

Town of Wellesley

Governmental Accounting Standards Board (GASB) Statements No. 74 and 75 Accounting Valuation Report

Measured at June 30, 2023



This report has been prepared at the request of the Town of Wellesley to assist in administering the Plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Town of Wellesley and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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October 6, 2023

Ms. Maura O'Connor
Treasurer/Collector
525 Washington Street
Town Hall
Wellesley, MA 02482

Dear Ms. O'Connor:

We are pleased to submit this Governmental Accounting Standards Board (GASB) Statements No. 74 and 75 Accounting Valuation as of June 30, 2023 for the Town of Wellesley. It contains the actuarial information that will need to be disclosed in order to comply with GASB 74 and 75. Except as otherwise noted, please refer to the Town of Wellesley Actuarial Valuation and Review of Other Postretirement Benefits (OPEB) as of December 31, 2022, dated August 25, 2023, for the data, assumptions and plan of benefits underlying these calculations.

This report is based on information received from the Town of Wellesley and vendors employed by the Town of Wellesley. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or

applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. The actuarial calculations were directed under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Town of Wellesley based upon our analysis and recommendations. In my opinion, the assumptions are reasonable and take into account the experience of the Town of Wellesley and reasonable expectations.

We look forward to discussing this with you at your convenience.

Sincerely,

Segal



Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Chief Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information for the Town of Wellesley (the “Employer”) Other Postemployment Benefits (OPEB) plan and the Town of Wellesley OPEB Trust (the “Plan”) as of June 30, 2023, required by Governmental Accounting Standards Board (GASB) Statements No. 74 and 75. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This report is based on financial information as of June 30, 2023 provided by the Town of Wellesley and the Town of Wellesley Actuarial Valuation and Review as of December 31, 2022, which reflects:

- The benefit provisions of the OPEB plan;
- The characteristics of covered active participants and retired participants and beneficiaries as of December 31, 2022;
- The assets as of December 31, 2022;
- Economic assumptions regarding future salary increases and investment earnings;
- Health care assumptions regarding per capita costs, trend rates and participation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant issues

Accounting and financial reporting

- The Net OPEB Liability (NOL) is equal to the difference between the Total OPEB Liability (TOL) and the Plan’s Fiduciary Net Position. The Plan’s Fiduciary Net Position is equal to the market value of assets. The NOL decreased from \$53.2 million as of June 30, 2022 to \$34.7 million as of June 30, 2023 and the Plan’s Fiduciary Net Position as a percent of the TOL increased from 65.44% to 76.08%.
- The NOL measured as of June 30, 2023 and June 30, 2022 was determined based upon the results of actuarial valuations as of December 31, 2022 and December 31, 2020, respectively.
- The discount rate used to measure the TOL and NOL as of June 30, 2023 and June 30, 2022 was 6.00%.
- The Annual OPEB Expense decreased from \$6,761,054 for the year ending June 30, 2022 to \$4,751,625 for the year ending June 30, 2023.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the Town of Wellesley to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the Town of Wellesley.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Input Item	Description
Actuarial models	<p>Segal valuation results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems Unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the model and reviews the test lives and results, under the supervision of the responsible actuary.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the Town of Wellesley. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If the Town of Wellesley is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care cost trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Town of Wellesley should look to their other advisors for expertise in these areas.

Section 1: Actuarial Valuation Summary

- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the Town of Wellesley upon delivery and review. The Town of Wellesley should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Section 2: GASB Information

Exhibit 1 – General information about the OPEB plan

Plan description

Plan membership. At December 31, 2022, the Town of Wellesley's plan membership consisted of the following:

	December 31, 2022
Retired members or beneficiaries currently receiving benefits ¹	940
Active members	<u>839</u>
Total	1,779

We have assumed other general information about the Plan will be provided by the Town of Wellesley's auditors.

¹ Count excludes 21 retirees with life insurance only.

Section 2: GASB Information

Exhibit 2 – Net OPEB liability

The components of the net OPEB liability of the Town of Wellesley are as follows:

Components of the Net OPEB Liability	June 30, 2023	June 30, 2022
Total OPEB Liability	\$145,096,179	\$154,052,078
Plan Fiduciary Net Position	110,391,739	100,819,292
Net OPEB Liability	34,704,440	53,232,786
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability*	76.08%	65.44%

Actuarial assumptions. The Total OPEB Liability as of June 30, 2023 was measured by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumption	Description
Wage inflation	3.00%
Salary increases	Service related increases for Group 1 and 2 members (excluding Teachers): 7.0% decreasing over 11 years to an ultimate level of 3.5% Service related increases for Group 4 members: 8.0% decreasing over 11 years to an ultimate level of 4.0% Service related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%
Discount rate	6.00%
Health care cost trend rates	Medical and Prescription Drug: 8.00% graded by 0.25% for 14 years to an ultimate level of 4.50% Part B: 4.50%

* These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB Information

Assumption	Description
Mortality rates	<p>Pre-Retirement: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 set forward one year for females</p> <p>Healthy Retiree: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year for females</p> <p>Disabled Retiree: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year</p> <p>Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020</p> <p>Healthy (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2020</p> <p>Disabled (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale-2020</p>

Section 2: GASB Information

Exhibit 3 – Determination of discount rate and investment rate of return

Development of long-term rate

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation as of June 30, 2023 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.50%	6.59%
International developed markets equity	12.00%	6.87%
International emerging markets equity	4.50%	8.30%
Core fixed income	15.00%	1.53%
High-yield fixed income	8.00%	3.54%
Real estate	10.00%	3.44%
Timber	4.00%	4.01%
Hedge fund, GTAA, Risk parity	10.00%	3.06%
Private equity	<u>16.00%</u>	9.49%
Total	100.00%	

Note: Some asset classes included in the plan's target asset allocation have been combined.

Nature of Assets: The assets are in an irrevocable OPEB Trust and are invested in the State Retiree Benefits Trust Fund.

Development of blended discount rate

The discount rate used to measure the total OPEB liability was 6.00% as of June 30, 2023. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investment was applied to all periods of projected benefit payments to determine the total OPEB liability.

Section 2: GASB Information

Exhibit 4 – Sensitivity

The following presents the NOL of the Town of Wellesley as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate. Also, shown is the NOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability (Asset)	\$54,624,735	\$34,704,440	\$18,290,090
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$15,921,699	\$34,704,440	\$58,109,147

Section 2: GASB Information

Exhibit 5 – Schedule of changes in net OPEB liability – last two fiscal years

Measurement Date	June 30, 2023	June 30, 2022
Total OPEB Liability		
Service cost	\$5,348,412	\$4,994,842
Interest	9,400,896	8,509,474
Changes of benefit terms	0	0
Differences between expected and actual experience	-19,227,500	0
Changes of assumptions	1,040,455	6,729,387
Benefit payments, including refunds of member contributions	-5,518,162	-5,936,215
Net change in Total OPEB Liability	-\$8,955,899	\$14,297,488
Total OPEB Liability – beginning	<u>154,052,078</u>	<u>139,754,590</u>
Total OPEB Liability – ending	\$145,096,179	\$154,052,078
Plan Fiduciary Net Position		
Contributions – employer	\$9,149,668	\$9,552,224
Contributions – employee	0	0
Net investment income	5,940,941	-4,077,957
Benefit payments, including refunds of member contributions	-5,518,162	-5,936,215
Administrative expenses	0	0
Net change in Plan Fiduciary Net Position	\$9,572,447	-\$461,948
Plan Fiduciary Net Position – beginning	<u>100,819,292</u>	<u>101,281,240</u>
Plan Fiduciary Net Position – ending	\$110,391,739	\$100,819,292
Net OPEB Liability – ending	34,704,440	53,232,786
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	76.08%	65.44%
Covered employee payroll	N/A	106,648,760
Plan Net OPEB Liability as percentage of covered employee payroll	N/A	49.91%

Note:

Please enter covered payroll for missing year.

Section 2: GASB Information

Notes to schedule:

Changes in Actuarial Assumptions:	Description
As of June 30, 2022	The first year medical and prescription drug trend assumption was revised to reflect known increases and the migration out of the Fallon plans and the Part B trend assumption was revised to reflect known increases.
As of June 30, 2023	<p>The per capita health costs and contributions were updated. The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated.</p> <p>The trend assumptions were revised.</p> <p>The mortality projection scale for non-teachers was updated.</p> <p>The Medicare enrollment assumption for future retirees hired prior to 1986 and current retirees under age 65 was lowered.</p> <p>The percentage of active participants assumed to elect health coverage at retirement was lowered.</p> <p>The percentage of participants assumed to have an eligible spouse who also opts for health coverage was lowered.</p>
Changes in Plan Provisions:	Description
As of June 30, 2022	None
As of June 30, 2023	None

Section 2: GASB Information

Exhibit 6 – OPEB expense

Reporting Date for Employer under GASB 75	June 30, 2023	June 30, 2022
Measurement Date for Employer under GASB 75	June 30, 2023	June 30, 2022
Components of OPEB Expense		
Service cost	\$5,348,412	\$4,994,842
Interest on the Total OPEB Liability	9,400,896	8,509,474
Current-period benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	-3,845,500	0
Expensed portion of current-period changes of assumptions	208,091	1,345,879
Member contributions	0	0
Projected earnings on OPEB plan investments	-6,158,105	-6,185,355
Expensed portion of current-period differences between actual and projected earnings on OPEB plan investments	43,432	2,052,664
Administrative expenses	0	0
Recognition of beginning of year deferred outflows of resources as OPEB expense	5,364,834	1,966,296
Recognition of beginning of year deferred inflows of resources as OPEB expense	-5,610,435	-5,922,746
OPEB Expense	\$4,751,625	\$6,761,054

Section 2: GASB Information

Deferred outflows of resources and deferred inflows of resources

Reporting Date for Employer under GASB 75	June 30, 2023	June 30, 2022
Measurement Date for Employer under GASB 75	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$504,540	\$0
Changes of assumptions	8,416,698	10,112,440
Net difference between projected and actual earnings on OPEB plan investments	0	0
Difference between expected and actual experience in the Total OPEB Liability	<u>181,872</u>	<u>0</u>
Total Deferred Outflows of Resources	\$9,103,110	\$10,112,440
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$504,540	\$0
Changes of assumptions	615,970	1,654,055
Net difference between projected and actual earnings on OPEB plan investments	66,351	938,857
Difference between expected and actual experience in the Total OPEB Liability	<u>16,008,182</u>	<u>1,481,158</u>
Total Deferred Inflows of Resources	\$17,195,043	\$4,074,070
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GASB 75 Year Ended June 30:		
2023	N/A	-\$245,601
2024	-\$2,331,862	1,262,114
2025	-3,004,789	589,187
2026	838,694	4,432,670
2027	-3,593,976	0
2028	0	0
Thereafter	0	0

Note:

Average expected remaining service lives is 5 years.

Section 2: GASB Information

Exhibit 7 – Schedule of reconciliation of net OPEB liability

Measurement Date	June 30, 2023	June 30, 2022
Beginning Net OPEB Liability	\$53,232,786	\$38,473,350
OPEB expense	4,751,625	6,761,054
Employer contributions	-9,149,668	-9,552,224
New net deferred inflows/outflows	-14,375,904	13,594,156
Recognition of prior deferred inflows/outflows	245,601	3,956,450
Ending Net OPEB Liability	\$34,704,440	\$53,232,786

Section 2: GASB Information

Exhibit 8 – Schedule of contributions

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency / (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2017	\$8,484,223	\$8,079,770	\$404,453	\$96,595,069	8.36%
2018	8,750,052	8,724,519	25,533	98,526,970	8.85%
2019	7,825,463	9,265,678	-1,440,215	100,497,509	9.22%
2020	8,041,954	8,736,547	-694,593	102,507,459	8.52%
2021	9,173,192	8,962,240	210,952	104,557,608	8.57%
2022	8,653,738	9,552,224	-898,486	106,648,760	8.96%
2023	8,056,967	9,149,668	-1,092,701	N/A	N/A

Note:

Please enter covered payroll for missing year.

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Methods and assumptions	Description
Valuation date	Actuarially determined contribution for fiscal year ending June 30, 2023 was determined with the December 31, 2022 actuarial valuation.
Actuarial cost method	Entry age normal – level percentage of payroll
Amortization method	Payments increase 3.0% per year.
Remaining amortization period	15 years as of July 1, 2022
Asset valuation method	Market value
Investment rate of return	6.00%
Wage inflation	3.00%
Health care cost trend rates	Medical and Prescription Drug: 8.00% graded by 0.25% for 14 years to an ultimate level of 4.50% Part B: 4.50%

Section 2: GASB Information

Methods and assumptions	Description
Mortality rates	<p>Pre-Retirement: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 set forward one year for females</p> <p>Healthy Retiree: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year for females</p> <p>Disabled Retiree: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year</p> <p>Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020</p> <p>Healthy (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2020</p> <p>Disabled (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale-2020</p>

Section 3: GASB 75 Agency Calculations

Allocation Calculation

Groups	Prior Year Fiscal Year 2022 Net OPEB Liability	Prior Year Proportionate Share	Current Year Fiscal Year 2023 Total OPEB Liability	Current Year Fiscal Year 2023 Plan Fiduciary Net Position	Current Year Fiscal Year 2023 Net OPEB Liability	Current Year Proportionate Share
Town	\$53,114,651	97.25%	\$135,271,042	\$99,034,047	\$36,236,995	98.67%
Water	1,073,954	1.97%	2,655,741	2,124,303	531,438	1.45%
Sewer	<u>427,363</u>	<u>0.78%</u>	<u>902,085</u>	<u>945,205</u>	<u>-43,120</u>	<u>-0.12%</u>
Subtotal	\$54,615,968	100.00%	\$138,828,868	\$102,103,555	\$36,725,313	100.00%
Municipal Light Plant	<u>-1,383,182</u>	N/A	<u>6,267,311</u>	<u>8,288,184</u>	<u>-2,020,873</u>	N/A
Total	\$53,232,786		\$145,096,179	\$110,391,739	\$34,704,440	

Groups	FYE 2022 NOL based on FYE 2022 Proportionate Share (a)	FYE 2022 NOL based on FYE 2023 Proportionate Share (b)	Change in Proportionate Share (a)-(b)
Town	\$53,114,651	\$53,889,767	<u>-\$775,116</u>
Water	1,073,954	790,327	283,627
Sewer	<u>427,363</u>	<u>-64,126</u>	<u>491,489</u>
Subtotal	\$54,615,968	\$54,615,968	\$0
Municipal Light Plant	<u>-1,383,182</u>	<u>-1,383,182</u>	<u>0</u>
Total	\$53,232,786	\$53,232,786	\$0

Section 3: GASB 75 Agency Calculations

Schedule of Contributions

Groups	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency/ (Excess)
			(a)-(b)
Town	\$7,823,343	\$8,562,452	-\$739,109
Water	128,953	124,017	4,936
Sewer	<u>20,987</u>	<u>55,773</u>	<u>-34,786</u>
Subtotal	\$7,973,283	\$8,742,242	-\$768,959
Municipal Light Plant	<u>83,684</u>	<u>407,426</u>	<u>-323,742</u>
Total	\$8,056,967	\$9,149,668	-\$1,092,701

Section 3: GASB 75 Agency Calculations

OPEB Expense

Groups	Cost Allocator	Proportionate Share of OPEB expense	Net amortization of past-period amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	OPEB Expense
Town	98.67%	\$4,669,629	\$126,129	\$4,795,758
Water	1.45%	\$68,483	-51,301	17,182
Sewer	<u>-0.12%</u>	<u>-\$5,558</u>	<u>-74,828</u>	<u>-80,386</u>
Subtotal	100.00%	\$4,732,554	\$0	\$4,732,554
<hr/>				
Municipal Light Plant	N/A	<u>19,071</u>	<u>0</u>	<u>19,071</u>
Total		\$4,751,625	\$0	\$4,751,625

Section 3: GASB 75 Agency Calculations

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources

Groups	Changes in proportion and differences between employer's contributions and proportionate share of contributions	Changes of assumptions	Net difference between projected and actual earnings on OPEB Plan investments	Difference between expected and actual experience in the Total OPEB Liability	Total Deferred Outflows of Resources
Town	\$504,540	\$7,921,777	\$0	\$0	\$8,426,317
Water	0	116,178	0	0	116,178
Sewer	0	<u>-9,426</u>	0	0	<u>-9,426</u>
Subtotal	\$504,540	\$8,028,529	\$0	\$0	\$8,533,069
Municipal Light Plant	N/A	<u>388,169</u>	0	<u>181,872</u>	<u>\$570,041</u>
Total	\$504,540	\$8,416,698	\$0	\$181,872	\$9,103,110

Section 3: GASB 75 Agency Calculations

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Inflows of Resources

Groups	Changes in proportion and differences between employer's contributions and proportionate share of contributions	Changes of assumptions	Net difference between projected and actual earnings on OPEB Plan investments	Difference between expected and actual experience in the Total OPEB Liability	Total Deferred Inflows of Resources
Town	\$0	\$578,151	\$50,752	\$15,364,779	\$15,993,682
Water	205,212	8,479	744	225,334	439,769
Sewer	<u>299,328</u>	<u>-688</u>	<u>-60</u>	<u>-18,283</u>	<u>280,297</u>
Subtotal	\$504,540	\$585,942	\$51,436	\$15,571,830	\$16,713,748
Municipal Light Plant	N/A	30,028	14,915	436,352	481,295
Total	\$504,540	\$615,970	\$66,351	\$16,008,182	\$17,195,043

Section 3: GASB 75 Agency Calculations

Deferred Outflows of Resources and Deferred Inflows of Resources

Projected Recognition

Groups	2024	2025	2026	2027	2028	Thereafter	Total
Town	-\$2,170,550	-\$2,780,053	\$723,151	-\$3,339,913	\$0	\$0	-\$7,567,365
Water	-84,985	-93,924	-42,547	-102,135	0	0	-323,591
Sewer	<u>-72,099</u>	<u>-71,374</u>	<u>-75,542</u>	<u>-70,708</u>	<u>0</u>	<u>0</u>	<u>-289,723</u>
Subtotal	-\$2,327,634	-\$2,945,351	\$605,062	-\$3,512,756	\$0	\$0	-\$8,180,679
Municipal Light Plant	<u>-4,228</u>	<u>-59,438</u>	<u>233,632</u>	<u>-81,220</u>	<u>0</u>	<u>0</u>	<u>88,746</u>
Total	-\$2,331,862	-\$3,004,789	\$838,694	-\$3,593,976	\$0	\$0	-\$8,091,933

Section 3: GASB 75 Agency Calculations

Discount Rate and Trend Sensitivity

Groups	NOL at Current Discount Rate (6.0%)	1% Decrease in Discount Rate (5.0%)	1% Increase in Discount Rate (7.0%)	1% Decrease in Trend Rates	1% Increase in Trend Rates
Town	\$36,236,995	\$55,097,283	\$20,703,330	\$18,459,918	\$58,401,344
Water	531,438	808,036	303,627	270,726	\$856,492
Sewer	<u>-43,120</u>	<u>-65,563</u>	<u>-24,636</u>	<u>-21,966</u>	<u>-69,494</u>
Subtotal	\$36,725,313	\$55,839,756	\$20,982,321	\$18,708,678	\$59,188,342
Municipal Light Plant	<u>-2,020,873</u>	<u>-1,215,021</u>	<u>-2,692,231</u>	<u>-2,786,979</u>	<u>-1,079,195</u>
Total	\$34,704,440	\$54,624,735	\$18,290,090	\$15,921,699	\$58,109,147