)	(25,024)	
2025									
2026									
Total Remaining Balance			5,569						
Net increase (decrease) in OPEB Expense				6,982	(6,318)	65,667	(28,756)	(25,024)	0

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024 to be Reported for the Fiscal Year Ending June 30, 2024			
	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	(3,077,082)	(3,077,082)
III. Changes of Assumptions	1,672,704	(1,060,110)	612,594
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	5,569	0	5,569
VI. Total [I. + II. + III. + IV.]	1,678,273	(4,137,192)	(2,458,919)

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024 will be recognized in future years as shown below.	
Year ending June 30:	
2025	(288,471)
2026	(229,573)
2027	(358,692)
2028	(731,876)
2029	(644,163)
Thereafter	(206,144)

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.97% as of June 30, 2024 and 6.08% as of June 30, 2023. 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 sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefits payments.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$494,479. The Town also contributed \$200,000 to an OPEB Trust for a total contribution during the measurement period of \$694,479 to be reported on the financial statement for the fiscal year ending June 30, 2024.

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	25.50%	Domestic Equity - Large Cap	4.91%
Domestic Equity - Small/Mid Cap	7.75%	Domestic Equity - Small/Mid Cap	5.29%
International Equity - Developed Market	14.25%	International Equity - Developed Market	5.32%
International Equity - Emerging Market	6.50%	International Equity - Emerging Market	6.13%
Dom Fixed	21.00%	Dom Fixed	2.30%
International Fixed Income	3.50%	International Fixed Income	2.02%
Alternatives	14.50%	Alternatives	6.35%
Real Estate	6.75%	Real Estate	6.25%
Cash	0.25%	Cash	0.00%
Total	100.00%		
		I. Real Rate of Return	4.72%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	7.22%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	6.97%

* Mean Geometric Returns based on 2023 Horizon Survey of Capital Market Assumptions

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024	670,573	(694,479)	(23,906)	11,967,835	5.80%
June 30, 2023	845,992	(557,867)	288,125	8,620,391	6.47%
June 30, 2022	725,840	(796,566)	(70,726)	8,369,312	9.52%
June 30, 2021	609,567	(686,975)	(77,408)	6,779,806	10.13%
June 30, 2020	753,125	(729,960)	23,165	6,582,336	11.09%
June 30, 2019	771,566	(640,042)	131,524	7,522,769	8.51%
June 30, 2018	723,733	(737,133)	(13,400)	7,303,659	10.09%
June 30, 2017	751,165	(583,395)	167,770	7,090,931	8.23%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 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, 2024 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	4,568,448	5,646,337	6,959,600

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, 2024 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	6,807,446	6.97% 5,646,337	4,679,442

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 Measurement Date)

10. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2023	2,603,602	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	100,000	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	100,000	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	200,000		
III. Earnings and increase in fair value	294,389		
IV. Ending value - June 30, 2024 [I.+II.+III.]	3,097,991		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2024 [IV.+V.]	3,097,991		
Money Weighted Rate of Return	10.87%		

EXHIBIT A
FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2024 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2024					Total
	Administration Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Library Employees and Retirees	Highway Employees and Retirees	
I. Total OPEB Liability as of June 30, 2024	1,040,130	5,426,794	1,629,955	146,080	501,369	8,744,328
II. Fiduciary Net Position as of June 30, 2024	368,503	1,922,636	577,470	51,754	177,628	3,097,991
III. Net OPEB Liability (Asset) as of June 30, 2024 [I. - II.]	671,627	3,504,158	1,052,485	94,326	323,741	5,646,337
IV. Service Cost	36,237	199,660	98,388	5,814	21,600	361,699
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	88,064	463,590	141,515	12,501	43,230	748,900
VI. Projected Earnings on OPEB Plan Investments	(20,123)	(105,057)	(31,567)	(2,827)	(9,711)	(169,285)
VII. Net Recognition of Deferred (Inflows)/Outflows	(33,200)	(173,217)	(52,026)	(4,663)	(16,003)	(279,109)
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	0	0	0	0	0	0
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	70,978	384,976	156,310	10,825	39,116	662,205
XI. Employer Share of Costs	(45,227)	(294,502)	(77,853)	(7,297)	(69,600)	(494,479)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(23,791)	(124,121)	(37,280)	(3,341)	(11,467)	(200,000)
XIII. Total Employer Contribution [XI. + XII.]	(69,018)	(418,623)	(115,133)	(10,638)	(81,067)	(694,479)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	1,960	(33,647)	41,177	187	(41,951)	(32,274)

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2024 Measurement Date)

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

Valuation Date	July 1, 2023
For the Measurement Period ending on the Measurement Date of:	June 30, 2024
For the Reporting Period & Fiscal Year ending on:	June 30, 2024

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(3,077,082)
II. Deferred (Inflow)/Outflow from Investment Experience	5,569
III. Deferred (Inflow)/Outflow from Changes in Assumptions	612,594

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	2,588,036
II. Deferred Outflow created during the period	0
III. Deferred Outflow recognized during the period	726,495
IV. Change in Deferred Outflow (II. - III.)	(726,495)
V. Deferred Outflow at end of the period (I. + IV.)	1,861,541
VI. Deferred Inflow at the beginning of the period	(1,129,838)
VII. Deferred Inflow created during the period	(4,196,226)
VIII. Deferred Inflow recognized during the period	(1,005,604)
IX. Change in Deferred Inflow (VII. - VIII.)	(3,190,622)
X. Deferred Inflow at end of the period (VI. + IX.)	(4,320,460)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	9,595,728
II. Service Cost	361,699
III. Interest on Total OPEB Liability, Service Cost, and Payments	748,900
IV. Projected Investment Income	(169,285)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(694,479)
VII. Expense Related to Change in Benefit Terms	0
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	246,835
IX. Deferred Outflow created during the period	0
X. Deferred Inflow created during the period	(4,196,226)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	5,646,337

Net OPEB Expense	
I. Service Cost	361,699
II. Interest on Total OPEB Liability, Service Cost, and Payments	748,900
III. Projected Investment Income	(169,285)
IV. Recognition of Deferred (Inflow)/Outflow	(279,109)
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.)	662,205
VIII. Benefit Payments	(494,479)
IX. Contributions to Trust	(200,000)
X. Total Employer Payments (VIII. + IX.)	(694,479)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	(32,274)

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2023	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2019
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
For the Reporting Period & Fiscal Year Ending on:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability	8,744,328	12,199,330	11,963,721	9,262,016	8,647,608
I. Service Cost	361,699	371,236	264,007	240,367	227,644
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	748,900	704,759	626,521	605,402	567,222
III. Changes in Benefit Terms	0	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(3,114,186)	0	(849,625)	0	(305,567)
V. Changes of Assumptions	(956,936)	(382,519)	3,157,368	255,614	251,911
VI. Benefit Payments Excluding Implicit Cost	(446,610)	(356,027)	(392,578)	(372,953)	(388,426)
VII. Implicit Cost Amount	(47,869)	(101,840)	(103,988)	(114,022)	(141,534)
VIII. Total Benefit Payments	(494,479)	(457,867)	(496,566)	(486,975)	(529,960)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	(3,455,002)	235,609	2,701,705	614,408	211,250
XI. Total OPEB Liability - Beginning of Period	12,199,330	11,963,721	9,262,016	8,647,608	8,436,358
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	12,199,330	11,963,721	9,262,016	8,647,608	8,436,358
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	8,744,328	12,199,330	11,963,721	9,262,016	8,647,608
Plan Fiduciary Net Position	3,097,991	2,603,602	2,340,566	2,346,961	1,669,653
XV. Earnings from Plan Investments	294,389	163,036	(306,395)	477,308	38,781
XVI. Employer Contribution to Trust	694,479	557,867	796,566	686,975	729,960
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(494,479)	(457,867)	(496,566)	(486,975)	(529,960)
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.]	494,389	263,036	(6,395)	677,308	238,781
XXI. Plan Fiduciary Net Position - Beginning of Period	2,603,602	2,340,566	2,346,961	1,669,653	1,430,872
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	2,603,602	2,340,566	2,346,961	1,669,653	1,430,872
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	3,097,991	2,603,602	2,340,566	2,346,961	1,669,653
XXV. Net OPEB Liability [XIV.-XXIV.]	5,646,337	9,595,728	9,623,155	6,915,055	6,977,955
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	35.43%	21.34%	19.56%	25.34%	19.31%
XXVII. Covered Employee Payroll	11,967,835	8,620,391	8,369,312	6,779,806	6,582,336
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	47.18%	111.31%	114.98%	101.99%	106.01%
Single Discount Rate to Calculate Plan Liabilities	6.97%	6.08%	5.82%	6.75%	7.00%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios			
Valuation Date	July 1, 2017	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability	8,436,358	8,072,879	7,414,126
I. Service Cost	255,935	234,938	239,889
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	547,586	523,483	503,919
III. Changes in Benefit Terms	0	0	0
IV. Difference Between Expected & Actual Plan Experience	0	305,437	(54,976)
V. Changes of Assumptions	0	0	0
VI. Benefit Payments Excluding Implicit Cost	(382,851)	(354,055)	N/A
VII. Implicit Cost Amount	(57,191)	(51,050)	N/A
VIII. Total Benefit Payments	(440,042)	(405,105)	(383,395)
IX. Other	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	363,479	658,753	305,437
XI. Total OPEB Liability - Beginning of Period	8,072,879	7,414,126	7,108,689
XII. Prior Period Adjustment	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	8,072,879	7,414,126	7,108,689
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	8,436,358	8,072,879	7,414,126
Plan Fiduciary Net Position	1,430,872	1,163,179	773,244
XV. Earnings from Plan Investments	67,693	57,907	57,897
XVI. Employer Contribution to Trust	640,042	737,133	583,395
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(440,042)	(405,105)	(383,395)
XVIII. Administrative Expense	0	0	0
XIX. Other	0	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	267,693	389,935	257,897
XXI. Plan Fiduciary Net Position - Beginning of Period	1,163,179	773,244	515,347
XXII. Prior Period Adjustment	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	1,163,179	773,244	515,347
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	1,430,872	1,163,179	773,244
XXV. Net OPEB Liability [XIV.-XXIV.]	7,005,486	6,909,700	6,640,882
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	16.96%	14.41%	10.43%
XXVII. Covered Employee Payroll	7,522,769	7,303,659	7,090,931
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	93.12%	94.61%	93.65%
Single Discount Rate to Calculate Plan Liabilities	6.75%	6.75%	6.75%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 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 2024 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, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
I. Service Cost	361,699	371,236	264,007	240,367	227,585
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>308,874</u>	<u>474,756</u>	<u>461,833</u>	<u>369,200</u>	<u>525,540</u>
III. Actuarial Determined Contribution [I. + II.]	670,573	845,992	725,840	609,567	753,125
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(694,479)</u>	<u>(557,867)</u>	<u>(796,566)</u>	<u>(686,975)</u>	<u>(729,960)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>(23,906)</u>	288,125	<u>(70,726)</u>	<u>(77,408)</u>	23,165
Covered Employee Payroll	11,967,835	8,620,391	8,369,312	6,779,806	6,582,336
Contributions as a % of Covered Employee Payroll	5.80%	6.47%	9.52%	10.13%	11.09%
Discount Rate	6.97%	6.08%	5.82%	6.75%	7.00%
Money Weighted Rate of Return	10.87%	6.94%	<u>(12.55%)</u>	27.30%	2.71%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Actuarially Determined Contribution - Deficiency / (Excess) (Continued)			
<u>For the Fiscal Year Ending:</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	255,935	234,938	239,889
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>515,631</u>	<u>488,795</u>	<u>511,276</u>
III. Actuarial Determined Contribution [I. + II.]	771,566	723,733	751,165
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(640,042)</u>	<u>(737,133)</u>	<u>(583,395)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>131,524</u>	<u>(13,400)</u>	<u>167,770</u>
Covered Employee Payroll	7,522,769	7,303,659	7,090,931
Contributions as a % of Covered Employee Payroll	8.51%	10.09%	8.23%
Discount Rate	6.75%	6.75%	6.75%
Money Weighted Rate of Return	5.74%	6.02%	9.44%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2024					Total
	Administration Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Library Employees and Retirees	Highway Employees and Retirees	
I. Service Cost	36,237	199,660	98,388	5,814	21,600	361,699
II. 30 Year Amortization of NOL Increasing by 3.00% per year	36,740	191,689	57,575	5,160	17,710	308,874
III. Actuarial Determined Contribution [I. + II.]	72,977	391,349	155,963	10,974	39,310	670,573
IV. Employer Share of Costs (Including Implicit Cost)	(45,227)	(294,502)	(77,853)	(7,297)	(69,600)	(494,479)
V. Employer OPEB Trust (Contribution)/Withdrawal	(23,791)	(124,121)	(37,280)	(3,341)	(11,467)	(200,000)
VI. Total Employer Contribution [IV. + V.]	(69,018)	(418,623)	(115,133)	(10,638)	(81,067)	(694,479)
VII. Contribution Deficiency / (Excess) [III. + VI.]	3,959	(27,274)	40,830	336	(41,757)	(23,906)

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of July 1, 2023.

Actuarial Cost Method: Individual Entry Age Normal

Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2024.

Actuarial Assumptions:

Investment Rate of Return: 6.97%, net of OPEB plan investment expense, including inflation.

Municipal Bond Rate 4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Single Equivalent Discount Rate: 6.97%, net of OPEB plan investment expense, including inflation

Inflation: 2.50% as of June 30, 2024 and for future periods

Salary Increases: 3.00% annually as of June 30, 2024 and for future periods

Cost of Living Adjustment: Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 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, 2024 Measurement Date)

Plan Membership

At July 1, 2023, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	88
Actives:	<u>124</u>
Total:	212

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, 2023 to June 30, 2024

- ✓ Due to the GASB 75 standards the discount rate has been changed from 6.08% to 6.97%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$200,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2024 Measurement Date. For the year ending on the June 30, 2024 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$494,479. \$47,869 of the \$494,479 represents implicit cost.

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2024 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, 2023 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, 2024	11,967,835	0	11,967,835	0	494,479	0	494,479
June 30, 2025	11,039,121	1,287,749	12,326,870	0	350,891	0	350,891
June 30, 2026	10,284,297	2,412,379	12,696,676	0	389,403	0	389,403
June 30, 2027	9,710,058	3,367,518	13,077,576	0	440,568	0	440,568
June 30, 2028	9,170,833	4,299,070	13,469,903	0	449,233	0	449,233
June 30, 2029	8,572,303	5,301,697	13,874,000	0	493,973	0	493,973
June 30, 2030	8,083,975	6,206,245	14,290,220	0	561,481	0	561,481
June 30, 2031	7,697,919	7,021,008	14,718,927	0	575,756	0	575,756
June 30, 2032	7,303,337	7,857,158	15,160,495	0	627,101	0	627,101
June 30, 2033	6,952,412	8,662,898	15,615,310	0	679,789	0	679,789
June 30, 2034	6,618,598	9,465,171	16,083,769	0	692,586	0	692,586
June 30, 2035	6,309,264	10,257,018	16,566,282	0	741,908	4,959	746,867
June 30, 2036	5,951,733	11,111,537	17,063,270	0	803,100	12,997	816,097
June 30, 2037	5,600,185	11,974,983	17,575,168	0	811,710	24,341	836,051
June 30, 2038	5,335,379	12,767,044	18,102,423	0	865,095	40,513	905,608
June 30, 2039	5,134,963	13,510,533	18,645,496	0	912,442	60,809	973,251
June 30, 2040	4,926,970	14,277,891	19,204,861	0	916,724	71,721	988,445
June 30, 2041	4,717,592	15,063,415	19,781,007	0	944,175	85,876	1,030,051
June 30, 2042	4,490,668	15,883,769	20,374,437	0	987,056	102,436	1,089,492
June 30, 2043	4,285,909	16,699,761	20,985,670	0	984,397	111,894	1,096,291
June 30, 2044	4,061,032	17,554,208	21,615,240	0	959,782	122,926	1,082,708
June 30, 2045	3,843,969	18,419,728	22,263,697	0	1,035,528	142,712	1,178,240
June 30, 2046	3,664,541	19,267,067	22,931,608	0	1,038,328	171,368	1,209,696
June 30, 2047	3,450,782	20,168,774	23,619,556	0	1,025,615	208,013	1,233,628
June 30, 2048	3,271,274	21,056,869	24,328,143	0	1,042,001	254,792	1,296,793
June 30, 2049	3,070,551	21,987,436	25,057,987	0	1,089,041	310,968	1,400,009
June 30, 2050	2,913,456	22,896,271	25,809,727	0	1,055,254	349,047	1,404,301
June 30, 2051	2,723,137	23,860,882	26,584,019	0	1,062,913	393,897	1,456,810
June 30, 2052	2,494,275	24,887,265	27,381,540	0	1,066,843	444,018	1,510,861
June 30, 2053	2,334,994	25,867,992	28,202,986	0	1,026,827	479,120	1,505,947
June 30, 2054	2,172,281	26,876,795	29,049,076	0	1,061,676	517,931	1,579,607
June 30, 2055	1,997,244	27,923,304	29,920,548	0	1,038,103	567,190	1,605,293
June 30, 2056	1,876,398	28,941,766	30,818,164	0	1,028,819	624,583	1,653,402
June 30, 2057	1,742,319	30,000,390	31,742,709	0	1,045,502	689,718	1,735,220
June 30, 2058	1,563,830	31,131,160	32,694,990	0	1,068,739	762,736	1,831,475
June 30, 2059	1,392,453	32,283,387	33,675,840	0	1,028,650	843,457	1,872,107
June 30, 2060	1,212,539	33,473,576	34,686,115	0	1,002,248	915,081	1,917,329
June 30, 2061	1,020,540	34,706,158	35,726,698	0	978,747	990,164	1,968,911
June 30, 2062	859,300	35,939,199	36,798,499	0	992,866	1,069,645	2,062,511
June 30, 2063	735,122	37,167,332	37,902,454	0	965,602	1,145,656	2,111,258

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS
CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2023 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, 2064	603,950	38,435,578	39,039,528	0	918,427	1,225,551	2,143,978
June 30, 2065	456,153	39,754,561	40,210,714	0	932,079	1,317,529	2,249,608
June 30, 2066	344,149	41,072,886	41,417,035	0	892,839	1,416,857	2,309,696
June 30, 2067	250,830	42,408,716	42,659,546	0	811,105	1,526,553	2,337,658
June 30, 2068	172,812	43,766,520	43,939,332	0	807,946	1,645,853	2,453,799
June 30, 2069	85,140	45,172,372	45,257,512	0	803,279	1,773,790	2,577,069
June 30, 2070	69,690	46,545,547	46,615,237	0	776,855	1,899,601	2,676,456
June 30, 2071	44,410	47,969,284	48,013,694	0	769,437	2,030,021	2,799,458
June 30, 2072	0	49,454,105	49,454,105	0	759,414	2,168,338	2,927,752
June 30, 2073	0	50,937,728	50,937,728	0	748,072	2,300,030	3,048,102
June 30, 2074	0	52,465,860	52,465,860	0	737,246	2,436,566	3,173,812
June 30, 2075	0	54,039,836	54,039,836	0	720,292	2,581,546	3,301,838
June 30, 2076	0	55,661,031	55,661,031	0	706,059	2,730,922	3,436,981
June 30, 2077	0	57,330,862	57,330,862	0	689,407	2,885,986	3,575,393
June 30, 2078	0	59,050,788	59,050,788	0	667,688	3,044,906	3,712,594
June 30, 2079	0	60,822,312	60,822,312	0	651,492	3,210,543	3,862,035
June 30, 2080	0	62,646,981	62,646,981	0	626,395	3,386,404	4,012,799
June 30, 2081	0	64,526,390	64,526,390	0	603,303	3,563,843	4,167,146
June 30, 2082	0	66,462,182	66,462,182	0	579,829	3,749,229	4,329,058
June 30, 2083	0	68,456,047	68,456,047	0	552,431	3,941,293	4,493,724
June 30, 2084	0	70,509,728	70,509,728	0	527,080	4,136,600	4,663,680
June 30, 2085	0	72,625,020	72,625,020	0	495,379	4,340,072	4,835,451
June 30, 2086	0	74,803,771	74,803,771	0	466,385	4,549,252	5,015,637
June 30, 2087	0	77,047,884	77,047,884	0	441,442	4,763,980	5,205,422
June 30, 2088	0	79,359,321	79,359,321	0	409,272	4,986,367	5,395,639
June 30, 2089	0	81,740,101	81,740,101	0	377,581	5,216,990	5,594,571
June 30, 2090	0	84,192,304	84,192,304	0	348,060	5,457,451	5,805,511
June 30, 2091	0	86,718,073	86,718,073	0	317,651	5,703,101	6,020,752
June 30, 2092	0	89,319,615	89,319,615	0	288,043	5,958,933	6,246,976
June 30, 2093	0	91,999,203	91,999,203	0	259,402	6,224,595	6,483,997
June 30, 2094	0	94,759,179	94,759,179	0	231,857	6,496,574	6,728,431
June 30, 2095	0	97,601,954	97,601,954	0	205,565	6,777,665	6,983,230
June 30, 2096	0	100,530,013	100,530,013	0	180,635	7,069,280	7,249,915
June 30, 2097	0	103,545,913	103,545,913	0	157,260	7,369,613	7,526,873
June 30, 2098	0	106,652,290	106,652,290	0	135,496	7,679,538	7,815,034

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 2023 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, 2024	2,603,602	494,479	200,000	694,479	0	494,479	494,479	294,389	3,097,991
June 30, 2025	3,097,991	350,891	179,107	529,998	0	350,891	350,891	199,510	3,476,608
June 30, 2026	3,476,608	389,403	162,000	551,403	0	389,403	389,403	247,870	3,886,478
June 30, 2027	3,886,478	440,568	148,499	589,067	0	440,568	440,568	275,976	4,310,953
June 30, 2028	4,310,953	449,233	136,168	585,401	0	449,233	449,233	305,139	4,752,260
June 30, 2029	4,752,260	493,973	123,574	617,547	0	493,973	493,973	335,467	5,211,301
June 30, 2030	5,211,301	561,481	113,140	674,621	0	561,481	561,481	367,104	5,691,545
June 30, 2031	5,691,545	575,756	104,599	680,355	0	575,756	575,756	400,285	6,196,429
June 30, 2032	6,196,429	627,101	96,347	723,448	0	627,101	627,101	435,192	6,727,968
June 30, 2033	6,727,968	679,789	89,046	768,835	0	679,789	679,789	471,990	7,289,004
June 30, 2034	7,289,004	692,586	82,302	774,888	0	692,586	692,586	510,863	7,882,169
June 30, 2035	7,882,169	741,908	76,170	818,078	0	746,867	746,867	551,997	8,505,377
June 30, 2036	8,505,377	803,100	69,761	872,861	0	816,097	816,097	595,215	9,157,356
June 30, 2037	9,157,356	811,710	63,728	875,438	0	836,051	836,051	640,451	9,837,194
June 30, 2038	9,837,194	865,095	58,947	924,042	0	905,608	905,608	687,672	10,543,300
June 30, 2039	10,543,300	912,442	55,080	967,522	0	973,251	973,251	736,755	11,274,326
June 30, 2040	11,274,326	916,724	51,310	968,034	0	988,445	988,445	787,579	12,041,494
June 30, 2041	12,041,494	944,175	47,698	991,873	0	1,030,051	1,030,051	840,926	12,844,242
June 30, 2042	12,844,242	987,056	44,081	1,031,137	0	1,089,492	1,089,492	896,754	13,682,641
June 30, 2043	13,682,641	984,397	40,846	1,025,243	0	1,096,291	1,096,291	955,080	14,566,673
June 30, 2044	14,566,673	959,782	37,576	997,358	0	1,082,708	1,082,708	1,016,585	15,497,908
June 30, 2045	15,497,908	1,035,528	34,531	1,070,059	0	1,178,240	1,178,240	1,081,387	16,471,114
June 30, 2046	16,471,114	1,038,328	31,961	1,070,289	0	1,209,696	1,209,696	1,149,132	17,480,839
June 30, 2047	17,480,839	1,025,615	29,220	1,054,835	0	1,233,628	1,233,628	1,219,416	18,521,462
June 30, 2048	18,521,462	1,042,001	26,893	1,068,894	0	1,296,793	1,296,793	1,291,867	19,585,430
June 30, 2049	19,585,430	1,089,041	24,508	1,113,549	0	1,400,009	1,400,009	1,365,944	20,664,914
June 30, 2050	20,664,914	1,055,254	22,576	1,077,830	0	1,404,301	1,404,301	1,441,118	21,779,561
June 30, 2051	21,779,561	1,062,913	20,487	1,083,400	0	1,456,810	1,456,810	1,518,737	22,924,888
June 30, 2052	22,924,888	1,066,843	18,219	1,085,062	0	1,510,861	1,510,861	1,598,489	24,097,578
June 30, 2053	24,097,578	1,026,827	16,558	1,043,385	0	1,505,947	1,505,947	1,680,169	25,315,185
June 30, 2054	25,315,185	1,061,676	14,956	1,076,632	0	1,579,607	1,579,607	1,764,981	26,577,191
June 30, 2055	26,577,191	1,038,103	13,350	1,051,453	0	1,605,293	1,605,293	1,852,888	27,876,239
June 30, 2056	27,876,239	1,028,819	12,177	1,040,996	0	1,653,402	1,653,402	1,943,391	29,207,224
June 30, 2057	29,207,224	1,045,502	10,978	1,056,480	0	1,735,220	1,735,220	2,036,120	30,564,604
June 30, 2058	30,564,604	1,068,739	9,566	1,078,305	0	1,831,475	1,831,475	2,130,681	31,942,115
June 30, 2059	31,942,115	1,028,650	8,270	1,036,920	0	1,872,107	1,872,107	2,226,649	33,333,577
June 30, 2060	33,333,577	1,002,248	6,991	1,009,239	0	1,917,329	1,917,329	2,323,590	34,749,077
June 30, 2061	34,749,077	978,747	5,713	984,460	0	1,968,911	1,968,911	2,422,206	36,186,832
June 30, 2062	36,186,832	992,866	4,670	997,536	0	2,062,511	2,062,511	2,522,382	37,644,239
June 30, 2063	37,644,239	965,602	3,879	969,481	0	2,111,258	2,111,258	2,623,936	39,126,398

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 2023 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, 2064	39,126,398	918,427	3,094	921,521	0	2,143,978	2,143,978	2,727,216	40,631,157
June 30, 2065	40,631,157	932,079	2,269	934,348	0	2,249,608	2,249,608	2,832,069	42,147,966
June 30, 2066	42,147,966	892,839	1,662	894,501	0	2,309,696	2,309,696	2,937,770	43,670,541
June 30, 2067	43,670,541	811,105	1,176	812,281	0	2,337,658	2,337,658	3,043,877	45,189,041
June 30, 2068	45,189,041	807,946	787	808,733	0	2,453,799	2,453,799	3,149,703	46,693,678
June 30, 2069	46,693,678	803,279	376	803,655	0	2,577,069	2,577,069	3,254,562	48,174,826
June 30, 2070	48,174,826	776,855	299	777,154	0	2,676,456	2,676,456	3,357,796	49,633,320
June 30, 2071	49,633,320	769,437	185	769,622	0	2,799,458	2,799,458	3,459,449	51,062,933
June 30, 2072	51,062,933	759,414	0	759,414	0	2,927,752	2,927,752	3,559,086	52,453,681
June 30, 2073	52,453,681	748,072	0	748,072	0	3,048,102	3,048,102	3,656,022	53,809,673
June 30, 2074	53,809,673	737,246	0	737,246	0	3,173,812	3,173,812	3,750,534	55,123,641
June 30, 2075	55,123,641	720,292	0	720,292	0	3,301,838	3,301,838	3,842,118	56,384,213
June 30, 2076	56,384,213	706,059	0	706,059	0	3,436,981	3,436,981	3,929,980	57,583,271
June 30, 2077	57,583,271	689,407	0	689,407	0	3,575,393	3,575,393	4,013,554	58,710,839
June 30, 2078	58,710,839	667,688	0	667,688	0	3,712,594	3,712,594	4,092,145	59,758,078
June 30, 2079	59,758,078	651,492	0	651,492	0	3,862,035	3,862,035	4,165,138	60,712,673
June 30, 2080	60,712,673	626,395	0	626,395	0	4,012,799	4,012,799	4,231,673	61,557,942
June 30, 2081	61,557,942	603,303	0	603,303	0	4,167,146	4,167,146	4,290,589	62,284,688
June 30, 2082	62,284,688	579,829	0	579,829	0	4,329,058	4,329,058	4,341,243	62,876,702
June 30, 2083	62,876,702	552,431	0	552,431	0	4,493,724	4,493,724	4,382,506	63,317,915
June 30, 2084	63,317,915	527,080	0	527,080	0	4,663,680	4,663,680	4,413,259	63,594,574
June 30, 2085	63,594,574	495,379	0	495,379	0	4,835,451	4,835,451	4,432,542	63,687,044
June 30, 2086	63,687,044	466,385	0	466,385	0	5,015,637	5,015,637	4,438,987	63,576,779
June 30, 2087	63,576,779	441,442	0	441,442	0	5,205,422	5,205,422	4,431,301	63,244,100
June 30, 2088	63,244,100	409,272	0	409,272	0	5,395,639	5,395,639	4,408,114	62,665,847
June 30, 2089	62,665,847	377,581	0	377,581	0	5,594,571	5,594,571	4,367,810	61,816,667
June 30, 2090	61,816,667	348,060	0	348,060	0	5,805,511	5,805,511	4,308,622	60,667,838
June 30, 2091	60,667,838	317,651	0	317,651	0	6,020,752	6,020,752	4,228,548	59,193,285
June 30, 2092	59,193,285	288,043	0	288,043	0	6,246,976	6,246,976	4,125,772	57,360,124
June 30, 2093	57,360,124	259,402	0	259,402	0	6,483,997	6,483,997	3,998,001	55,133,530
June 30, 2094	55,133,530	231,857	0	231,857	0	6,728,431	6,728,431	3,842,807	52,479,763
June 30, 2095	52,479,763	205,565	0	205,565	0	6,983,230	6,983,230	3,657,839	49,359,937
June 30, 2096	49,359,937	180,635	0	180,635	0	7,249,915	7,249,915	3,440,388	45,731,045
June 30, 2097	45,731,045	157,260	0	157,260	0	7,526,873	7,526,873	3,187,454	41,548,886
June 30, 2098	41,548,886	135,496	0	135,496	0	7,815,034	7,815,034	2,895,957	36,765,305

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2023 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 [6.97%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.21%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.97%]	
June 30, 2024	2,603,602	494,479	494,479	0	494,479	0	494,479	Sum of Column V.
June 30, 2025	3,097,991	350,891	350,891	0	328,027	0	328,027	10,648,344
June 30, 2026	3,476,608	389,403	389,403	0	340,310	0	340,310	
June 30, 2027	3,886,478	440,568	440,568	0	359,937	0	359,937	Sum of Column VI.
June 30, 2028	4,310,953	449,233	449,233	0	343,102	0	343,102	0
June 30, 2029	4,752,260	493,973	493,973	0	352,690	0	352,690	
June 30, 2030	5,211,301	561,481	561,481	0	374,769	0	374,769	Sum of Column VII.
June 30, 2031	5,691,545	575,756	575,756	0	359,256	0	359,256	[V. + VI.]
June 30, 2032	6,196,429	627,101	627,101	0	365,798	0	365,798	10,648,344
June 30, 2033	6,727,968	679,789	679,789	0	370,695	0	370,695	
June 30, 2034	7,289,004	692,586	692,586	0	353,064	0	353,064	
June 30, 2035	7,882,169	741,908	741,908	0	353,564	0	353,564	
June 30, 2036	8,505,377	803,100	803,100	0	357,788	0	357,788	
June 30, 2037	9,157,356	811,710	811,710	0	338,061	0	338,061	
June 30, 2038	9,837,194	865,095	865,095	0	336,818	0	336,818	
June 30, 2039	10,543,300	912,442	912,442	0	332,105	0	332,105	
June 30, 2040	11,274,326	916,724	916,724	0	311,922	0	311,922	
June 30, 2041	12,041,494	944,175	944,175	0	300,330	0	300,330	
June 30, 2042	12,844,242	987,056	987,056	0	293,512	0	293,512	
June 30, 2043	13,682,641	984,397	984,397	0	273,648	0	273,648	
June 30, 2044	14,566,673	959,782	959,782	0	249,421	0	249,421	
June 30, 2045	15,497,908	1,035,528	1,035,528	0	251,571	0	251,571	
June 30, 2046	16,471,114	1,038,328	1,038,328	0	235,815	0	235,815	
June 30, 2047	17,480,839	1,025,615	1,025,615	0	217,750	0	217,750	
June 30, 2048	18,521,462	1,042,001	1,042,001	0	206,814	0	206,814	
June 30, 2049	19,585,430	1,089,041	1,089,041	0	202,067	0	202,067	
June 30, 2050	20,664,914	1,055,254	1,055,254	0	183,040	0	183,040	
June 30, 2051	21,779,561	1,062,913	1,062,913	0	172,355	0	172,355	
June 30, 2052	22,924,888	1,066,843	1,066,843	0	161,720	0	161,720	
June 30, 2053	24,097,578	1,026,827	1,026,827	0	145,512	0	145,512	
June 30, 2054	25,315,185	1,061,676	1,061,676	0	140,648	0	140,648	
June 30, 2055	26,577,191	1,038,103	1,038,103	0	128,564	0	128,564	
June 30, 2056	27,876,239	1,028,819	1,028,819	0	119,112	0	119,112	
June 30, 2057	29,207,224	1,045,502	1,045,502	0	113,156	0	113,156	
June 30, 2058	30,564,604	1,068,739	1,068,739	0	108,134	0	108,134	
June 30, 2059	31,942,115	1,028,650	1,028,650	0	97,297	0	97,297	
June 30, 2060	33,333,577	1,002,248	1,002,248	0	88,622	0	88,622	
June 30, 2061	34,749,077	978,747	978,747	0	80,905	0	80,905	
June 30, 2062	36,186,832	992,866	992,866	0	76,725	0	76,725	
June 30, 2063	37,644,239	965,602	965,602	0	69,756	0	69,756	

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2023 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 [6.97%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.21%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.97%]
June 30, 2064	39,126,398	918,427	918,427	0	62,025	0	62,025
June 30, 2065	40,631,157	932,079	932,079	0	58,845	0	58,845
June 30, 2066	42,147,966	892,839	892,839	0	52,695	0	52,695
June 30, 2067	43,670,541	811,105	811,105	0	44,752	0	44,752
June 30, 2068	45,189,041	807,946	807,946	0	41,673	0	41,673
June 30, 2069	46,693,678	803,279	803,279	0	38,733	0	38,733
June 30, 2070	48,174,826	776,855	776,855	0	35,018	0	35,018
June 30, 2071	49,633,320	769,437	769,437	0	32,423	0	32,423
June 30, 2072	51,062,933	759,414	759,414	0	29,916	0	29,916
June 30, 2073	52,453,681	748,072	748,072	0	27,549	0	27,549
June 30, 2074	53,809,673	737,246	737,246	0	25,381	0	25,381
June 30, 2075	55,123,641	720,292	720,292	0	23,182	0	23,182
June 30, 2076	56,384,213	706,059	706,059	0	21,243	0	21,243
June 30, 2077	57,583,271	689,407	689,407	0	19,391	0	19,391
June 30, 2078	58,710,839	667,688	667,688	0	17,556	0	17,556
June 30, 2079	59,758,078	651,492	651,492	0	16,014	0	16,014
June 30, 2080	60,712,673	626,395	626,395	0	14,394	0	14,394
June 30, 2081	61,557,942	603,303	603,303	0	12,960	0	12,960
June 30, 2082	62,284,688	579,829	579,829	0	11,644	0	11,644
June 30, 2083	62,876,702	552,431	552,431	0	10,371	0	10,371
June 30, 2084	63,317,915	527,080	527,080	0	9,250	0	9,250
June 30, 2085	63,594,574	495,379	495,379	0	8,127	0	8,127
June 30, 2086	63,687,044	466,385	466,385	0	7,153	0	7,153
June 30, 2087	63,576,779	441,442	441,442	0	6,329	0	6,329
June 30, 2088	63,244,100	409,272	409,272	0	5,486	0	5,486
June 30, 2089	62,665,847	377,581	377,581	0	4,731	0	4,731
June 30, 2090	61,816,667	348,060	348,060	0	4,077	0	4,077
June 30, 2091	60,667,838	317,651	317,651	0	3,479	0	3,479
June 30, 2092	59,193,285	288,043	288,043	0	2,949	0	2,949
June 30, 2093	57,360,124	259,402	259,402	0	2,483	0	2,483
June 30, 2094	55,133,530	231,857	231,857	0	2,074	0	2,074
June 30, 2095	52,479,763	205,565	205,565	0	1,719	0	1,719
June 30, 2096	49,359,937	180,635	180,635	0	1,412	0	1,412
June 30, 2097	45,731,045	157,260	157,260	0	1,149	0	1,149
June 30, 2098	41,548,886	135,496	135,496	0	926	0	926

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2023 Active Plans: effective July 1, 2024 Dental Plans: N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Comprehensive Medical Insurance as well as \$5,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	To the best of our knowledge the Town does not pay any Medicare Part A premiums or penalties.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements have been reflected.
<u>Surviving Spouse Coverage</u>	Surviving spouses pay 100% for the PPO plan, and the same rate as retirees for all other plans. of premiums.

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	PPO Active Plan <ul style="list-style-type: none"> • 50% of premiums HMO Active Plans <ul style="list-style-type: none"> • 30% of premiums for school employees hired after 9/1/96 • 21% of premiums for all other employees Medicare Supplement Plan <ul style="list-style-type: none"> • 50% of premiums 	PPO Active Plan <ul style="list-style-type: none"> • 50% of premiums HMO Active Plans <ul style="list-style-type: none"> • 30% of premiums for school employees hired after 9/1/96 • 28% of premiums for all other employees Medicare Supplement Plan <ul style="list-style-type: none"> • 50% of premiums
Dental	N/A	N/A
Life	50%	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

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

Post-Retirement Mortality

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

Disabled Mortality

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

Assumption Experience Study

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

Discount Rate

6.97% per annum (previously 6.08%)

Net Long Term Rate of Return

6.97% (based on investment policy)

Municipal Bond Rate

4.21% as of June 30, 2024 (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, 2024

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

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

Non-Public Safety Employees

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

Public Safety Employees

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

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

Permanent Disability Rates

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

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

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

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

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

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

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

Spouse Participation Rate

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

Medicare Eligibility

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

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

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

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

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

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2024</u>	<u>June 30, 2023</u>
I. Total OPEB Liability	8,744,328	12,199,330
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>6,609,642</u>	<u>8,376,484</u>
III. Liability from Implicit Subsidy [I. - II.]	2,134,686	3,822,846

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2024</u>	<u>June 30, 2023</u>
IV. Employer Payments (Including Implicit Subsidy)	494,479	457,867
V. Actual Employer Payments	<u>446,610</u>	<u>356,027</u>
VI. Implicit Subsidy [IV. - V.]	47,869	101,840

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

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

ANNUAL PER CAPITA CLAIMS*

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	5,492	3,462	44 & Under	10,796	7,074	65 to 69	3,414	3,505
25 to 29	8,103	3,603	45 to 49	11,858	8,931	70 to 74	4,028	4,202
30 to 34	10,239	4,522	50 to 54	13,949	11,763	75 to 79	4,672	4,961
35 to 39	10,548	5,678	55 to 59	16,127	15,293	80 to 84	5,359	5,702
40 to 44	10,796	7,074	60 to 64	19,190	19,625	85 to 89	5,991	6,353
45 to 49	11,858	8,931	65 to 69	23,004	24,479	90 & Over	5,991	6,353
50 to 54	13,949	11,763	70 to 74	27,127	29,335			
55 to 59	16,127	15,293	75 to 79	31,504	34,647			
60 to 64	19,190	19,625	80 to 84	36,121	39,824			
65 to 69	23,004	24,479	85 to 89	41,232	45,585			
70 & Over	27,127	29,335	90 & Over	41,232	45,585			

*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, 2024 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, 2023	July 1, 2021
A. Average Age at Hire	37.56	37.63
B. Average Service	<u>8.20</u>	<u>8.46</u>
C. Average Current Age	45.76	46.09

Retired Employees & Spouses

Valuation Date	July 1, 2023	July 1, 2021
A. Under Age 65	6	10
B. Age 65 & Over	<u>82</u>	<u>79</u>
C. Total	88	89

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	5									5
25-29	11	2								13
30-34	12	2								14
35-39	2	5	1	1						9
40-44	9	4	2	4						19
45-49	7	4		4						15
50-54	4	1	3	3	2	1				14
55-59	6	2	2	2	3					15
60-64		3	3	2	3					11
65-69	2		1	1			1	1		6
70+	1			2						3
Total	59	23	12	19	8	1	1	1		124

APPENDIX IV – PLAN DEMOGRAPHICS

Plan Offerings

Number of Contracts

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Value Plus	41		41	82
PPO			1	1
Benchmark	1		2	3
Medex	83			83
Total	125	0	44	169

Per Contract Costs (monthly)

	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Value Plus	1,057.14		2,775.00
PPO	1,310.00		3,442.00
Benchmark	980.95		2,571.43
Medex	370.00	740.00	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation				
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid Claims Without Children
Value Plus	41		41	123	1,885,414.29 1,560,342.86
PPO			1	2	41,304.00 31,440.00
Benchmark	1		2	5	73,485.71 58,857.14
Total	42	0	44	130	2,000,204.00 1,650,640.00
Blended Average Monthly Rate:					\$ 1,058.10

	Medicare Supplement Plan Average Premium Calculation				
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid Claims Without Children
Medex	83			83	368,520.00 368,520.00
Total	83	0	0	83	368,520.00 368,520.00
Blended Average Monthly Rate:					\$ 370.00

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

APPENDIX V – OVERVIEW OF GASB 74 & 75

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

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

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

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

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

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

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

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

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

APPENDIX VI – ASOP 41 DISCLOSURES

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

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

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

Identification of the Responsible Actuary

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

Identification of Actuarial Documents

The date of this document is September 11, 2024 and its subject is the Town of Sherborn'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 Sherborn 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, 2024.
- ✓ 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

Governmental 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.